

NOTICE OF MEETING

Dear Councillors

You are requested to attend the following meeting of Council.

SPECIAL MEETING OF
ISAAC REGIONAL COUNCIL

TO BE HELD ON
**WEDNESDAY, 5 MARCH 2025 COMMENCING AT
1.30PM**
**ISAAC REGIONAL COUNCIL,
COUNCIL CHAMBERS, MORANBAH**

CALE DENDLE
Chief Executive Officer

LOCAL GOVERNMENT ACT 2009

Local Government Regulation 2012

Chapter 8, Part 2 Local Government Meetings and Committees

Division 1A, Requirements for Local Government Meetings Generally

Section 254J Closed meetings

- (1) A local government may resolve that all or part of a meeting of the local government be closed to the public.
- (2) A committee of a local government may resolve that all or part of a meeting of the committee be closed to the public.
- (3) However, a local government or a committee of a local government may make a resolution about a local government meeting under subsection (1) or (2) only if its councillors or members consider it necessary to close the meeting to discuss one or more of the following matters—
 - (a) the appointment, discipline or dismissal of the chief executive officer;
 - (b) industrial matters affecting employees;
 - (c) the local government's budget;
 - (d) rating concessions;
 - (e) legal advice obtained by the local government or legal proceedings involving the local government including, for example, legal proceedings that may be taken by or against the local government;
 - (f) matters that may directly affect the health and safety of an individual or a group of individuals;
 - (g) negotiations relating to a commercial matter involving the local government for which a public discussion would be likely to prejudice the interests of the local government;
 - (h) negotiations relating to the taking of land by the local government under the [Acquisition of Land Act 1967](#);
 - (i) a matter the local government is required to keep confidential under a law of, or formal arrangement with, the Commonwealth or a State.
- (4) However, a local government or a committee of a local government must not resolve that a part of a local government meeting at which a decision mentioned in [section 150ER\(2\)](#), [150ES\(3\)](#) or [150EU\(2\)](#) of the [Act](#) will be considered, discussed, voted on or made be closed.
- (5) A resolution that a local government meeting be closed must—
 - (a) state the matter mentioned in subsection (3) that is to be discussed; and
 - (b) include an overview of what is to be discussed while the meeting is closed.
- (6) A local government or a committee of a local government must not make a resolution (other than a procedural resolution) in a local government meeting, or a part of a local government meeting, that is closed.

Conflict of Interest Obligations

Reference is made to Section 150EL of the Local Government Act 2009. Specifically, the obligation of Councillors when they first become aware they have a conflict of interest to make the Chief Executive Officer aware in writing or if in a meeting, ensure they declare immediately.

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OF ISAAC REGIONAL COUNCIL
TO BE HELD ON
WEDNESDAY 5 MARCH 2025
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ISAAC REGIONAL COUNCIL,
COUNCIL CHAMBERS, MORANBAH

AGENDA

1. OPENING OF THE MEETING
 - 1.1 WELCOME
 - 1.2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS
 - 1.3 VIDEO CONFERENCE PARTICIPATION
2. APOLOGIES AND LEAVE OF ABSENCES
3. CONDOLENCES
4. DECLARATION OF CONFLICTS OF INTEREST
5. DEPUTATIONS
6. CONSIDERATION OF NOTICE OF MOTIONS
7. CONFIRMATION OF MINUTES
8. BUSINESS ARISING FROM PREVIOUS MEETING
9. STANDING COMMITTEE REPORTS
10. OFFICER REPORTS
11. CONFIDENTIAL REPORTS
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13. CONCLUSION

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3. CONDOLENCES

4. DECLARATION OF CONFLICTS OF INTEREST

5. DEPUTATIONS

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7. CONFIRMATION OF MINUTES

8. BUSINESS ARISING FROM PREVIOUS MEETING

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9. STANDING COMMITTEE REPORTS

No Standing Committee Reports this meeting.

10. OFFICER REPORTS

10.1

2024/2025 2ND QUARTER BUDGET REVIEW

EXECUTIVE SUMMARY

A review of the budget for the 2024/2025 financial year has been undertaken with each of the respective Departmental Managers and then reviewed by their respective Directors and ELT as at 31 December 2024.

Despite managing large variations, the budget review proposes retaining an operating surplus of \$3.39M compared to its prior position of an operating surplus of \$3.04M – a difference of \$350K.

A review of the capital program has resulted in proposing a \$450K increase to capital revenue and a \$7M decrease to the capital expenditure program.

10.2

CONTROLLED ENTITIES FINANCIAL STATEMENTS

EXECUTIVE SUMMARY

Council has received the audited financial statements for the Moranbah Early Learning Centre Pty Ltd (MELC), Isaac Affordable Housing Trust (IAHT) and the Isaac Affordable Housing Fund Pty Ltd (IAHF) for the year ended 30 June 2024. As per Section 213 (3) of the *Local Government Regulation 2012* the Mayor must present the copy of the audited financial statements at the next ordinary meeting of the local government.

11. CONFIDENTIAL

No Confidential Reports this meeting.

12. GENERAL BUSINESS

13. CONCLUSION

MEETING DETAILS	Special Meeting Wednesday 5 March 2025
AUTHOR	Jason Rivett
AUTHOR POSITION	Manager Financial Services

10.1

2024/2025 2ND QUARTER BUDGET REVIEW

EXECUTIVE SUMMARY

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Despite managing large variations, the budget review proposes retaining an operating surplus of \$3.39M compared to its prior position of an operating surplus of \$3.04M – a difference of \$350K.

A review of the capital program has resulted in proposing a \$450K increase to capital revenue and a \$7M decrease to the capital expenditure program.

OFFICER'S RECOMMENDATION

That Council:

- In accordance with section 170 (3) of the Local Government Regulation 2012, adopt the proposed revised budget for 2024/2025.***

BACKGROUND

The second quarter budget review has been undertaken to allow for correction of any significant budget variances or unexpected events since the budget was formulated. This budget review aims to predict the anticipated position as at 30 June 2025. It is noted however that through the budget review process several areas have been highlighted with continuing uncertainty around revenue and expenditure which may lead to further adjustments at the 3rd Quarter Budget Review.

A detailed review has been undertaken by Management and respective Directors.

An executive summary outlining the performance to 31 December 2024, proposed amendments to the budget and any emerging trends or risks is attached.

Key changes to the Operating result were as follows:

- Fees and Charges increase by \$894K increased activity for development fees, resource sector building/plumbing fees, road corridor permits, fatigue revenue, avgas sales, and rate searches.
- Rental Income increased \$274K recognition of higher than anticipated rental volumes for employee accommodation, affordable rent scheme, fatigue housing and caravan parks.
- Interest Revenue increased \$1.6M recognising an increase on return of investments.

- Sale of Contract & Recoverable Works increased by \$1.5M predominately for an increase in the RMPC (partially offset by increased expenditure).
- Operating Grants, Subsidies & Contributions increased by \$1.2M recognising an increase in DRFA Nov 21 revenue, maintenance contributions, IREP operational grant funds, renewable energy co-ordinator grant, flood study funds and various other grants (note partially offset by increases in materials and services).
- Other Recurrent Revenue increased \$690K recognising an increase of revenue at waste facilities, septic waste and various recoveries.
- Employee Expenses decreased by \$355K partially offset by transfers to agency temp staff and materials and services.
- Materials & Services increased \$4.6M, predominately for RMPC (note offsetting revenue), DRFA Nov 21 event (note offsetting revenue), agency temp staff, repairs and maintenance, consultancy, computer expenses, stock issues, partially offset by a reduction in equipment hire.
- Depreciation increased by \$1.5M following the review of depreciation through revaluations and capitalisation of assets following the finalisation of external audit.

IMPLICATIONS

Overall, the proposed revised budget results in the operating surplus of \$3.04M being increased to an operating surplus of \$3.39M – a net increase of \$350K. The various income and expenditure adjustments are outlined in the attached executive summary.

The review recommends an increase of \$450K to Capital Revenue. The various adjustments to Capital Revenue are outlined in the attached executive summary.

If the proposed capital expenditure variations are approved by Council, then the overall capital program will decrease from \$75.4M to \$68.4M.

Whilst the budget revisions result in a change to the operating position, noting further review at the 3rd Quarter Budget Review, as the budget is balanced within existing resources there is no budgeted change to the existing adopted Long Term Financial Forecast. The overall position of the Long-Term Financial Forecast will be reviewed as part of the 2025/2026 budget process.

CONSULTATION

- Executive Leadership Team
- Departmental Managers
- Financial Services

BASIS FOR RECOMMENDATION

The recommendation is made considering information provided in the Executive Summary attachment, in line with requirements of the *Local Government Regulation 2012*.

ACTION ACCOUNTABILITY

Financial services to amend the adopted 2024/2025 annual budget.

KEY MESSAGES

Council has undertaken the 2nd Quarter Budget Review.

Council is amending the operating budget to recognise variations to Council's funding sources and current operations as detailed in the Executive Summary.

Council is amending the capital budget to recognise variations to grant funded projects.

Council will need to carefully consider impacts for the 2025/2026 budgeting process.

Report prepared by:

JASON RIVETT
Manager Financial Services

Date: 19 February 2025

Report authorised by:

DARREN FETTELL
Director Corporate, Governance and Financial Services

Date: 20 February 2025

ATTACHMENTS

- Attachment 1 – Executive Summary – 2024-2025 2nd Quarter Budget Review

REFERENCE DOCUMENT

- Quarter 2 2025 FY Capital Budget Review
- Quarter 2 2025 FY Operational Budget Review

EXECUTIVE SUMMARY

2nd Quarter BUDGET Review 2024-25

ISAAC REGIONAL COUNCIL				
Statement of Comprehensive Income				
For the Period Ended 31 December 2024				
	Full Year Revised Budget	Proposed Revised Position	Revised Budget Variance	YTD Actual
	\$	\$	\$	\$
Income				
Operating Revenue				
Net Rates & Utility Charges	105,042,315	105,042,315	-	50,509,953
Fees & Charges	3,794,550	4,688,603	894,053	2,816,427
Rental Income	1,726,801	2,000,995	274,194	940,457
Interest Received	2,759,466	4,323,730	1,564,264	2,277,048
Sales of Contract & Recoverable Works	6,290,000	7,799,723	1,509,723	1,482,171
Operating Grants, Subsidies & Contributions	15,724,337	16,886,836	1,162,499	12,863,263
Other Recurrent Revenue	12,369,250	13,059,711	690,461	5,628,532
	147,706,719	153,801,913	6,095,194	76,517,851
Expenses				
Operating Expenses				
Employee Expenses	52,229,563	51,874,153	355,410	22,528,311
Materials & Services	59,258,878	63,871,591	(4,612,714)	29,351,598
Finance Costs	1,318,744	1,318,744	-	599,909
Depreciation and Amortisation	31,860,428	33,348,319	(1,487,891)	16,485,145
	144,667,613	150,412,807	(5,745,194)	68,964,963
Operating Surplus / (Deficit)	3,039,106	3,389,106	350,000	7,552,888
Transfer from Reserves	-	-	-	-
Transfer to Reserves	(1,150,000)	(1,500,000)	(350,000)	-
Operating Position Before Capital Items	1,889,106	1,889,106	-	7,552,888
Capital Revenue				
Capital Revenue	26,681,207	27,361,906	680,699	10,621,539
Proceeds from Sale of Land & PPE	1,229,698	998,698	(231,000)	579,459
	27,910,905	28,360,604	449,699	11,200,998
Net Result Attributable to Council in Period	29,800,011	30,249,710	449,699	18,753,886
Total Comprehensive Income	29,800,011	30,249,710	449,699	18,753,886

Executive Summary

The 2nd quarter budget review for 2024/2025 has been undertaken at the end of December by engaging with respective Department Managers and Directors. An initial desktop exercise was undertaken by Finance and results provided to Managers and Directors for their review and commentary. Managers were requested to predict their end of year position noting that the preference for the Quarter 3 Budget Review should be emergent items only. It is noted through the large number of Watching Brief items across Council that there remains a material risk of further adjustments at the Quarter 3 Budget Review.

