LORD HOWE ISLAND BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Pursuant to Section 41C of the *Public Finance and Audit Act, 1983*, and in accordance with a resolution of the members of the Lord Howe Island Board, we declare on behalf of the Board that in our opinion:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Lord Howe Island Board as at 30 June 2019 and its financial performance for the year then ended; and

2. the statements have been prepared in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983,* and the Public Finance and Audit Regulation 2015.

Further, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

[~~Deputy Chair~~ / ~~Elected~~ Chair]

Name: ANISSA LEVY

[~~Elected Member~~]
Deputy Chair

Name: CRAIG WILSON.

Dated: 23 September 2019

Lord Howe Island

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LORD HOWE ISLAND BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
REVENUE			
Sales of liquor		1,795	1,742
User charges and fees	2(a)	4,739	4,432
Interest revenue		239	254
Grants revenue	2(b)	6,646	6,318
Other revenue		43	22
Total revenue		**13,461**	**12,768**
EXPENSES			
Cost of sales of liquor		1,306	1,290
Personnel services	3(a)	5,805	4,441
Depreciation	8	2,106	1,930
Amortisation	10	29	50
Other expenses	3(b)	7,797	5,512
Total expenses		**17,044**	**13,223**
Write-off of assets		-	(7)
Net result		**(3,583)**	**(462)**
Other comprehensive income			
Item that will not be reclassified to net result			
Change in revaluation surplus	8	-	6,337
Total other comprehensive income			
TOTAL COMPREHENSIVE INCOME		**(3,583)**	**5,875**

The accompanying notes form part of these financial statements.

LORD HOWE ISLAND BOARD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	7,067	10,317
Receivables	5	2,340	1,344
Other assets	6	471	32
Inventories	7	413	602
Total Current Assets		**10,291**	**12,295**
Non-Current Assets			
Property, plant & equipment	8	58,246	58,786
Intangible assets	10	-	29
Total Non-Current Assets		**58,246**	**58,815**
TOTAL ASSETS		**68,537**	**71,110**
LIABILITIES			
Current Liabilities			
Payables	11	2,824	1,919
Unearned revenue		146	41
Total Current Liabilities		**2,970**	**1,960**
TOTAL LIABILITIES		**2,970**	**1,960**
NET ASSETS		**65,567**	**69,150**
EQUITY			
Accumulated funds		10,108	13,691
Revaluation surplus	12	55,459	55,459
TOTAL EQUITY		**65,567**	**69,150**

The accompanying notes form part of these financial statements.

LORD HOWE ISLAND BOARD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Accumulated Funds $'000	Revaluation Surplus $'000	Total $'000
AT 1 JULY 2018		13,691	55,459	69,150
Net result		(3,583)	-	(3,583)
Other comprehensive income				
Revaluation of assets		-	-	-
Total comprehensive income for the year		**(3,583)**	**-**	**(3,583)**
Transfer from Revaluation Surplus to Accumulated Funds		-	-	-
AT 30 JUNE 2019		**10,108**	**55,459**	**65,567**

	Note	Accumulated Funds $'000	Revaluation Surplus $'000	Total $'000
AT 1 JULY 2017		14,021	49,254	63,275
Net result		(462)	-	(462)
Other comprehensive income				
Revaluation of assets		-	6,337	6,337
Total comprehensive income for the year		**(462)**	**6,337**	**5,875**
Transfer from Revaluation Surplus to Accumulated Funds		132	(132)	**-**
AT 30 JUNE 2018		**13,691**	**55,459**	**69,150**

The accompanying notes form part of these financial statements.

LORD HOWE ISLAND BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $’000	2018 $’000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,517	6,764
Grants received		5,390	5,965
Other receipts		37	22
Payments to personnel and suppliers		(14,904)	(11,297)
Net cash flows from operating activities	**13**	**(1,961)**	**1,454**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Interest received		247	265
Payments for property, plant and equipment		(1,536)	(3,372)
Net cash flows from investing activities		**(1,289)**	**(3,107)**
Net increase/(decrease) in cash and cash equivalents		(3,250)	(1,653)
Opening cash and cash equivalents		10,317	11,970
CLOSING CASH AND CASH EQUIVALENTS	**4**	**7,067**	**10,317**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The principal accounting policies adopted in the preparation of the financial statements are set out below.