Overall, the proposed budget revision results in an increase of operating surplus of approximately \$350K (noting though that constraining of funds for maintenance contributions need to occur). Various movements in income and expenditure line items are noted below.

Key changes to the Operating result were as follows:

- Fees and Charges increase by \$894K increased activity for development fees, resource sector building/plumbing fees, road corridor permits, fatigue revenue, avgas sales, and rate searches.
- Rental Income increased \$274K recognition of higher than anticipated rental volumes for employee accommodation, affordable rent scheme, fatigue housing and caravan parks.
- Interest Revenue increased \$1.6M recognising an increase on return of investments.
- Sale of Contract & Recoverable Works increased by \$1.5M predominately for an increase in the RMPC (partially offset by increased expenditure).
- Operating Grants, Subsidies & Contributions increased by \$1.2M recognising an increase in DRFA Nov 21 revenue, maintenance contributions, IREP operational grant funds, renewable energy co-ordinator grant, flood study funds and various other grants (note partially offset by increases in materials and services).
- Other Recurrent Revenue increased \$690K recognising an increase of revenue at waste facilities, septic waste and various recoveries.
- Employee Expenses decreased by \$355K to partially offset by transfers to agency temp staff and materials and services.
- Materials & Services increased \$4.6M, predominately for RMPC (note offsetting revenue), DRFA Nov 21 event (note offsetting revenue), agency temp staff, repairs and maintenance, consultancy, computer expenses, stock issues, partially offset by a reduction in equipment hire.
- Depreciation increased by \$1.5M following the review of depreciation through revaluations and capitalisation of assets following the finalisation of external audit.

The capital revenue budget is proposed to be increased by \$450K to \$28.4M predominately through recognition of an additional grant, contributions and developer contributions to date partially offset by deferral of grant deliverables to the 2025/2026 financial year, reduction in recoveries from sale of plant and finalisation of grant agreements (reduced expenditure).

The capital expenditure program is proposed to be amended from \$75.4M to \$68.4M to recognise variations and the proposed deferral of funds to the 2025/2026 Capital Program.

The following key operational budget areas are highlighted for monitoring and will be assessed further at the Quarter 3 Budget Review in April.

Watching Brief

Council

- Budgeted 9% vacancy rate of employee expenses.
- Continuing uncertainty around economic inflationary pressures, global events, supply chain and difficulty in obtaining / retaining a skilled workforce.
- Risks of Disaster related impacts during disaster season for Disaster Management and impacts on business continuity and infrastructure areas.
- Delayed Capital Program Delivery through limited scoping / planning, and ongoing stretched project management resources and capability which may result in cost escalations, including major projects with time sensitive grant implications.
- Risk around ongoing or unforeseen legal matters / legal challenges.
- Management of employee expenses (additional duties, re-grading of positions, capital allocation).
- Risk around completion of operational projects / strategies with funds being diverted to cover expenditure in other areas.
- Turnover of key management personnel.
- Management of expenditure over remainder of financial year within Departments / Directorates, noting significant budget adjustments required during Q2 review.
- Risk around long-term vacant positions and the use of agency temp staff.

Corporate, Governance & Financial Services

- Opportunity on higher rates of return on funds invested.
- Rating estimates to be reviewed to confirm anticipated rates revenue and discount.
- Risk around ad-hoc project requests and business continuity scenarios.

- Risk around Disaster Management.
- Risk around Tech1 project and associated expenditure and resourcing.
- Risk around General Rate classification changes or amalgamations.

Engineering & Infrastructure

- Management of employee expense / internal plant hire allocations, in particular costing to capital projects in line with budget estimate.
- Risk around employees budgeted as 100% Capital.
- Risk around timeframe of recovering expenditure on infrastructure agreements.
- Managing / completion of the DRFA contracted works within the stipulated time frame.

Planning, Environment and Community Service

- Risk around employees budgeted as 100% Capital.
- Potential risk around pool operations and repairs and maintenance.
- Risk around long-term vacancies and use of Agency Temp Staff to backfill.
- Risk around breakdowns and maintenance of Community Facility Infrastructure.
- Risk around meeting various revenue line items.
- Risk around unbudgeted operational expenditure required for reopening / restoring business operations at the Moranbah Community Centre.
- Risk of items currently costed to Capital being of an operational nature and transferred / impacting on the Operational budget.

Water & Waste

- Risk around management of existing water agreement and progression of additional agreements.
- Risk of items currently costed to Capital being of an operational nature and transferred / impacting on the Operational budget.
- Risk around operational expenditure for continuity of service with vacant positions (use of agency temp staff on a long-term basis).
- Risk around unexpected emergent events.
- Risk around WWTP environmental requirements and subsequent costs.
- Impacts of delayed Capital program implicating operational activities.

Council Performance Year to Date

ISAAC REGIONAL COUNCIL								
Statement of Comprehensive Income								
For the Period Ended 31 December 2024								
	Notes	YTD Actual	Commitments	YTD Actual + Commitments	YTD Revised Budget	Variance	Full Year Revised Budget	Completion
		\$	\$	\$	\$	\$	\$	%
Income								
Operating Revenue								
Net Rates & Utility Charges		50,509,953	-	50,509,953	50,486,158	23,796	105,042,315	48.1%
Fees & Charges	1	2,816,427	-	2,816,427	1,932,317	884,110	3,794,550	74.2%
Rental Income		940,457	-	940,457	875,697	64,759	1,726,801	54.5%
Interest Received	2	2,277,048	-	2,277,048	1,787,233	489,815	2,759,466	82.5%
Sales of Contract & Recoverable Works		1,482,171	-	1,482,171	1,573,333	(91,162)	6,290,000	23.6%
Operating Grants, Subsidies & Contributions		12,863,263	-	12,863,263	12,957,981	(94,718)	15,724,337	81.8%
Other Recurrent Revenue	3	5,628,532	-	5,628,532	5,068,521	560,011	12,369,250	45.5%
		76,517,851	-	76,517,851	74,681,240	1,836,611	147,706,719	51.8%
Expenses								
Operating Expenses								
Employee Expenses	4	22,528,311	-	22,528,311	23,885,187	(1,356,876)	52,229,563	43.1%
Materials & Services	5	29,351,598	21,409,988	50,761,586	28,318,558	22,443,028	59,258,878	85.7%
Finance Costs		599,909	-	599,909	605,626	(5,717)	1,318,744	45.5%
Depreciation and Amortisation	6	16,485,145	-	16,485,145	15,734,381	750,764	31,860,428	51.7%
		68,964,963	21,409,988	90,374,951	68,543,751	21,831,199	144,667,613	62.5%
Operating Position Before Capital Items		7,552,888	(21,409,988)	(13,857,100)	6,137,489	(19,994,589)	3,039,106	(456.0%)
Capital Revenue								
Capital Revenue	7	10,621,539	-	10,621,539	9,373,366	1,248,173	26,681,207	39.8%
Proceeds from Sale of Land & PPE		579,459	-	579,459	553,000	26,459	1,229,698	47.1%
		11,200,998	-	11,200,998	9,926,366	1,274,632	27,910,905	40.1%
Net Result Attributable to Council in Period		18,753,886	(21,409,988)	(2,656,102)	16,063,855	(18,719,957)	30,950,011	(8.6%)
Total Comprehensive Income		18,753,886	(21,409,988)	(2,656,102)	16,063,855	(18,719,957)	30,950,011	(8.6%)

Council's operating position at month end is a \$7.6M surplus

Operating Revenue

Net Rates & Utility Charges

Net rates and utility charges are tracking above budget with a favourable variance of \$24K. This line will be monitored and re-assessed at the Quarter 3 Budget Review after the final issuance of rates for the financial year.

Fees & Charges

Fees and charges are tracking above budget with a favourable variance of \$884K which is predominantly due to higher than anticipated revenue from potable water sales, road corridor permits, development fees, resource sector building and plumbing services. The proposed budget adjustment at Quarter 2 Budget Review for an increase of \$894K reflects increased activity for development fees, resource sector building/plumbing fees, road corridor permits, fatigue revenue, avgas sales, and rate searches. Individual revenue streams will be closely monitored and reassessed at the Quarter 3 Budget Review noting conservative estimates for potable water sales.

Rental Income

Rental income is tracking above budget with a favourable variance of \$65K at December, increasing to \$72K in January. The Quarter 2 Budget Review proposes increasing the budget by \$274K to recognise higher than anticipated rental volumes for employee accommodation, affordable rent scheme, fatigue housing and caravan parks.

Interest Received

Interest received year to date at the end of December was \$490K above budget, increasing to \$547K in January, which is due to a higher rate of return on investments. The Quarter 2 Budget Review proposes increasing interest by \$1.6M to recognise a higher rate of return on investments. Interest received will be monitored and re-assessed at the Quarter 3 Budget Review.

Sales of Contract & Recoverable Works

Sales of contract & recoverable works are unfavourable to budget by \$91K at the end of December, increasing to \$96K in January. This unfavourable variance is due to the timing of claims for the RMPC partially offset by revenue from workcare recoveries. The Quarter 2 Budget Review proposes an increase of \$1.5M to recognise an increase for the RMPC (\$1.1M partially offset by increased expenditure), recoverable works associated with infrastructure agreements (offset by increased expenditure), stock routes works and workcare recoveries. This line item will be closely monitored and reassessed at the Quarter 3 Budget Review.

Operating Grants, Subsidies & Contributions

Operating grants are \$95K unfavourable to budget at the end of December increasing to \$249K at the end of January. This unfavourable variance is predominately due to

the cash flowing of revenue for the DFRA November 2021 event. The Quarter 2 Budget Review proposes to increase the budget by \$1.2M recognising an increase in DRFA Nov 21 revenue \$487K (note offsetting expenditure increase), maintenance contributions \$350K (noting to be constrained), IREP operational \$107K (note partially offset by additional expenditure), Renewable energy co-ordinator \$60K, flood study grant \$50K (offset by additional expenditure), QGAP \$36K, Wetlands grant \$28K along with minor adjustments for existing grants or contributions.

Other Recurrent Revenue

Other recurrent revenue is tracking above budget with a favourable variance of \$560K at the end of December, which is due to increased revenue received from septic received and landfill sites. The Quarter 2 Budget Review proposes to increase this line by \$690K which is represented by an increase to septic revenue, tip revenue and various recoveries (insurance, legal and expenditure).

Operating Expenses

Employee Expenses

Employee expenses are favourable to the adopted budget by \$1.4M, increasing to \$2.2M in January. It should be noted that the increase in the variance in January was expected due to the majority of staff accessing leave balances at some time during this period. This favourable variance is predominately due to long term vacancies within Departments (with many positions being offset by agency temp staff). The Quarter 2 Budget Review proposes to reduce the budget by \$355K. It should be noted that agency temp staff expense in materials and services will increase \$1M. Employee expenses reductions were requested in various departments to assist in funding additional materials in services. Other finance reductions were included to acknowledge vacancies within departments with these funds transferred to Corporate to offset the under recovery of corporate costs (sick leave, annual leave, long service leave etc). These funds will be held until the Quarter 3 budget review where further examination of employee expenses will occur. Movements in Employee Expenses proposed budget are:

- \$400K decrease for Community Education and Compliance (trf to Corporate)
- \$245K decrease for Advocacy and External Affairs (trf to Corporate)
- \$200K decrease for Corporate Properties and Fleet (trf to Corporate)
- \$120K decrease for Infrastructure West
- \$117K decrease for Parks & Recreation
- \$117K decrease for Infrastructure East
- \$80K decrease for Liveability & Sustainability (trf to Corporate).
- \$55K decrease for Governance & Corporate Services (partial trf to Corporate)
- \$944K increase for Corporate
- \$35K increase for People and Performance

Materials & Services

Materials and services actual expenses for the year to date are \$29.4M with \$21.4M being recorded in commitments, resulting in an unfavourable variance to budget of \$22.4M. Excluding commitments YTD expenditure would be approximately \$1M above YTD budget. In January, YTD expenditure (including commitments) is \$18.5M above YTD budget. Large commitments are noted for annual and multiyear items including: Galilee & Bowen Basin Operations (multiyear commitments), RMPC, water purchases, Waste Levy (annual commitment), IT expenses associated with the Digital Strategy and contractors at IRC's landfills (annual commitments).