These policies have been consistently applied to each of the years presented, unless otherwise stated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Summary of significant accounting policies

***(a)* Reporting entity**

The Lord Howe Island Board (the Board) is a statutory body established under the provisions of the Lord Howe Island Act 1953. The Board's primary function is administering the affairs of Lord Howe Island. The Board members have determined that the Board is a not-for-profit entity for financial reporting purposes. The Board is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

These financial statements for the year ended 30 June 2019 have been authorised for issue by the Lord Howe Island Board on 23 September 2019.

***(b)* Basis of preparation**

The Board's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable *Australian Accounting Standards* (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015*; and
- Treasurer's Directions issued under the Act.

Property, plant and equipment and certain financial assets are measured at fair value. Other financial statement items are measured in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations that management have made are disclosed in the relevant notes to the financial statements.

These financial statements are prepared on a going concern basis. The Board recognises the significant impact of managing major funding programs. The effect of over-runs on these programs may impact on the short-term cash position of the Board, and thus its ability to manage significant risk.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Board's presentation and functional currency.

***(c)* Statement of compliance**

The financial statements and notes comply with Australian Accounting Standards (AAS), which include Australian Accounting Interpretations.

1. Summary of significant accounting policies (cont'd)

***(d)* Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

***(e)* Comparative information**

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

***(f)* Changes in accounting policy, including new or revised Australian Accounting Standards**

Effective for the first time in 2018-19

The accounting standards applied in the current financial year are consistent with those of the previous financial year except for AASB 9 *Financial Instruments* (AASB 9) which is applicable for the first time.

The Board has adopted AASB 9, which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities impairment of financial assets.

AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 financial instruments: disclosures (AASB 7R).

The Board applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: *Recognition and Measurement* (AASB 139). Any differences arising from the adoption of AASB 9 are required to be recognised directly in accumulated funds and other components of equity.

There has been no impact of adopting AASB 9 on the statement of financial position, i.e., increase/(decrease) as at 1 July 2018.

a) Classification and measurement of financial instruments

On 1 July 2018 (the date of initial application of AASB 9), the Board has assessed which business models apply to the financial assets held by the Board to classify its financial instruments into the appropriate AASB 9 categories. This assessment did not result in any reclassification of financial instruments, with no impact on reserves or accumulated funds.

1. Summary of significant accounting policies (cont'd)

(f) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

The classification and measurement requirements of AASB 9 did not have any financial impact to the Board.

The following are the changes in the classification of the Board's financial assets:

- Trade receivables and other financial assets (i.e. term deposits) classified as 'loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

The Board has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the Board's financial liabilities.

b) Impairment

The adoption of AASB 9 has changed the Board's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Board to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Given the nature and type of the Board's receivables, the adoption of ECL approach did not result in any material adjustment to the impairment allowance.

Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

Accounting Standards which have been issued but are not yet effective have been assessed for their possible impact on the Board's financial statements, if any, in the period of their initial application. The estimated impact on the Board's financial report by Accounting Standards issued but not yet effective are detailed below:

AASB 15 *Revenue from Contracts with Customers*, AASB 2014-5 *Amendments to Australian Accounting Standards* arising from AASB 15 and AASB 1058 *Income of Not-for-Profits*

- AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for reporting periods commencing on or after 1 January 2019. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Board expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.