Materials and Services are proposed to be increased by \$4.6M. Items to note include:

- \$948K increase for RMPC (offset by additional revenue).
- \$868K increase for Infrastructure East / West predominantly related to insurance works for Grass Tree Road (\$150K), Barada Bana Road grading contribution \$78K, repairs and maintenance, agency temp staff, stock issues, computer expenses, electricity, and consultancy partially offset by a reduction in low value assets and equipment hire.
- \$487K increase for DRFA Nov 21 event (note offsetting grant revenue).
- \$422K increase for Corporate Properties predominately for repairs and maintenance and land rent.
- \$413K increase for Liveability & Sustainability for consultancy (partially offset by increased development fee income and grant revenue), legal fees and stock route works (offset by additional revenue).
- \$303K increase for Water and Wastewater Operations predominately agency temp staff, sample testing and screenings partially offset by a reduction in equipment hire, consultancy and contractors. It should be noted that W & W Business Services increased revenue \$419K.
- \$215K increase for Parks & Recreation predominately for repairs and maintenance (note partially offset by a reduction in employee expenses).
- \$208K increase for Galilee and Bowen Basin Operations predominately for consultancy noting an offset by increased revenue.
- \$192K increase for Waste Services predominately for contractors, cleaning and pest control, equipment hire, repairs and maintenance and consultancy fees partially offset by a reduction in waste levy. It should be noted that this department increased revenue \$348K.
- \$180K increase for Economy and Prosperity predominately for increased Avgas purchases, Wetlands Weekend expenditure (offset by additional grant funds), Nebo and Clermont Showgrounds, TCD and recruitment expenditure.
- \$180K increase in Chief Information Officer predominately for an increase in computer expenses partially offset by a reduction in consultancy.
- \$123K increase W & W Business Services predominately for agency temp staff, consultancy, computer expenses and legal fees. It should be noted that W &

W Business Services increased revenue \$419K which offsets the above increase and partially offsets the increase for Water & Wastewater Operations.

- \$100K reduction in Projects and Planning in Water and Wastewater with removal of operational projects (sewer strategy, system leakage and hydro model).
- \$100K reduction in Safety & Resilience with the transfer of budget for flood cameras repair to E & I and reduction in disaster management.

In addition to the above there have been various smaller increases / reductions or transfer of funds within Departments.

Finance Costs

Finance costs are currently tracking in line with the budgeted amount.

Depreciation & Amortisation

Depreciation is \$751K unfavourable at the end of December, increasing to \$894K at the end of January. The Quarter 2 Budget Review proposes an increase of \$1.5M to recognise changes through revaluations and capitalisation of assets following the finalisation of the external audit for the 2023/2024 financial year.

Transfers to / from Reserve - Operational

Transfers from Reserve to fund 2024 / 2025 financial year

Directorate	Item	Original Budget	Q1	Q2
CGFS	Digital Transformation (Res 2002 – Operational Sustainability Reserve)	1,707,633	-	-
Total		1,707,633	0	0

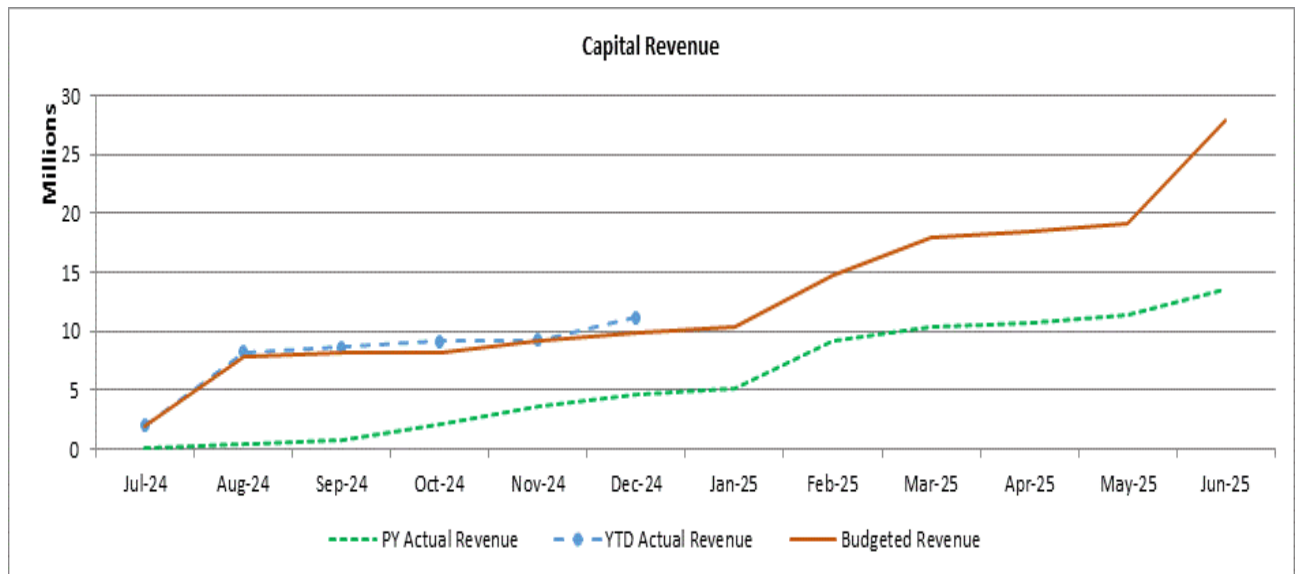
Transfers to Reserve

Directorate	Item	Original Budget	Q1	Q2
E&I	Maintenance Contributions (Res 2002 – Operational Sustainability Reserve – constrained maintenance contributions)	150,000	150,000	500,000
W & W	Cash backing of the refuse sites restoration provision	1,000,000	1,000,000	1,000,000
Total		1,150,000	1,150,000	1,500,000

- W & W – constrain waste revenue to cash back the refuse sites restoration provision
- E & I – constrain maintenance contributions received for future financial years when work is to be scheduled.

Capital Revenue

Capital Revenue



The full year capital revenue budget is currently \$27.9M which comprises of Federal Grants, State Grants, Contributions and Proceeds from the Disposal of Assets. The YTD actual revenue of \$11.2M, is favourable to YTD budget by \$1.3M. Noting advance payments received for works yet to commence.

Since the adoption of the Quarter 1 Revised Budget, the following events below are to be recognised in relation to capital revenue:

- Reduction for Proceeds from the Disposal of Assets \$231,000.
- Reduction \$128,000 for Roads of Strategic Importance funding for Dysart Clermont Road Upgrade noting finalised works under original grant estimate.
- Reduction \$10,897 for Roads to Recovery funding (\$140,000 reduction Saraji Dysart bypass road partially offset by an increase in MMT Nolan Drive Drainage).
- Deferral of grant deliverables to the 2025/2026 financial year offset with a reduction of expenditure in 2024/2025 of \$353,177
 - \$103,953 BOR – CORP SCADA Upgrades
 - \$141,833 LGGSP – CLM WTP Plant Modernisation
 - \$107,391 STIP - MBH Bacon Street Concrete Footpath
- Recognition of \$800,000 Works for QLD 24-27 grant for funding the MELC expansion works (note total Grant \$1.6M – multiyear project).

- Recognition of developer contributions \$122,773.
- Recognition of \$250,000 contribution from works on Mabbin Road (Regional Surface Renewal and Sealed Road Rehabilitation works).

From the above, Council's capital revenue budget is proposed to be increased by \$450K dollars to \$28.4M at the Quarter 2 Budget Review for the 2024/2025 financial year.

Capital Projects

Below is the summary position of the whole of Council, by Directorate for Capital expenditure as at the end of December 2024. At the end of January, the actual expenditure had increased to a total of \$25.6M.

Department	YTD Actual	YTD Commitment	YTD Total Expenditure	Full Year Budget	% Complete	% Complete
					(YTD Actual vs FY Budget)	(YTD Total vs FY Budget)
CG&FS	10,011	506,078	496,067	1,262,008	-0.8%	39.3%
E&I	11,306,634	13,998,095	25,304,730	36,518,836	31.0%	69.3%
PE&CS	6,288,385	3,228,390	9,516,775	20,072,818	31.3%	47.4%
W&WW	2,535,181	2,711,362	5,246,543	17,520,405	14.5%	29.9%
TOTAL	20,120,189	20,443,925	40,564,114	75,374,067	26.7%	53.8%

The capital expenditure program is proposed to be amended from \$75.4M to \$68.4M. The 2nd Quarter Budget Review has identified the below proposed amendments:

Corporate, Governance & Financial Services

- Safety & Resilience – CW243189 Moranbah SES Fencing Upgrade and Roof cover – reduction of \$45K noting reduced scope.

Engineering & Infrastructure

- Bowen Basin & Galilee Operations – CW233068 Dysart – Clermont Road Upgrade – reduction budget \$128K (ROSI funding) noting decreased final value anticipated with Council funds transferred to other projects within Directorate.
- Bowen Basin & Galilee Operations – CW243202 MMT Nolan Drive Drainage Works – increase of \$129K (Roads to Recovery).
- Bowen Basin & Galilee Operations – CW253301 Regional Surface Renewal – increase \$114K funded from additional contributions for Mabbin Road. It should

be noted that this project also received a \$168K transfer of funds from CW253306 Sealed Road Rehabilitation.

- Bowen Basin & Galilee Operations – CW253305 Saraji Dysart Bypass Road Rehabilitation – reduction \$140K (Roads to Recovery) for anticipated final value of works.
- Bowen Basin & Galilee Operations – CW253306 Sealed Road Rehabilitation – increase of \$136K contributions Mabbin Road reducing Council contributions required / lower final value expected on works, transfer of approx. \$334K to other E & I works.
- Parks & Recreation – CW253335 Maddern Oval Western Field Irrigation – defer \$100K from Reserve 1060 Glenden Asset Reserve to 2025/2026 financial year.
- Parks & Recreation – New Project – Dysart BMX & Soccer Club Power – increase \$200,000 E & I unallocated depreciation.
- Infrastructure West – CW253333 Eagle Downs Intersection Asphalt Renewal – increase \$20K funded from Res 2002 General Reserve Maintenance Contributions QLD Coking Moranbah North.
- Corporate Properties – CW253310 Moranbah Administration Building Elevator Lift Renewal – defer \$15K to 2025/2026 financial year.
- Corporate Properties – CW253311 CORP Residential Renewals 2025 - defer \$140K to 2025/2026 financial year.
- Corporate Properties – CW253313 Moranbah 17 Utah Complex New Patio Construction – defer \$200K to 2025/2026 financial year.
- Plant, Fleet and Workshops – CW253257 Replace Vehicles – note a funding swap of \$231K increase unallocated depreciation offsetting a reduction of proceeds from the disposal of assets.
- Infrastructure and Technical Services – CW253269 Moranbah Bacon Street Concrete Footpath – defer \$380K to 2025/2026 financial year (partially STIP funded).
- Infrastructure and Technical Services – CW253271 Dysart Open Drain – increase \$109K from E & I unallocated depreciation.
- Infrastructure and Technical Services – CW253296 Moranbah Federation Walk Extension Design – increase \$100K from E & I unallocated depreciation and defer \$40K to 2025/2026 financial year.

Planning, Environment and Community Services

- Director PECS – CW253334 MELC Expansion and Renovation Works – increase \$800K (W4QLD 24-27), noting multiyear project with works managed by MELC and although project created previously no budget was allocated.
- Community Facilities – CW253328 Dysart Kindergarten Structural Repairs – cancellation of works \$175K (noting report to February Council meeting) with funds transferred to creation on new project Moranbah Childcare Sewer Mains (\$140K) and CW253323 Moranbah GCAC Plant Room Rectification.

- Community Facilities – CW253327 Glenden Recreation Centre Toilets Stump Renewal – defer \$230K to 2025/2026 financial year.
- Community Facilities – New Project Moranbah Childcare Sewer Mains Replacement - \$140K funded from depreciation transferred from the cancellation of CW253328 Dysart Kindergarten Structural Repairs (note report to February Council meeting).

Water & Waste

- Water & Wastewater – CW222991 Nebo WWTP SCADA Project – defer \$250K to 2025/2026 financial year.
- Water & Wastewater – CW222992 Glenden WWTP SCADA Project – defer \$350K to 2025/2026 financial year.
- Water & Wastewater – CW233141 Nebo Water Network Augmentation – reduction \$158K (BOR Grant funds) for value of final works.
- Water & Wastewater – CW233143 CORP SCADA Upgrades – defer \$200K to 2025/2026 financial year (partially funded BOR grant).
- Water & Wastewater – CW233155 Clermont WTP Plant Modernisation – defer \$500K to 2025/2026 financial year (partially funded by LGGSP).
- Water & Wastewater – CW253273 Carmila WTP Upgrade – defer \$625K to 2025/2026 financial year.
- Water & Wastewater – CW253274 St Lawrence WTP Upgrade – defer \$800K to 2025/2026 financial year.
- Water & Wastewater – CW253275 CORP Sewer Relining 2025 – defer \$600K to 2025/2026 financial year.
- Water & Wastewater – CW253278 Moranbah WTP Drinking Water Compliance – increase \$400K from unallocated depreciation.
- Water & Wastewater – CW253279 MMT & DYS Drying Beds WTPs – defer \$200K to 2025/2026 financial year.
- Waste – CW243205 Moranbah Rectification of Landfill Cell – defer \$3.5M to 2025/2026 financial year.
- Waste – CW243239 Carmila Landfill Capping Design – increase \$42K funded from Rehabilitation Provision.
- Waste – CW243240 Greenhill Landfill Capping Design – increase \$60K funded from Rehabilitation Provision.
- Waste – CW253266 Dysart WMF Repurpose to Transfer Station – defer \$522K to 2025/2026 financial year.

Below is a summary of deferred amounts to the 2025/2026 financial year for each Directorate.

Directorate	Defer to 2025/2026 FY	Estimated Carry Forward
CGFS	-	-
E & I	875,000	20,000
PECS	230,000	150,000
W & W	7,546,761	-
Total	8,651,761	170,000

In addition to the proposed amendments above, the detailed projects review undertaken by managers and ELT has led to proposed balancing adjustments inside of Departments / Directorate's with nil bottom line impact.

Notable items within these adjustments are:

- Amendment of CW222965 Dysart Community Hub Design and Construct to include works on CW253318 Dysart Library External Works. Transfer of any LRCI Phase 4 Grant funds from CW222966 St Lawrence Community Hub Design and Construct to CW222965 Dysart Community Hub Design and Construct. Transfer of all Council funds (Depreciation / Res 1078 CF) to CW222966 St Lawrence Community Hub Design and Construct to allow project to progress. The above transfers have been made due to concern flagged by the Department that the St Lawrence Community Hub Design and Construct will not meet the construction deadline of LRCI Phase 4 grant guidelines.

Code	Project	Current Revised Budget	Proposed Revised Budget	Comment
CW222965	DYS Community Hub Design and Construct	207,450	383,766	Rec Grant funding frm CW222966 and trf Council funds to CW222966
CW222966	STLAW Community Hub Design and Construct	219,489	143,173	Trf grant funding to CW222965 / receive all Council funds
CW253318	DYS Library External Works	100,000	-	Trf Council funds to CW222966
Total		526,939	526,939	

The below table that represents the Quarter 2 Budget Review funded depreciation, movements that have occurred (transfer of depreciation between programs) and the remaining unallocated Depreciation. The unallocated depreciation will be re-assessed with the Quarter 3 Budget Review for any movements. Funded unallocated depreciation will be constrained to the appropriate reserve.

Programs	Q2 Funded Depreciation	Transfer Depreciation (Project movement / redistribution)	Q2 Budget Review Usage + Deferred	Unallocated Depreciation Remaining	Comments
CGFS	764,562	95,438	860,000	-	Receive Corporate funds
Corporate	500,000	(95,438)		404,562	Transfer Corporate funds to CGFS
E & I	14,250,080	(54,484)	13,819,160	376,436	Receive \$14K W & W and transfer \$68,484 to Solar project. Remaining funds to constrain Land & Building Reserve
Plant	3,385,229	-	2,439,887	945,342	
PECS	3,014,592	1,333,892	4,348,484	-	Receive funds Water \$632,701, Sewer \$632,707 & E & I \$68,484
Water	6,104,009	(646,701)	5,245,000	212,308	Transfer of funds to Isaac Events Centre \$632,701 / E & I \$14K (project movement)
Sewer	3,981,868	(632,707)	1,395,000	1,954,161	Transfer of funds \$632,707 to Isaac Events Centre
Waste	897,979	-	480,000	417,979	
Waste Rehab	450,000	-	450,000	-	Note cashback for refuse site rehab provision
Total	33,348,319	-	29,037,531	4,310,788	

Prepared by:

Susan Martin – Manager Budgets & Statutory Reporting

Jason Rivett – Manager Financial Services

ISAAC REGIONAL COUNCIL
Statement of Comprehensive Income
For the Period Ended 31 December 2024

Office of the CEO

	Full Year Revised Budget	Proposed Revised Postion	Revised Budget Variance	YTD Actual
	\$	\$	\$	\$
Income				
Operating Revenue				
Operating Grants, Subsidies & Contributions	245,000	311,934	66,934	238,262
	245,000	311,934	66,934	238,262
Expenses				
Operating Expenses				
Employee Expenses	5,010,838	4,800,626	210,212	2,208,569
Materials & Services	2,110,822	2,101,852	8,970	926,398
Corporate Overheads & Competitive Neutrality Costs	(5,437,102)	(5,437,102)	-	(2,718,551)
	1,684,558	1,465,376	219,182	416,415
Operating Surplus / (Deficit)	(1,439,558)	(1,153,442)	286,116	(178,153)
Transfer from Reserves	-	-	-	-
Transfer to Reserves	-	-	-	-
Operating Position Before Capital Items	(1,439,558)	(1,153,442)	286,116	(178,153)
Capital Revenue	-	-	-	-
Net Result Attributable to Council in Period	(1,439,558)	(1,153,442)	286,116	(178,153)
Total Comprehensive Income	(1,439,558)	(1,153,442)	286,116	(178,153)

ISAAC REGIONAL COUNCIL
Statement of Comprehensive Income
For the Period Ended 31 December 2024

Corporate, Governance & Financial Service

	Full Year Revised Budget	Proposed Revised Position	Revised Budget Variance	YTD Actual
	\$	\$	\$	\$
Income				
Operating Revenue				
Net Rates & Utility Charges	71,587,176	71,587,176	-	35,827,345
Fees & Charges	92,000	122,000	30,000	69,091
Rental Income	1,350	1,350	-	-
Interest Received	2,561,266	4,099,530	1,538,264	2,160,571
Sales of Contract & Recoverable Works	90,000	160,000	70,000	137,915
Operating Grants, Subsidies & Contributions	7,477,867	7,478,601	734	6,859,059
Other Recurrent Revenue	90,000	143,185	53,185	88,086
	81,899,659	83,591,842	1,692,183	45,142,066
Expenses				
Operating Expenses				
Employee Expenses	9,692,196	10,581,198	(889,002)	3,427,189
Materials & Services	13,940,368	14,174,242	(233,874)	10,111,063
Finance Costs	514,541	514,541	-	215,273
Depreciation and Amortisation	1,462,032	1,264,562	197,471	402,128
Corporate Overheads & Competitive Neutrality Costs	(16,827,852)	(16,827,852)	-	(8,413,926)
	8,781,285	9,706,690	(925,405)	5,741,728
Operating Surplus / (Deficit)	73,118,374	73,885,152	766,778	39,400,339
Transfer from Reserves	-	-	-	-
Transfer to Reserves	-	-	-	-
Operating Position Before Capital Items	73,118,374	73,885,152	766,778	39,400,339
Capital Revenue				
Capital Revenue	-	-	-	(9)
Proceeds from Sale of Land & PPE	-	-	-	55
	-	-	-	45
Net Result Attributable to Council in Period	73,118,374	73,885,152	766,778	39,400,384
Total Comprehensive Income	73,118,374	73,885,152	766,778	39,400,384

ISAAC REGIONAL COUNCIL
Statement of Comprehensive Income
For the Period Ended 31 December 2024

Engineering & Infrastructure Services

	Full Year Revised Budget	Proposed Revised Position	Revised Budget Variance	YTD Actual
	\$	\$	\$	\$
Income				
Operating Revenue				
Fees & Charges	263,000	407,500	144,500	262,208
Rental Income	1,461,045	1,710,668	249,623	782,678
Sales of Contract & Recoverable Works	6,200,000	7,561,103	1,361,103	1,344,256
Operating Grants, Subsidies & Contributions	6,303,170	7,160,349	857,179	4,462,426
Other Recurrent Revenue	-	64,269	64,269	64,269
	14,227,215	16,903,888	2,676,673	6,915,838
Expenses				
Operating Expenses				
Employee Expenses	16,733,465	16,157,266	576,200	7,583,539
Materials & Services	14,569,190	17,759,507	(3,190,317)	6,817,405
Depreciation and Amortisation	17,076,387	17,635,309	(558,922)	8,912,862
Corporate Overheads & Competitive Neutrality Costs	12,803,739	12,803,739	-	6,401,869
	61,182,781	64,355,821	(3,173,040)	29,715,675
Operating Surplus / (Deficit)	(46,955,566)	(47,451,932)	(496,366)	(22,799,837)
Transfer from Reserves	-	-	-	-
Transfer to Reserves	(150,000)	(500,000)	(350,000)	-
Operating Position Before Capital Items	(47,105,566)	(47,951,932)	(846,366)	(22,799,837)
Capital Revenue				
Capital Revenue	15,191,270	15,282,347	91,077	7,659,976
Proceeds from Sale of Land & PPE	1,229,698	998,698	(231,000)	579,148
	16,420,968	16,281,045	(139,923)	8,239,125
Net Result Attributable to Council in Period	(30,684,598)	(31,670,887)	(986,289)	(14,560,712)
Total Comprehensive Income	(30,684,598)	(31,670,887)	(986,289)	(14,560,712)

ISAAC REGIONAL COUNCIL
Statement of Comprehensive Income
For the Period Ended 31 December 2024