1. Summary of significant accounting policies (cont'd)

(f) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

Issued but not yet effective (cont'd)

- AASB 1058 Income of Not-for-Profits (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners. Under AASB 1058, the Board will need to determine whether a transaction is consideration received below fair value principally to enable the Board to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).
- The introduction of AASB 15 will result in the identification of separate performance obligations that may change the timing of recognition for some revenues, including revenues relating to sales of goods and services and specific purpose grants and subsidies.
- Under AASB 1058, the Board will recognise as liabilities, obligations for funding received where there is an obligation to construct recognisable non-financial assets controlled by the Board.
- A key feature of AASB 1058 is that it is necessary to first determine whether each transaction, or part of that transaction, falls in the scope of AASB 15. Only if AASB 15 does not apply, is AASB 1058 considered. The main impacts of this standard are:
    - the timing of income recognition will depend on whether there is any performance obligation or other liability. Income recognition will now be deferred when there is a performance obligation or any other liability. This will result in better matching of income and related expenses.
    - this standard requires agencies to measure and recognise in financial statements the fair value of assets acquired by agencies at 'nil' cost or for significantly lower consideration.
    - this standard also requires agencies to disclose/recognise the fair value of volunteer services received as income with an equivalent expense under the 'employee expenses (LEC)' category provided such services would be purchased if they had not been donated; and the fair value of those services can be reliably measured.
- The Board will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.

The impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by the Board as not being significant.

1. **Summary of significant accounting policies (cont'd)**

AASB 16 *Leases*

- AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.
- For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance.
- The accounting for lessors under AASB 16 will not significantly change.
- The Board will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted for the impacts of the Standard. Comparative information will not be restated. The Board will also adopt the practical expedient whereby the fair value of the right-of use (ROU) asset will be the same as the lease liability at 1 July 2019.
- The introduction of AASB 16 has been assessed by the Board and its anticipated effects are not material to the financial report.

AASB 1058 *Income of Not-for-profit Entities:*

Other Accounting Standards issued but not yet effective have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. None of the standards listed below are likely to have any material impact.

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (effective from 1 January 2019)
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle (effective from 1 January 2019)
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements (effective from 1 January 2019)
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors (effective from 1 July 2019)
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material (effective from 1 July 2019)
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities (effective from 1 January 2019)

2. REVENUE

The Board recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria, as detailed below, have been met for each of the Board's activities.

Revenue is measured at the fair value of the consideration received or receivable, as follows:

Sale of liquor

Revenue from the sale of liquor is recognised when the Board transfers the risks and rewards of ownership of the liquor to customers.

Grants

Grants are recognised as revenue when the Board obtains control over the grant amount, which is usually by issue of an invoice in accordance with the grant's terms and conditions.

User charges and fees

User charges and fees are recognised as revenue when the respective service has been provided.

Sale of property, plant and equipment

A gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest revenue

Interest revenue is recognised on an accrual basis using the effective interest rate method.

Lease income

Lease income from operating leases where the Board is lessor is recognised in income on a straight-line basis over the lease term.

(A) USER CHARGES AND FEES

	2019 $'000	2018 $'000
Electricity user charges	972	909
Waste management fees	385	341
Airport user charges	1,815	1,780
Marine facilities user fees	388	342
Housing and other building rentals	363	286
Public accommodation fees	311	304
Lease revenue	254	263
Other fees and charges	251	207
TOTAL USER CHARGES AND FEES	**4,739**	**4,432**

(B) GRANTS

	2019 $'000	2018 $'000
Grants from NSW Government	5,106	5,412
Grants from Commonwealth Government	1,540	906
TOTAL GRANTS	**6,646**	**6,318**

Certain grants received by the Board include conditions imposed by the grantor as to how the grant should be spent. The table below provides an understanding of grants received which are to be spent on certain activities and are therefore not available to fund the Board's general operating activities.