Planning, Environment & Community Service

	Full Year Revised Budget	Proposed Revised Position	Revised Budget Variance	YTD Actual
	\$	\$	\$	\$
Income				
Operating Revenue				
Fees & Charges	2,353,550	2,896,903	543,353	1,856,985
Rental Income	214,000	236,379	22,379	118,535
Sales of Contract & Recoverable Works	-	78,620	78,620	-
Operating Grants, Subsidies & Contributions	1,140,870	1,378,520	237,650	746,084
Other Recurrent Revenue	45,000	54,979	9,979	15,611
	3,753,420	4,645,401	891,981	2,737,215
Expenses				
Operating Expenses				
Employee Expenses	12,724,635	12,244,635	480,000	5,477,175
Materials & Services	8,631,825	9,312,033	(680,208)	4,316,239
Finance Costs	756,546	756,546	-	362,490
Depreciation and Amortisation	2,184,365	3,014,592	(830,227)	1,520,709
Corporate Overheads & Competitive Neutrality Costs	3,337,865	3,337,865	-	1,668,933
	27,635,236	28,665,671	(1,030,435)	13,345,546
Operating Surplus / (Deficit)	(23,881,816)	(24,020,270)	(138,454)	(10,608,330)
Transfer from Reserves	-	-	-	-
Transfer to Reserves	-	-	-	-
Operating Position Before Capital Items	(23,881,816)	(24,020,270)	(138,454)	(10,608,330)
Capital Revenue				
Capital Revenue	9,950,304	10,750,304	800,000	2,739,525
Proceeds from Sale of Land & PPE	-	-	-	256
	9,950,304	10,750,304	800,000	2,739,781
Net Result Attributable to Council in Period	(13,931,512)	(13,269,966)	661,546	(7,868,549)
Total Comprehensive Income	(13,931,512)	(13,269,966)	661,546	(7,868,549)

ISAAC REGIONAL COUNCIL
Statement of Comprehensive Income
For the Period Ended 31 December 2024

Water & Waste

	Full Year Revised Budget	Proposed Revised Position	Revised Budget Variance	YTD Actual
	\$	\$	\$	\$
Income				
Operating Revenue				
Net Rates & Utility Charges	33,455,139	33,455,139	-	14,682,608
Fees & Charges	1,086,000	1,262,200	176,200	628,143
Rental Income	50,406	52,598	2,192	39,243
Interest Received	198,200	224,200	26,000	116,477
Operating Grants, Subsidies & Contributions	557,430	557,433	3	557,433
Other Recurrent Revenue	12,234,250	12,797,278	563,028	5,460,566
	47,581,425	48,348,848	767,423	21,484,470
Expenses				
Operating Expenses				
Employee Expenses	8,068,429	8,090,429	(22,000)	3,831,839
Materials & Services	20,006,673	20,523,957	(517,284)	7,180,493
Finance Costs	47,657	47,657	-	22,146
Depreciation and Amortisation	11,137,644	11,433,856	(296,212)	5,649,446
Corporate Overheads & Competitive Neutrality Costs	6,123,351	6,123,351	-	3,061,675
	45,383,754	46,219,250	(835,496)	19,745,600
Operating Surplus / (Deficit)	2,197,671	2,129,598	(68,073)	1,738,870
Transfer from Reserves	-	-	-	-
Transfer to Reserves	(1,000,000)	(1,000,000)	-	-
Operating Position Before Capital Items	1,197,671	1,129,598	(68,073)	1,738,870
Capital Revenue				
Capital Revenue	1,539,633	1,329,255	(210,378)	222,047
	1,539,633	1,329,255	(210,378)	222,047
Net Result Attributable to Council in Period	2,737,304	2,458,853	(278,451)	1,960,917
Total Comprehensive Income	2,737,304	2,458,853	(278,451)	1,960,917

MEETING DETAILS	Special Meeting Wednesday 5 March 2025
AUTHOR	Jason Rivett
AUTHOR POSITION	Manager Financial Services

10.2

CONTROLLED ENTITIES FINANCIAL STATEMENTS

EXECUTIVE SUMMARY

Council has received the audited financial statements for the Moranbah Early Learning Centre Pty Ltd (MELC), Isaac Affordable Housing Trust (IAHT) and the Isaac Affordable Housing Fund Pty Ltd (IAHF) for the year ended 30 June 2024. As per Section 213 (3) of the *Local Government Regulation 2012* the Mayor must present the copy of the audited financial statements at the next ordinary meeting of the local government.

OFFICER'S RECOMMENDATION

That the Committee recommends that Council:

- 1. Receive the financial statements from Moranbah Early Learning Centre Pty Ltd, Isaac Affordable Housing Trust and Isaac Affordable Housing Fund Pty Ltd for the period ended 30 June 2024 pursuant to and in accordance with the Local Government Regulation 2012 (s213).**

BACKGROUND

This report is prepared on behalf of the Mayor, pursuant to Section 213 (3) of the *Local Government Regulation 2012*, presenting a copy of the audited financial statements for its controlled entities at the next ordinary meeting of the local government.

Council received the signed financial statements for MELC, IAHT and IAHF on 11 February 2025.

IMPLICATIONS

By receiving the financial statements Council will meet the relevant compliance requirements as per the *Local Government Regulation 2012*.

CONSULTATION

- Company Secretary – MELC and IAHT
- Director Corporate, Governance and Financial Services

BASIS FOR RECOMMENDATION

Local Government Regulation 2012

213 Local government to obtain copy of audited financial statements of controlled entities

- (1) This section applies if the financial statements of a controlled entity of a local government are audited under the *Auditor-General Act 2009*.
- (2) The local government must obtain a copy of the audited financial statements of the controlled entity from —
 - (a) the controlled entity; or

- ////////////////////////////////////
- (b) if the controlled entity is subject to the control of another entity and the other entity is subject to the control of the local government—the other entity.
 - (3) The mayor must present the copy of the audited financial statements at the next ordinary meeting of the local government.
 - (4) The local government must ensure that, within 14 days after the copy of the audited financial statements is presented at the meeting, the copy is, or a link to the copy is, published on the local government’s website.

ACTION ACCOUNTABILITY

Not Applicable

KEY MESSAGES

Not Applicable

Report Prepared By: JASON RIVETT Manager Financial Services Date: 17 February 2025	Report Authorised By: DARREN FETTELL Director Corporate, Governance and Financial Services Date: 19 February 2025
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ATTACHMENTS

- Attachment 1 – 2024 Isaac Affordable Housing Trust Financial Statements – signed
- Attachment 2 – 2024 Isaac Affordable Housing Fund Pty Ltd Financial Statements – signed
- Attachment 3 – 2024 Moranbah Early Learning Centre - Financial Statements – signed

REFERENCE DOCUMENT

- Nil

ISAAC AFFORDABLE HOUSING FUND PTY. LTD.
A.C.N. 147 492 993

AS TRUSTEE FOR

ISAAC AFFORDABLE HOUSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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Notes to and forming part of the Financial Statements	6
Annual Declaration of the Trustee	13
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The Financial Statements of the ISAAC AFFORDABLE HOUSING TRUST are special purpose financial reports prepared in accordance with the prescribed requirements per Note 2 of the financial statements.

ISAAC AFFORDABLE HOUSING TRUST
Statement of Comprehensive Income
For the year ended 30th June 2024

	Notes	2024 \$	2023 \$
Income			
Revenue and Other Income			
Rent Received		210,666	189,124
Interest Income		1,275,569	64,083
Grants, Subsidies, Contributions and Donations	13	5,358,342	1,662,678
Revaluation of Land and Buildings		293,736	477,306
Total Income		7,138,312	2,393,191
Expenses			
Advertising		1,258	-
Bank Fees		70	93
Depreciation		79,494	79,285
Fees & Subscriptions		359	24
Freight		-	175
Insurance		22,536	-
Interest		53,010	13,917
Legal Fees		1,106	18,769
Office Supplies		-	2
Project Management		5,000	-
Property Management	4	69,506	81,563
QAO Audit Fees		11,200	10,350
Rates		98,665	94,534
Secretarial and Accounting Fees	3	96,190	87,911
Water		1,718	1,739
Total Expenses		440,112	388,362
Operating Surplus		6,698,200	2,004,829
Other Comprehensive Income			
<i>Items that will not be reclassified to operating surplus/(deficit)</i>			
Total Other Comprehensive Income		-	-
Total Comprehensive Income		6,698,200	2,004,829

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes

ISAAC AFFORDABLE HOUSING TRUST
Statement of Financial Position
As at 30th June 2024

	Notes	2024 \$	2023 \$
Current Assets			
Cash on Hand		10	10
Cash at Bank		1,974,881	3,127,735
Receivables	5	75,681	4,630
Contract Assets	14	-	71,182
Total Current Assets		<u>2,050,572</u>	<u>3,203,557</u>
Non Current Assets			
Property, Plant and Equipment	6	15,940,410	7,833,709
Total Non Current Assets		<u>15,940,410</u>	<u>7,833,709</u>
Total Assets		<u>17,990,982</u>	<u>11,037,266</u>
Current Liabilities			
Accrued Expenses	7	12,000	12,000
Payables	8	39,879	716,925
Contract Liabilities	14	2,665,000	658,504
Total Current Liabilities		<u>2,716,879</u>	<u>1,387,429</u>
Non Current liabilities			
Secured Loan	9	3,834,051	4,907,985
Total non Current Liabilities		<u>3,834,051</u>	<u>4,907,985</u>
Total Liabilities		<u>6,550,930</u>	<u>6,295,414</u>
Net Assets		<u>11,440,052</u>	<u>4,741,852</u>
Equity			
Settlement Sum		10	10
Retained Earnings		11,440,042	4,741,842
Net Equity		<u>11,440,052</u>	<u>4,741,852</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes

ISAAC AFFORDABLE HOUSING TRUST
Statement of Changes in Equity
For the year ended 30th June 2024

	Settlement Sum	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2022	10	-	2,737,016	2,737,026
Operating Surplus	-	-	2,004,830	2,004,830
Balance as at 30 June 2023	10	-	4,741,842	4,741,852
	Settlement Sum	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2023	10	-	4,741,842	4,741,852
Operating Surplus	-	-	6,698,201	6,698,201
Balance as at 30 June 2024	10	-	11,440,042	11,440,052

ISAAC AFFORDABLE HOUSING TRUST
Statement of Cash Flows
For the year ended 30th June 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Inflows			
Receipts from Customers		217,315	185,757
Interest		148,625	64,083
Grants, Subsidies, Contributions and Donations		71,020	372,365
Net GST Received		13,003	887
Outflows			
Operating Expenses		(321,822)	(317,145)
Net cash provided by operating activities	10	128,141	305,946
Cash flows from investing activities			
Inflows			
RCIF Grant Income		8,101,500	2,200,000
Outflows			
RCIF Design & Construction Costs		(9,382,494)	(1,421,739)
Net cash provided by/(used in) investing activities		(1,280,994)	778,261
Net increase / (decrease) in cash and cash equivalents		(1,152,853)	1,084,207
Cash at beginning of financial period		3,127,735	2,043,528
Cash at end of financial period		1,974,882	3,127,735

The Statement of Cash Flows should be read in conjunction with the accompanying notes

ISAAC AFFORDABLE HOUSING TRUST
Notes to and forming part of the Financial Statements
For the year ended 30th June 2024

1. Objectives of the Trust

The Isaac Affordable Housing Trust was settled on the 25th November 2010 for the purpose of receipting all gifts of money, or real and personal property for the following objectives of the Trust:

- (a) The establishment of affordable housing for low to middle income tenants.
- (b) The construction and development of the said affordable housing.
- (c) To establish and maintain a public fund to be called the "Isaac Affordable Housing Fund" for the specific purpose of supporting the objectives of the Trust. The Trust is established to receive all gifts of money or property for this purpose and any money received because of such gifts must be credited to its bank account in accordance with section 30-130 of the *Income Tax Assessment Act 1997*.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

In the trustee's opinion, the trust is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (the Act).

The financial report has been prepared in accordance with the Act, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of the following standards:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cashflows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation of Standards

AASB 1054 Australian Additional Disclosures

(b) New and revised accounting standards adopted during the year

There are a number of new accounting standards and pronouncements issued by the Australian Accounting Standards Board that are applicable for periods ending on or after 1 July 2023. The trust has reviewed these and have determined that none of them have material impact on the company.

(c) Revenue Recognition

Grants and subsidies

Where grant revenue is earned under an agreement that is enforceable and contains sufficiently specific performance obligations for the Trust to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 Revenue from Contracts with Customers. In this case, revenue is recognised as the performance obligations are satisfied. This includes revenue received by the Trust under the National Rental Affordability Scheme (NRAS) where the Trust is required to provide affordable housing under the terms of the funding.

Where the above conditions are not satisfied, revenue is accounted for under AASB 1058 Income of Not-for-profit Entities, whereby revenue is recognised upon receipt of the grant funding, except where the funding is received to construct or acquire a recognisable non-financial asset which will subsequently be controlled by the Trust. Such grants are recognised as revenue when (or as) the non-financial asset is acquired or constructed.

(d) Contract assets and contract liabilities

Where a performance obligation is satisfied by transferring a promised good or service to the customer before consideration is received or an entitlement to invoice for consideration arises under the terms of the contract/funding agreement, a contract asset is recognised, reflecting the revenue recognised to date in accordance with the accounting policy described in note 1(c).

When consideration is received in advance of performance obligations being satisfied, any excess of consideration received over revenue recorded is presented as a contract liability.

ISAAC AFFORDABLE HOUSING TRUST
Notes to and forming part of the Financial Statements
For the year ended 30th June 2024

(e) Cash Assets

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

(f) Receivables

Receivables arise from the trust's transactions with its customers and are normally settled within 30 days. Consistent with both the trust's business model for managing the financial assets and the contractual cash flow characteristics of the assets, receivables are subsequently measured at amortised cost.

Allowance is made for expected credit losses on receivables applying the simplified approach prescribed in AASB 9. Under this approach, the trust determines the allowance for credit losses for receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the credit losses that are expected to result from default events over the expected life of the financial asset. As the trust does not have a material level of receivables at 30 June 2024, no allowance for credit losses has been recognised.

The gross carrying amount of a receivable is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the trust has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the trust. Recoveries, if any, are recognised in profit or loss. All known bad debts have been written off as at 30 June.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical assets acquisitions. Cost is determined as the value given as consideration.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the trust commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	1.90%
Land	N/A

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Land and buildings are held by the trust for the purpose of meeting the trust's service delivery objectives in providing affordable housing to low and middle income tenants. Land and buildings held for this purpose do not meet the definition of investment property under AASB 140 Investment property

Valuations

Land and improvements and buildings are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of the Trust's assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. In the intervening years the trust engages independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate asset class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class. On revaluation, accumulated depreciation is eliminated against the gross carrying amount of the asset, such that the gross carrying amount of the asset is revalued to the fair value of the asset, and accumulated depreciation is adjusted to nil. The gross carrying amount of the asset is subsequently depreciated over the asset's remaining useful life.

Land and building assets were valued at 30 June 2024 by AssetVal. All land and building values have been determined using level 2 valuation inputs. The most significant inputs into this valuation approach are price per square metre, determined by reference to sales prices of comparable assets having due regard to differences in key attributes such as zoning and property size. Sales evidence was sourced through RP Data Pty Ltd and the web site realestate.com.au.

(h) Payables

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(i) Borrowings

Borrowings and other financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Interest is calculated at commercial rate of interest using Queensland Treasury Corporation rates as the basis. The Loans are from Isaac Regional Council and are secured over the land and assets of the Trust.

(j) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the trust commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification

The trust's only financial assets are cash and receivables, which are subsequently measured at amortised cost. Financial liabilities of the trust, being payables and secured loan debt, are subsequently measured at amortised cost.

(k) Taxation

The Trust is subject to Goods and Services Tax (GST) and as such, GST credits receivable from/payable to the Australian Taxation Office are recognised and accrued. The Trust has endorsement as an Income Tax Exempt Charity and is not liable for income tax.

(l) Critical accounting judgements and key sources of estimation uncertainty

In the application of the trust's accounting policies, the trustee is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

The only judgements, estimates and assumptions that have a potential significant effect on the financial statements are those relating to valuation and depreciation of property, plant and equipment. Further information regarding these is provided in note 1(g).

(m) Comparatives

Where required by the Accounting Standards comparative figures have been adjusted to conform with changes in presentation in the current financial period.

(n) Date of authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the trustees declaration is signed.

(o) Currency

The Trust uses the Australian dollar as its functional currency and its presentation currency.

(p) Leases

The Trust as a lessee

The Trust is not a lessee under any leasing arrangements.

The Trust as a lessor

Each lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Trust has not entered into any finance leases.

Underlying assets subject to operating leases are presented in the statement of financial position according to the nature of the underlying asset.

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis, if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

(q) Rounding off of amounts

Amounts in the financial report have been rounded to the nearest dollar, unless otherwise stated.

(r) New Accounting Standards of Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The trustee has decided not to early adopt any of the new and amended pronouncements. There are no such standards or interpretations expected to have a significant impact on the financial statements of the Trust in the period of initial application.

ISAAC AFFORDABLE HOUSING TRUST
Notes to and forming part of the Financial Statements
For the year ended 30th June 2024

	2024 \$	2023 \$
3. Secretarial and Accounting Fees		
Accounting Monthly Fee	28,800	28,800
Secretarial Services	67,390	59,111
	<u>96,190</u>	<u>87,911</u>
4. Property Management		
Cleaning	5,931	2,358
Maintenance & Repairs	62,325	78,655
Pest Control	1,250	550
	<u>69,506</u>	<u>81,563</u>
5. Accounts Receivable		
Accounts receivable detailed below.		
Australian Taxation Office (GST)	72,718	-
Rental Arrears	2,963	4,630
	<u>75,681</u>	<u>4,630</u>
6. Property, Plant and Equipment		
Land - Fair Value	<u>1,454,000</u>	<u>1,088,000</u>
Buildings - Fair Value	4,550,604	4,702,949
less Accumulated Depreciation	-	(177,263)
	<u>4,550,604</u>	<u>4,525,686</u>
Capital Works in Progress	308,559	78,747
Land & Design Costs - 121 Mills Avenue	9,627,247	2,141,276
	<u>9,935,806</u>	<u>2,220,023</u>
Total Property, Plant and Equipment	<u>15,940,410</u>	<u>7,833,709</u>
7. Accrued Expenses		
Queensland Audit Office	12,000	12,000
	<u>12,000</u>	<u>12,000</u>
<p>Audit fees are paid to the Queensland Audit Office in relation to the audit of the financial statements. No non-audit services were provided. Total audit fees paid to the Queensland Audit Office relating to the audit of the 2023-24 financial statements was \$11,900 (2022-23: \$11,200).</p>		
8. Payables		
Australian Taxation Office	-	62,084
Trade Creditors	31,897	651,841
Rent received in advance	7,982	3,000
	<u>39,879</u>	<u>716,925</u>
9. Secured Loan		
Isaac Regional Council has made secured loans to the Trust.		
Borrowings from Isaac Regional Council		
Opening balance	4,907,985	4,894,068
Interest Charged	53,010	13,917
Interest Write Off	(1,126,944)	-
	<u>3,834,051</u>	<u>4,907,985</u>

Isaac Regional Council is currently reviewing the loan terms and conditions and will advise Isaac Affordable Housing Trust of any changes. Isaac Regional Council also resolved to write off any interest that has accrued on this loan since its inception to ensure that Isaac Affordable Housing Trust has the ability to put more affordable accommodation into the community.

ISAAC AFFORDABLE HOUSING TRUST
Notes to and forming part of the Financial Statements
For the year ended 30th June 2024

10. Reconciliation of Operating Surplus to Net Cash Provided by Operating Activities

	2024	2023
	\$	\$
Operating Surplus	6,698,200	2,004,829
Non-Cash Operating Items		
Depreciation	79,494	79,285
Interest	53,010	13,917
Asset Revaluation Increase	(293,736)	(477,306)
RCIF Grant-Capital Revenue	(5,358,504)	(1,341,496)
Interest Expense Write Off	(1,126,944)	-
Contract Assets	162	-
Change in assets and liabilities-		
Decrease in Contract Assets	71,020	51,182
(Increase)/Decrease in Receivables	1,667	(2,866)
Increase/(Decrease) in Operating Payables	3,771	(21,598)
Net cash provided by operating activities	128,141	305,946

11. Contingencies

As at 30 June 2024 there were no known contingent assets or liabilities of a material nature (2023:nil).

12. Related party transactions

As at 30 June 2024, the statement of financial position includes a unsecured loan of \$3,834,050 from the Isaac Regional Council. The mortgagor (IAHT) must abide by the following:

- (1) The Principal sum must be repaid when called upon by Isaac Regional Council
- (2) The mortgagor must pay the interest on the principal sum calculated on a monthly basis if required by Isaac Regional Council
- (3) Interest on the principal sum accrues from 1 July 2012
- (4) The loan was interest free prior to 1 July 2014. Interest is payable on the first day of each month but is permitted to be capitalised into the outstanding loan balance.

Interest Calculation:

Resolution 3246 states that interest to be charged at a rate equal to the lowest investment rate.

Lowest Investment Rate of QTC Cash Fund in June 2024 is 0.2791% (2023: 0.284%).

Isaac Regional Council is the parent entity of the Isaac Affordable Housing Fund Pty Ltd. Isaac Regional Council has the Power of Appointment of the trustee under the terms of the Trust Deed.

Isaac Regional Council representatives are also the Directors of the trustee company Isaac Affordable Housing Fund Pty Ltd.

13. Grants, Subsidies, Contributions and Donations

Recurrent

National Rental Affordability Scheme Income	(162)	71,182
Mining House Grant	-	250,000

Capital

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. Capital revenue is taken up as RCIF Grant Funding-Capital Revenue in the Statement of Comprehensive Income on a proportional basis, which is based on the completion percentage of the entire project.

RCIF Capital Revenue	5,358,504	1,341,496
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Isaac Affordable Housing Trust was awarded a Resource Community Infrastructure Grant of \$8 million on 7 June 2022. The grant is for the construction of 16 affordable accommodation units at 121 Mills Avenue Moranbah.

Isaac Affordable Housing Trust was awarded a Resource Community Infrastructure Grant (Round 3) of \$2 million on 14 April 2024. The grant is for the construction of 3 affordable accommodation units at 62 Bushlark Drive Moranbah. Construction for this project started in September 2024.

Isaac Affordable Housing Trust was awarded a grant from the Housing Investment Fund QLD of \$6.65 million on 21 December 2023. The grant is for the construction of 11 affordable accommodation units at 1 & 27-29 Rosella Court Moranbah. Construction for this project started in September 2024.

14. Contract Balances

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the entity presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Isaac Affordable Housing Trust recognises a receivable.

When an amount of consideration is received from a customer/fund provider prior to the entity transferring a good or service to the customer, the trust presents the funds which exceed revenue recognised as a contract liability. The contract liabilities in relation to capital grants relate to fundings received prior to the work being performed since revenue is recognised as the trust constructs the assets. The trust expects to recognise the contract liability as income in the next financial year.

Contract Assets

National rental Affordability Scheme Income

-	71,182
<u>-</u>	<u>71,182</u>

Contract Liabilities

RCIF Grant 1 Revenue - Mills Ave Contract
Liability
HIF Grant Revenue - Rosella Court
RCIF Grant 3 Revenue - 62 Bushlark

1,000,000	658,504
665,000	-
1,000,000	-
<u>2,665,000</u>	<u>658,504</u>

15. Trust Details

The business address of Isaac Affordable Housing Trust is located at:
Grosvenor Complex, Batchelor Parade, Moranbah, Qld, 4744.

16. Events After Balance Date

There were no other events after balance date that impact these financial statements.

ANNUAL DECLARATION OF THE TRUSTEE
For the year ended 30th June 2024

The trustee of Isaac Affordable Housing Trust declare that in their opinion:

- (a) the financial statements and notes of the entity are in accordance with the subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Act 2012*, including:
- (i) giving a true and fair view of the entity's financial position as at 30 June 2024 and of its performance for the period ended on that date; and
 - (ii) complying with the basis of preparation as disclosed in note 2 to the financial statements and the *Australian Charities and Not-for-profit Commission Act 2012*
- (b) There are reasonable grounds to believe the entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulations 2022*.