	2019 $'000	2018 $'000
Restricted Grants	5,106	3,576
Unrestricted Grants	1,540	2,742
TOTAL GRANTS	**6,646**	**6,318**

3. EXPENSES

(A) PERSONNEL SERVICES EXPENSE

	2019 $'000	2018 $'000
Salaries and wages, including recreation leave	4,743	3,652
Board member fees	39	38
Extended leave	175	74
Superannuation	416	329
Workers' compensation insurance premium	140	88
Fringe benefits tax	19	48
Payroll tax	225	182
Re-measurement of defined benefit superannuation	48	30
TOTAL PERSONNEL SERVICES EXPENSE	**5,805**	**4,441**

(B) OTHER EXPENSES

	2019 $'000	2018 $'000
Bad debts	5	8
Coastal erosion protection	-	7
Communication	67	61
Community grants and donations	124	172
Contractors and consultants *	3,977	3,032
External audit fee – financial statements	57	62
External audit costs – travel and accommodation	3	7
Fuel and materials *	2,294	1,264
Insurance	80	80
Internal audit	19	37
Minor assets	77	151
Office supplies	45	29
Other human resource costs	29	32
Personnel relocation expenses	67	63
Rent expense	41	40
Training and conferences	17	79
Travel and accommodation *	715	228
Other expenses	181	160
TOTAL OTHER EXPENSES	**7,797**	**5,512**

- These expenses have increased on the prior year and relate to the Rodent Eradication Program funded using grant monies.

4. CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash on hand	2	2
Cash at bank (at call)	1,248	640
Short term deposits	4,000	5,533
TCorpIM Cash Fund	1,817	4,142
TOTAL	**7,067**	**10,317**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Restricted Cash and Cash Equivalents

Cash and cash equivalents at balance date subject to external restrictions are:

Unexpended Special Purpose Grants	2019 $'000	2018 $'000
Eradication of rodents from the island	6	4,947
Eradication of weeds & environmental	282	254
Acquisition or construction of PPE assets	1,277	1,782
Other	114	-
TOTAL RESTRICTED CASH AND CASH EQUIVALENTS	**1,680**	**6,983**

Refer to Note 15 for details regarding credit and market risk arising from financial instruments.

5. RECEIVABLES

Receivables accounting policies

Recognition and Measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Trade receivables are generally due for settlement within 30 days.

Subsequent measurement under AASB 9 (from 1 July 2018)

The entity holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2019)

The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the entity applies a simplified approach in calculating ECLs. The entity recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for doubtful debts is used when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivable. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

	2019 $'000	2018 $'000
Trade receivables	2,286	1,277
Allowance for expected credit losses	(5)	(5)
Trade receivables (net)	2,281	1,272
Interest receivable	20	29
Workers compensation receivable	1	32
GST receivable	38	11
TOTAL	**2,340**	**1,344**

6. OTHER ASSETS

	2019 $'000	2018 $'000
Prepayments	471	32
TOTAL	**471**	**32**

7. INVENTORIES

Inventories accounting policies

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Costs of liquor inventory include inward freight costs, rebates and discounts.

Diesel fuel stocks held for the generation of electric power on the Island are valued at cost, which includes freight inwards charges. Costs are assigned to closing stocks by using the weighted average cost method.

Other inventories are valued at cost, which includes freight inwards charges. Costs are assigned to closing stocks by using the weighted average cost method.

	2019 $'000	2018 $'000
HELD FOR DISTRIBUTION		
Diesel Fuel - Powerhouse	58	49
Construction materials	145	302
Total	**203**	**351**
HELD FOR RESALE		
Liquor	210	251
Total	**210**	**251**
TOTAL INVENTORIES	**413**	**602**

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment accounting policies

Asset classes

The Board has ten classes of PPE assets which are grouped, for disclosure purposes, under four headings. The asset classes and corresponding headings are:

- Land;
- Buildings;
- Plant and Equipment (comprising motor vehicles, office equipment and other plant and equipment);
- Infrastructure Systems (comprising airport assets, electricity assets, marine facilities, roads and other infrastructure assets).

Acquisition and capitalisation

PPE assets are initially recorded at cost for individual PPE items which cost $5,000 or more.

Cost is the amount of cash or cash equivalents paid, or the fair value of the other consideration given, to acquire the asset at the time of its acquisition or construction. Costs incurred subsequent to initial recording or the most recent valuation are included in the asset's carrying amount or recognised as a separate asset, as appropriate.

Subsequent measurement

Subsequent to initial recording, all PPE items are measured at fair value. Asset classes, other than Plant and Equipment, are periodically valued by independent expert valuers.

The Board assesses at each balance date whether there is objective evidence that an asset is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Asset revaluation

Land and Buildings are revalued every three years, while Infrastructure Systems are revalued at least every five years. The last revaluations for each class of PPE assets were:

Valuer	Asset Class	Date of Revaluation
DP Martin Pty Ltd	Infrastructure systems (electricity assets)	31 March 2018
Valustate Pty Ltd	Land and Buildings	31 March 2018
HP Consultants Pty Ltd	Infrastructure systems (airport assets)	30 June 2016
HP Consultants Pty Ltd	Infrastructure systems (marine facilities, roadworks and other infrastructure)	30 June 2015

The current replacement cost method is used in each valuation of specialised assets. The key inputs to the current replacement cost valuations are mostly unobservable inputs (Level 3), including:

- estimates of current costs to replace the respective asset; and
- an estimate of the extent of physical deterioration or other obsolescence of the asset in its current condition relative to its condition if new.

Increases in the carrying amounts arising on revaluation are credited to the revaluation surplus. To the extent that the increase reverses an impairment loss previously recognised in net result, the increase is first recognised in the net result in the statement of comprehensive income.

Decreases that reverse previous increases are first charged against revaluation surplus to the extent of the remaining surplus attributable to the respective asset class. Other revaluation decrements are charged to net result in the statement of comprehensive income.

Depreciation

Land is not depreciated. Depreciation of other PPE assets is estimated using the straight-line method to allocate its cost or valuation, net of the applicable residual value, over the estimated useful life.

The range of useful lives of individual depreciable assets within each PPE asset class are:

Heading	Asset Class	Range of Useful Lives
Buildings	Buildings	25 years
Plant and Equipment	Motor vehicles	10 years
	Office equipment	3 to 5 years
	Other plant and equipment	5 to 10 years
Infrastructure Systems	Airport assets	10 to 100 years
	Electricity assets	10 to 80 years
	Marine facilities	10 to 60 years
	Roadworks	12 to 25 years
	Other infrastructure	10 to 60 years

	Land $'000	Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Capital WIP $'000	TOTAL $'000
AT 1 JULY 2018 – FAIR VALUE						
Gross carrying amount	17,400	13,620	3,633	46,720	2,164	83,537
Accumulated depreciation and impairment	-	(5,748)	(2,101)	(16,902)	-	(24,751)
NET CARRYING AMOUNT	**17,400**	**7,872**	**1,532**	**29,818**	**2,164**	**58,786**
AT 30 JUNE 2019 – FAIR VALUE						
Gross carrying amount	17,400	14,362	4,111	47,120	2,537	85,529
Accumulated depreciation and impairment	-	(6,862)	(2,193)	(18,228)	-	(27,283)
NET CARRYING AMOUNT	**17,400**	**7,500**	**1,918**	**28,892**	**2,537**	**58,246**

Reconciliation

A reconciliation of the net carrying amount of each class of property plant and equipment at the beginning and end of the current reporting period is set out below:

	Land $'000	Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Capital WIP $'000	TOTAL $'000
AT 01 JULY 2018	17,400	7,872	1,532	29,818	2,164	58,786
Additions	-	-	-	-	1,566	1,566
Disposals	-	-	-	-	-	-
Net revaluation increment less revaluation decrements	-	-	-	-	-	-
Depreciation expense	-	(547)	(234)	(1,326)	-	(2,106)
Transfers / adjustments	-	175	619	399	(1,193)	-
AT 30 JUNE 2019	**17,400**	**7,500**	**1,918**	**28,892**	**2,537**	**58,246**