Trustee's Declaration

The Annual Resolution of the Trustee for the year ended 30th June 2024 be approved and signed by Melissa Westcott and Jane Pickels, Directors of the Trustee Company on behalf of the Trustee Company.

Melissa Westcott



Director

~~Jane Pickels~~
Verniece Russell



Director

Date 9 / 12 / 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Isaac Affordable Housing Fund Pty Ltd as trustee for the Isaac Affordable Housing Trust

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Isaac Affordable Housing Trust (the trust).

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the trustees' declaration.

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2024 and its financial performance and cash flows for the year then ended
- b) complies with the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulations 2022 and the financial reporting framework described in Note 2(a).

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the trust in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 2(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the trustees' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the trust for the financial report

The trustees are responsible for the preparation of the financial report that gives a true and fair view in accordance with the financial reporting framework described in Note 2(a), and for such internal control as the trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the trustees determined that the basis of preparation described in Note 2(a) is appropriate to meet their accountability requirements.

The trustees are also responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.



Lisa Fraser
as delegate of the Auditor-General

11 December 2024

Queensland Audit Office
Brisbane

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2024

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

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Statement of Financial Position
Notes to the Financial Statements
Directors Declaration
Independent Audit Report

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

DIRECTORS REPORT

Your directors present their report on the company for the financial year ended 30 June 2024.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Mrs Anne M Baker (Resigned 08/05/2024)
Mrs Gina T Lacey (Resigned 08/05/2024)
Ms Sandra F Moffat (Resigned 08/05/2024)
Ms Carolyn Therese Moriarty (Resigned 08/05/2024)
Mrs Melissa Westcott (Appointed 08/05/2024)
Mrs Jane Pickels (Appointed 08/05/2024)
Ms Simon West (Appointed 08/05/2024)
Ms Verniece Russell (Appointed 08/05/2024)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit of the company for the year after providing for income tax amounted to \$Nil (2023:\$Nil).

Significant changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the year.

Principle Activity

The principle activity of the company during the year was to act as trustee of the Isaac Affordable Housing Trust.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in the future years.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid throughout the year (2023:Nil).

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

DIRECTORS REPORT

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.


Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director:..... 
Mrs Melissa Westcott

Director:..... 
Mrs ~~Jane Piekels~~
Verniece Russell

Dated this 9 day of December 2024.

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
Profit before income tax	-	-
Income tax expense	-	-
Profit after income tax	-	-
Total Comprehensive Income	-	-

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	2024	2023
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1	1
TOTAL CURRENT ASSETS	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>1</u>	<u>1</u>
NET ASSETS	<u>1</u>	<u>1</u>
EQUITY		
Issued capital	1	1
TOTAL EQUITY	<u>1</u>	<u>1</u>

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	\$	\$	\$
	Retained Earnings	Issued Capital	Total
Balance at 1 July 2022	-	1	1
Operating Surplus/(Deficit)	-	-	-
Balance at 30 June 2023	-	1	1
Balance at 1 July 2023	-	1	1
Operating Surplus/(Deficit)	-	-	-
Balance at 30 June 2024	-	1	1

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
Cash Flows from operating Activities		
Inflows	-	-
Outflows	-	-
Net Cash Provided By (used by) operating Activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash at beginning of financial period	-	-
Cash at end of financial period	-	-

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1 Summary of Significant Accounting Policies

Basis of Preparation

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this is a special purpose financial report, which has been prepared to satisfy the company's financial reporting requirements to its members.

Isaac Affordable Housing Fund Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Isaac Affordable Housing Fund Pty Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' declaration.

The financial report has been prepared in accordance with the recognition and measurement requirements of all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

- AASB 101: Presentation of Financial Statements
- AASB 107: Statement of Cash Flows
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048 Interpretation of Standards
- AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of the financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The accounting policies that have been adopted in the preparation of these statements are as follows:

a. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

b. Trust Liabilities and Right of Indemnity

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial statements if it is not probable that the company will have to meet any of the trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of the deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by the way of notes to the financial statements.

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

2 Trust Liabilities and Right of Indemnity

Liabilities of Isaac Affordable Housing Trust not recorded in the financial statements of the company were:

	2024	2023
	\$	\$
Current Liabilities		
Accrued Expenses	12,000	12,000
Payables	39,879	716,925
RCIF Grant Revenue-Contract Liabilities	2,665,000	658,504
Total Current Liabilities	2,716,879	1,387,429
Non Current Liabilities		
Secured Loan	3,834,051	4,907,985
Total Non Current Liabilities	3,834,051	4,907,985
Total Liabilities	6,550,930	6,295,414
Rights of indemnity for liabilities incurred by the company on behalf of Isaac Affordable Housing Trust not recorded in the financial statements were:	6,550,930	6,295,414

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were sufficient to discharge all liabilities of the trust at 30 June 2024.

3 Contingent Liabilities

A contingent liability exists relative to any future claims which may be made against the company arising from dealings on behalf of the trust. No such claims have been made against the company as at the date of these financial statements.

4 Related Party Transactions

The company is a controlled entity of Isaac Regional Council. There were no related party transactions with this entity during the financial year.

5 Remuneration of Directors

The total remuneration of directors of the company during the year was nil. (2023: Nil)

6 Entity Details

The principal place of business is:

ISAAC AFFORDABLE HOUSING FUND PTY LTD
 Batchelor Parade
 Moranbah Qld 4744

ISAAC AFFORDABLE HOUSING FUND PTY LTD
ACN: 147 492 993

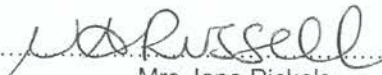
DIRECTORS DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

1. In the directors opinion, the financial statements give a true and fair view of the company's financial position as at 30 June 2024 and performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
Mrs Melissa Westcott

Director: 
~~Mrs Jane Pickels~~
Verniece Russell

Dated this 9 day of December 2024.

INDEPENDENT AUDITOR'S REPORT

To the Members of Isaac Affordable Housing Fund Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Isaac Affordable Housing Fund Pty Ltd (the company).

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2024, and its financial performance and cash flows for the year then ended
- b) complies with the financial reporting framework described in Note 1.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial accountability responsibilities. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information.

The other information comprises the information included in the company's directors' report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the directors for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the financial reporting framework described in Note 1, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the company's directors determined that the basis of preparation described in Note 1 is appropriate to meet their accountability requirements.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf



Lisa Fraser
as delegate of the Auditor-General

11 December 2024

Queensland Audit Office
Brisbane

Moranbah Early Learning Centre Pty Ltd
A.C.N. 154 322 308

Financial Statements for the year ended 30 June 2024	Page
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The Financial Statements of the Moranbah Early Learning Centre Pty Ltd are special purpose financial reports prepared in accordance with the prescribed requirements per Note 1 of the financial statements.

Moranbah Early Learning Centre Pty Ltd
A.C.N. 154 322 308

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2024.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Mrs Kelly Maree Vea Vea
Mrs Melissa Anne Westcott
Mr Simon West
Mrs Anne Michelle Baker (Resigned 8th May 2024)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The income of the company for the financial period after providing for income tax amounted to a profit of \$424,790. (2023: \$255,185).

Significant changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial period.

Principal Activities

The principal activities of the company during the financial period were the operation of a child care facility and provision of Outside School Hours Care (OSHC).

Events Subsequent to the End of the Reporting Period

No events have occurred subsequent to the end of the reporting period up to the date of this report which impact up on amounts recognised or disclosures made within the financial statements.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid throughout the year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Moranbah Early Learning Centre Pty Ltd
A.C.N. 154 322 308

DIRECTORS' REPORT

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

Signed in accordance with a resolution of the Board of Directors:

Director:.....
Mrs Kelly Vea Vea

Director:.....
Mrs Melissa Westcott

Dated this 9 day of December 2024.

Moranbah Early Learning Centre Pty Ltd
Statement of Comprehensive Income
For the year ended 30th June 2024

	Notes	2024	2023
Income			
Revenues			
Childcare Fees		2,457,603	1,762,588
Government Assistance		1,455,120	1,510,080
Grants and Donations		196,058	156,202
Reimburse Paid Parental Leave		45,048	11,374
Workcover Reimbursement		5,429	-
Interest Income		40,377	-
Total income		4,199,635	3,440,244
Expenses			
Centre Purchases	3	169,558	160,014
Administration and Consulting Fees	2	418,178	366,529
Interest	4	15,810	5,805
Salaries and Wages	5	2,465,906	2,126,198
Depreciation Expense		61,428	50,018
Other Operating Costs		643,964	476,495
Total expenses		3,774,845	3,185,059
Operating Surplus		424,790	255,185
Total comprehensive income		424,790	255,185

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Moranbah Early Learning Centre Pty Ltd
Statement of Financial Position
As at 30 June 2024

	Notes	2024	2023
Current assets			
Cash at Bank	6	1,390,721	900,240
Receivables	7	37,979	48,186
Total current assets		<u>1,428,700</u>	<u>948,426</u>
Non current assets			
Property, Plant and Equipment	8	374,507	421,282
Total non current assets		<u>374,507</u>	<u>421,282</u>
Total assets		<u>1,803,207</u>	<u>1,369,708</u>
Current liabilities			
Payables	9	81,278	63,604
Payroll Liabilities	10	256,705	217,305
Unsecured Loan	11	93,532	95,686
Total current liabilities		<u>431,515</u>	<u>376,595</u>
Non current liabilities			
Unsecured Loan	11	293,699	369,268
Payroll Liabilities	10	66,412	37,054
Total non current liabilities		<u>360,111</u>	<u>406,322</u>
Total liabilities		<u>791,626</u>	<u>782,917</u>
Net Assets		<u>1,011,581</u>	<u>586,791</u>
Equity			
Issued Capital	12	10	10
Retained Earnings		586,781	331,596
Current Year Operating Surplus		424,790	255,185
Net equity		<u>1,011,581</u>	<u>586,791</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes

Moranbah Early Learning Centre Pty Ltd
Statement of Changes in Equity
For the year ended 30th June 2024

	Issued Capital	Retained Profits	Total
Balance at 1 July 2022	10	331,596	331,606
Operating Surplus	-	255,185	255,185
Balance as at 30 June 2023	10	586,781	586,791

	Issued Capital	Retained Profits/ (Accumulated Losses)	Total
	\$	\$	\$
Balance at 1 July 2023	10	586,781	586,791
Operating Surplus	-	424,790	424,790
Balance as at 30 June 2024	10	1,011,571	1,011,581

Moranbah Early Learning Centre Pty Ltd
Statement of Cash Flows
For the year ended 30th June 2024

	Notes	2024	2023
Cash flows from operating activities			
Inflows			
Receipts from Customers		2,485,481	1,774,531
Grants		196,058	156,202
Government Assistance		1,455,120	1,510,080
Reimburse Paid Parental Leave		45,048	11,374
Workcover Reimbursement		5,429	-
Interest Income		40,377	-
GST Collected		15,628	15,180
Outflows			
Payment to Suppliers and Employees		(3,556,195)	(3,071,203)
Interest Paid		(15,935)	(5,805)
GST Paid		(88,158)	(76,991)
Net cash provided by operating activities	13	<u>582,853</u>	<u>313,368</u>
Cash flows from investing activities			
Outflows			
Payments for Property Plant and Equipment		(14,654)	(10,350)
Net cash used in investing activities		<u>(14,654)</u>	<u>(10,350)</u>
Cash flows from financing activities			
Outflows			
Repayments of borrowings		(77,718)	(89,881)
Net cash used in financing activities		<u>(77,718)</u>	<u>(89,881)</u>
Total increase in cash		<u>490,481</u>	<u>213,137</u>
Cash at beginning of financial year		<u>900,240</u>	<u>687,103</u>
Cash at end of financial year	6	<u>1,390,721</u>	<u>900,240</u>

Moranbah Early Learning Centre Pty Ltd
Notes to and forming part of the Financial Statements
For the year ended 30th June 2024

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the Australian Charities and Not-for-profits Commission Act 2012 (the Act).