	Land $'000	Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Capital WIP $'000	TOTAL $'000
AT 1 JULY 2017 – FAIR VALUE						
Gross carrying amount	14,422	8,605	2,913	43,847	2,610	72,397
Accumulated depreciation and impairment	-	(4,410)	(1,917)	(14,802)	-	(21,129)
NET CARRYING AMOUNT	**14,422**	**4,195**	**996**	**29,045**	**2,610**	**51,268**
AT 30 JUNE 2018 – FAIR VALUE						
Gross carrying amount	17,400	13,620	3,633	46,720	2,164	83,537
Accumulated depreciation and impairment	-	(5,748)	(2,101)	(16,902)	-	(24,751)
NET CARRYING AMOUNT	**17,400**	**7,872**	**1,532**	**29,818**	**2,164**	**58,786**

Reconciliation

A reconciliation of the net carrying amount of each class of property plant and equipment at the beginning and end of the prior reporting period is set out below:

	Land $'000	Buildings $'000	Plant and Equipment $'000	Infrastructure systems $'000	Capital WIP $'000	TOTAL $'000
AT 01 JULY 2017	14,422	4,195	996	29,045	2,610	51,268
Additions	-	-	-	-	3,118	3,118
Disposals	-	-	-	(7)	-	(7)
Net revaluation increment less revaluation decrements	2,978	1,277	-	2,082	-	6,337
Depreciation expense	-	(406)	(222)	(1,302)	-	(1,930)
Transfers / adjustments	-	2,806	759	-	(3,565)	-
AT 30 JUNE 2018	**17,400**	**7,872**	**1,532**	**29,818**	**2,164**	**58,786**

9. FAIR VALUE MEASUREMENT

(A) FAIR VALUE MEASUREMENT ACCOUNTING POLICY

Assets measured at fair value on a recurring basis in the statement of financial position are:

- Certain asset classes within PPE, being Land and Buildings, and Infrastructure Systems; and
- The investment with TCorpIM Cash Fund.

Fair values of PPE assets are determined by reference to local cost structures, which are generally significantly higher than in most other parts of Australia, due to high transport costs arising from the remoteness of the island.

Fair value of financial instruments is determined as follows:

- Cash and cash equivalents – estimated to be the carrying value (except for the investment in TCorpIM Cash Fund, for which TCorp has advised fair value at 30 June 2019, based on the Board's share of the market value of the underlying assets of the fund);
- Receivables and payables – estimated to be the carrying amount of receivables less any provision for expected credit losses, and of payables respectively, as a reasonable approximation of fair value due to their short term nature.

These financial instruments arise directly from the Board's operations or are required to finance the Board's operations. The Board does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

There were no revaluations of PPE assets conducted during the year ended 30 June 2019, however the Board's management team has performed a Fair Value assessment and determined there is no material difference between the carrying amounts and fair values. As a result, there was no effect on profit or loss or other comprehensive income for the year, except to the extent of depreciation amounts continuing to be based on the historic valuation amounts derived from such inputs in prior years, which was impracticable to measure.

(B) FAIR VALUE COMPARED TO CARRYING AMOUNT

The Board held the following financial instruments at balance date:

	Carrying value		Fair value	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
FINANCIAL ASSETS				
Cash and cash equivalents	7,067	10,317	7,067	10,317
Receivables (excluding statutory receivables)	2,301	1,335	2,301	1,335
FINANCIAL LIABILITIES				
Payables (excluding statutory payables)	2,824	1,919	2,824	1,919

(C) FAIR VALUE HIERARCHY

The Board uses the following valuation hierarchy for the fair value of its assets:

- Level 1 – derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 – in relation to the TCorpIM Cash Fund, prices are observable, however, no active market exists for the fund as it is only accessible to government agencies.
- Level 3 – derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs).