The financial report has been prepared in accordance with the Act, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of the following standards:

- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cashflows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048 Interpretation of Standards
- AASB 1054 Australian Additional Disclosures

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) New and revised accounting standards adopted during the year

There are a number of new accounting standards and pronouncements issued by the Australian Accounting Standards Board that are applicable for periods ending on or after 1 July 2023. The company has reviewed these and have determined that none of them have a material impact on the company.

(c) Revenue recognition

Childcare services

Revenue from the provision of childcare services is recognised over time, as the related services are provided.

Grants and subsidies

Where grant revenue is earned under an agreement that is enforceable and contains sufficiently specific performance obligations for the company to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 Revenue from Contracts with Customers. In this case, revenue is recognised as the performance obligations are satisfied.

Where the above conditions are not satisfied, revenue is accounted for under AASB 1058 Income of Not-for-profit Entities, whereby revenue is recognised upon receipt of the grant funding, except where the funding is received to construct or acquire a recognisable non-financial asset which will subsequently be controlled by the company. Such grants are recognised as revenue when (or as) the non-financial asset is acquired or constructed.

(d) Contract assets and contract liabilities

Where a performance obligation is satisfied by transferring a promised good or service to the customer before consideration is received or an entitlement to invoice for consideration arises under the terms of the contract/funding agreement, a contract asset is recognised, reflecting the revenue recognised to date in accordance with the accounting policy described in note 1(c).

When consideration is received in advance of performance obligations being satisfied, any excess of consideration received over revenue recorded is presented as a contract liability.

(e) Cash Assets

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, 'cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

(f) Receivables

Receivables are recognised initially at fair value and are subsequently measured at amortised cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

Allowance is made for expected credit losses on receivables applying the simplified approach prescribed in AASB 9. Under this approach, the company determines the allowance for credit losses for receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the credit losses that are expected to result from default events over the expected life of the financial asset. As the company does not have a material level of receivables at 30 June 2024, no allowance for credit losses has been recognised.

The gross carrying amount of a receivable is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the trust has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the company. Recoveries, if any, are recognised in profit or loss. All known bad debts have been written off as at 30 June.

(g) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment – 2 to 15 years and
- Improvements – Playground 10 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.

Refurbishment and extension costs relate to the expenses incurred being councils fees and charges and builder reviews to undertake the refurbishment of the centre, and are at cost on the balance sheet. It is unlikely that this project will start until February 2025, however once the project is started these costs will be capitalised.

(h) Payables

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value or cost. Fair value represents the amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are issues to determine fair value.

(j) Taxation

The Company is registered as Income Tax Exempt under s 50.5 of the Income Tax Assessment Act 1997.

GST credits receivable from or payable to the Australian Taxation Office are recognised and accrued.

(k) Insurance

The Company's risks are insured through Qld Local Govt Mutual Liability Pool. The premium is paid as part of Isaac Regional Council's combined insurance package.

(l) Judgements and Assumptions

The Directors have made no judgements or assessments that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(m) Comparatives

Where required by the Accounting Standards comparative figures have been adjusted to conform with changes in the presentation in the current financial period.

(n) Date of Authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the Director's Declaration is signed.

(o) Currency

The Company uses the Australian dollar as its functional currency and its presentation currency.

(p) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a right-of-use asset representing its right to use the underlying asset, and a lease liability representing its obligation to make lease payments.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12 months or less and leases of low value assets (for which a right-of-use asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Leases for below market value

Right-of-use assets for leases under which the fair value of the consideration payable per the lease agreement is substantially below market value (known as "peppercorn" leases) are measured at cost rather than fair value. Accordingly, no lease liabilities or right-of-use assets are recognised in respect of these leases.

(q) Rounding off of amounts

Amounts in the Financial Reports have been rounded to the nearest dollar, unless otherwise stated.

(r) Going Concern

The financial report has been prepared on a going concern basis.

(s) New Accounting Standards of Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided not to early adopt any of the new and amended pronouncements. There are no such standards or interpretations expected to have a significant impact on the financial statements of the company in the period of initial application.

2. Administration and Consultants Fees	2024	2023
Accountant Services	26,546	24,947
Astute Fees	292,601	268,929
Audit Fees	12,080	10,298
Consulting Fees	19,000	-
Employment Hero	1,352	2,355
Enrolment Hub	21,600	15,000
Other Professional Fees	45,000	45,000
	<u>418,178</u>	<u>366,529</u>
3. Centre purchases		
Food	106,493	102,299
Art and Craft Supplies	10,834	10,133
Equipment	34,319	31,259
Nappies	1,847	4,099
Cleaning	16,065	11,868
Bus Expenses	-	356
	<u>169,558</u>	<u>160,014</u>
4. Interest Paid		
Interest Paid is detailed below		
Isaac Regional Council Purchase of Business Loan	15,810	5,805
	<u>15,810</u>	<u>5,805</u>
5. Wages & Salaries		
Wages & Salaries are detailed below		
Salaries & Wages	2,165,876	1,903,582
Superannuation	219,582	186,070
MRAEL - Apprentice & Trainees Expenses	10,540	22,879
Adjustment for Annual Leave	13,799	(5,769)
Adjustment of Wages	-	(438)
Adjustment of EOY Wages	12,460	5,439
Adjustment for Long Service Leave	29,358	15,125
Adjustment for RDO	14,291	(690)
	<u>2,465,906</u>	<u>2,126,198</u>
6. Cash at Bank		
Cash at bank is detailed below		
ANZ - Trading Account	1,390,691	899,970
ANZ - OSHC Trading Account	10	130
ANZ - BrightKids Trading Account	20	140
	<u>1,390,721</u>	<u>900,240</u>

	2024	2023
7. Receivables		
Receivable are detailed below		
Australian Taxation Office	15,386	18,512
Fees in Arrears - MELC	1,650	20,750
Fees in Arrears - OSHC	3,305	1,552
Fees in Arrears - BrightKids	331	2,265
Bond - 10A Watkins	2,187	2,187
Bond - 12 Rose St	2,320	1,920
Bond - 2/51 Hannay St	1,000	1,000
Bond - 13 Rosella Court	2,800	-
Bond - 1/41 Lambert Drive	1,400	-
Bond - 4/1 Leslie Drive	2,720	-
Bond - 1/192 Mills Ave	2,480	-
Bond - 5/36 Belyando Avenue	2,400	-
	<u>37,979</u>	<u>48,186</u>
8. Property, Plant and Equipment		
Property, Plant and Equipment are detailed below		
Plant & Equipment at Cost	135,805	121,152
Accumulated Depreciation	<u>(120,201)</u>	<u>(107,690)</u>
	15,604	13,462
Improvements at Cost - Playground	487,834	487,834
Accumulated Depreciation	<u>(154,636)</u>	<u>(105,719)</u>
	333,198	382,115
Refurbishment & Extension Costs	25,705	25,705
Total Property, Plant and Equipment	<u>374,507</u>	<u>421,282</u>
9. Payables		
Trade creditors are recognised upon receipt of goods and services at the invoiced amount to be paid for the goods and service.		
Trade Creditors	24,897	11,284
Accrued Audit Fees	12,200	12,200
Fees in Advance - MELC	31,993	18,152
Fees in Advance - OSHC	5,384	7,194
Fees in Advance - BrightKids	8,922	12,354
ANZ Credit Card	<u>(2,118)</u>	<u>2,420</u>
	<u>81,278</u>	<u>63,604</u>
10. Payroll Liabilities		
Payroll Liabilities are held for accrued wages and employee entitlements		
Current Liabilities		
PAYG	69,370	29,450
Superannuation Payable	1,067	42,137
Annual Leave Accrual	70,086	56,287
End of Year Wages Accrual	93,289	80,830
RDO Accrual	<u>22,893</u>	<u>8,601</u>
	<u>256,705</u>	<u>217,305</u>
Non-current Liabilities		
Long Service Leave Accrual	66,412	37,054
	<u>66,412</u>	<u>37,054</u>

2024

2023

11. Unsecured Loan

Isaac Regional Council has made an unsecured loan to the Company. Interest is to be calculated using the Queensland Treasury Corporation indicative rates.

Current portion of Borrowings from Isaac Regional Council

Purchase of Business Structure	93,532	95,686
	<u>93,532</u>	<u>95,686</u>

Non-current portion of Borrowings from Isaac Regional Council

Purchase of Business Structure	293,699	369,268
	<u>293,699</u>	<u>369,268</u>

12. Issued Capital

10 Ordinary Shares Held	10	10
	<u>10</u>	<u>10</u>

13. Reconciliation of Operating Surplus to Net Cash provided by Operating Activities

Operating Surplus	424,790	255,185
Non Cash Operating Items		
Depreciation	61,428	50,018
Change in Assets and Liabilities-		
Decrease in Receivables	10,206	666
Increase/(Decrease) in Payables	17,671	(20,637)
Increase in Payroll Liabilities	68,758	28,136
Net cash provided by operating activities	<u>582,854</u>	<u>313,368</u>

14. Contingencies

As at 30 June 2024 there were no known contingent assets or liabilities of a material nature

15. Events after Balance Date

There were no other events after balance date that impact these financial statements.

16. Related Party Transactions

MELC is 100% owned by Isaac Regional Council

Loan from Isaac Regional Council

As at 30 June 2024, the statement of financial position includes an unsecured loan of \$387,321 (2023: \$464,954) from the Isaac Regional Council. MELC must abide by the following:

- (1) The Principal sum must be repaid by 30 June 2028
- (2) The mortgagor must pay the interest on the principal sum calculated on a monthly basis
- (3) The monthly required principal and interest payment is \$8,503 (2023: \$7,974) commenced 1 July 2021. Prior to that date, interest was capitalised into the loan balance.

Interest Calculation:

Resolution 3246 of the Isaac Regional Council states that interest to be charged at a rate equal to the lowest investment rate.

Lowest Investment Rate of QTC Cash Fund in June 2024 is 3.714%

Lease of Premises from Isaac Regional Council

As per lease agreement dated 06/09/2022 MELC is to be treated like other childcare centres in the area as the building is owned by IRC and has a peppercorn lease agreement of \$1.

17. Company Details

The business address of Moranbah Early Learning Centre Pty Ltd is located at:

221-227 Mills Avenue, Moranbah, Qld, 4744.

The registered office is located at :

Grosvenor Complex, Batchelor Parade, Moranbah Qld, 4744.

Directors' Declaration
For the year ended 30th June 2024

The Directors of the Moranbah Early Learning Centre Pty Ltd declare that in their opinion:

(a) the financial statements and notes of the entity are in accordance with the subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Act 2012*, including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2024 and of its performance for the period ended on that date; and

(ii) complying with the basis of preparation as disclosed in note 1 to the financial statements and the *Australian Charities and Not-for-profit Commission Act 2012*

(b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulations 2022*.

This declaration is made in accordance with a resolution of the Directors.

Kelly Vea Ve



Director

Melissa Westcott



Director

Date

9/12/2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Moranbah Early Learning Centre Pty Ltd

Opinion

I have audited the accompanying financial report of Moranbah Early Learning Centre Pty Ltd (the company).

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2024, and its financial performance and cash flows for the year then ended
- b) complies with the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulations 2022 and the financial reporting framework described in Note 1.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information.

The other information comprises the information included in the Company's directors' report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulations 2022 and the financial reporting framework described in Note 1, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the company's directors determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.



Lisa Fraser
as delegate of the Auditor-General

10 December 2024

Queensland Audit Office
Brisbane