The fair value hierarchy within which the fair value measurements are categorised, for each respective asset class are:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
FINANCIAL ASSETS				
TCorpIM Cash Fund investment	-	1,817	-	1,817
NON-FINANCIAL ASSETS				
Land	-	-	17,400	17,400
Buildings	-	-	7,500	7,500
Infrastructure systems	-	-	28,892	28,892
TOTAL	**-**	**1,817**	**53,792**	**55,609**

Comparative amounts at 30 June 2018 were:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
FINANCIAL ASSETS				
TCorp IM Cash Fund	-	4,142	-	4,142
NON-FINANCIAL ASSETS				
Land	-	-	17,400	17,400
Buildings	-	-	7,875	7,875
Infrastructure systems	-	-	29,818	29,818
TOTAL	**-**	**4,142**	**55,093**	**59,235**

There were no transfers of amounts between any levels of the fair value hierarchy during the year, nor during the previous year.

(D) VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Land

All land on the island is vested in the Crown. Three categories of land have been recognised, viz:

- Land leased or subject to permissive occupancies (as an operating lease);
- Crown land reserved or dedicated for a public purpose; and
- Lord Howe Island Permanent Park Preserve.

The 'valuation in use' method has been used for leased land, under which the respective lease rentals are an observable (and fixed) input and the capitalisation rate used is an unobservable input.

Perpetual leases are able to be transferred among island residents, albeit such transfers are very infrequent. The Crown land reserved or dedicated for public purposes has been measured by reference to the area involved, in square metres (a fixed and observable input) and valued by applying to it an amount per square metre of land. The rate per square metre of Crown land reserved or dedicated for public purposes has been estimated by using, as a guide, historical transfer values for perpetual leases of as near to similar parcels of land as can be identified (a proxy value per square metre for such land).

The permanent park preserve land is subject to significant restrictions – it may not be leased and has virtually no potential for development. The value of this land has been determined by applying to the land area involved (a fixed and observable input), a value per hectare (an unobservable input). The value per hectare has been estimated based on historic sale values for a range of similar unimproved land within mainland New South Wales.

Buildings

The valuation of each building at replacement cost reflects the size and design of the respective building, as well as the materials used (all of which are observable inputs) but also includes unobservable inputs in the form of estimated replacement costs for such materials and the requisite labour and other services required for construction

Infrastructure Systems

Airport assets

Major individual airport assets were re-constructed during the year ended 30 June 2016, including the runway. The fair value of these assets at 30 June 2016 was $7,356,000 which represented 57% of the total fair value of all airport assets at 30 June 2016. The fair value of the airport assets have been calculated using the depreciated replacement cost approach. Unobservable inputs include estimated useful life, pattern of consumption and asset condition and required extensive professional judgement.

Electricity assets

Electricity assets include electricity generation and electricity distribution. Unobservable inputs requiring professional judgement when assessing fair value included assessment of asset condition, of ongoing load and consideration of the Board's maintenance program.

Marine facilities

The vast majority of the value of these assets is represented by the value of the island's wharf. The fair value of marine facilities is also affected by the estimated total useful life of such assets and by its estimated remaining useful life, the latter of which is assessed by reference to the physical condition of each asset.

Roads

All roads have been classified within three different categories, viz:

- Category 1: sealed primary road;
- Category 2: sealed internal road; and
- Category 3: unsealed road.

The physical composition of each road varies according to its category, and each sealed road comprises both:

- Pavement; and
- Bitumen seal.

The replacement cost of each road has been determined by applying, separately to each of its pavement and bitumen seal components, estimates of current construction costs per square metre (unobservable inputs).

10. INTANGIBLE ASSETS

	2019 $'000	2018 $'000
Software - at cost	248	248
Accumulated amortisation and impairment	(248)	(219)
TOTAL	**-**	**29**

Movements in the carrying amount of software during the year were:

	2019 $'000	2018 $'000
Net book amount at 1 July	29	79
Software acquired during the year	-	-
Amortisation during the year	(29)	(50)
NET BOOK AMOUNT AT 30 JUNE	**-**	**29**

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Software costs capitalised are subsequently amortised on a straight-line basis over a five-year period.

The Board assesses at each balance date whether there is objective evidence that an asset is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

11. PAYABLES

	2019 $'000	2018 $'000
Trade creditors and accrued expenses	1,432	885
Personnel services liabilities	1,388	1,030
Security deposits	4	4
TOTAL	**2,824**	**1,919**

These amounts represent liabilities for goods and services provided to the Board prior to the end of the financial year which are unpaid. Trade payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. These amounts are unsecured and are usually paid within 30 days of recognition. The Board receives personnel services provided through the NSW Office of Local Government.

Personnel services liabilities include:

- accrued salaries and wages and related costs;
- liabilities for recreation leave and extended leave; and
- an asset for post-retirement benefits relating to defined benefit superannuation funds.

Liability amounts equivalent to extended leave and recreation leave which is not expected to be wholly settled within twelve months after the end of the period in which the personnel render the related service are measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of personnel departures and periods of service.

The obligations are presented as current liabilities in the balance sheet as the Board does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

12. REVALUATION SURPLUS

Revaluation surplus represents the net accumulated revaluation increments and decrements arising from revaluation of certain asset classes among the Board's PPE assets.

	2019 $'000	2018 $'000
Land	14,130	14,130
Buildings	8,204	8,204
Infrastructure Systems	33,125	33,125
TOTAL	**55,459**	**55,459**

The movements in Revaluation Surplus amounts during the year was nil as no revaluations or indexations occurred:

	2019 $'000	2018 $'000
Net book amount at 1 July	55,459	49,254
Net increment on revaluation of land as at 30 June 2019	-	2,978
Net increment on revaluation of buildings as at 30 June 2019	-	1,277
Net increment on revaluation of electricity assets as at 30 June 2019	-	2,082
Transfer of revaluation surplus re plant and equipment to accumulated funds	-	(132)
NET BOOK AMOUNT AT 30 JUNE	**55,459**	**55,459**

13. RECONCILIATION OF NET RESULT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Notes	2019 $'000	2018 $,000
NET RESULT FROM THE STATEMENT OF COMPREHENSIVE INCOME		(3,789)	(462)
Add			
Depreciation	7	2,106	1,930
Amortisation	9	29	50
Allowance for expected credit losses		5	8
Other non-cash expense amounts		-	241
Decrease in inventories		189	-
Decrease in other current assets		-	24
Increase in payables		905	405
Increase in unearned revenue		105	8
Non-cash loss on write-off of assets		-	7
Less			
Non-cash component of personnel services expense		(50)	-
Increase in receivables (net of provision)		(783)	(430)
Increase in other current assets		439	-
Increase in inventories		-	(72)
Interest and investment income		(239)	(255)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES		**(1,961)**	**1,454**

14. COMMITMENTS

	2019 $'000	2018 $'000
CAPITAL EXPENDITURE COMMITMENTS		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Not later than one year	1,386	193
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
TOTAL	**1,386**	193

The amounts shown above are GST inclusive.

There were no lease commitment payables or receivables, or contingent rentals recognised as at the reporting date.

15. RELATED PARTY DISCLOSURES

The Board is not an independently financially sustainable entity as it relies on ongoing financial support from the New South Wales government. The Board has no subsidiaries, associates or joint ventures.

(A) KEY MANAGEMENT PERSONNEL

The key management personnel of the Board during the year ended 30 June 2019, were:

- Mr Rob Pallin being a Board member appointed by the NSW Government;
- Mr Craig Wilson, Mrs Therese Turner, Mr Gary Crombie and Mr Matthew Retmock being islander elected members of the Board;
- Ms Sonja Stewart (Chair) being a Board member appointed by the NSW Government up to 14 May 2019);
- Mr John King being a Board member appointed by the NSW Government up to 20 November 2018);
- Mr David Kirk being a Board member appointed by the NSW Government from 19 March 2019;
- Mr Peter Adams, Chief Executive Officer of the Board (from 16 July 2018).

(B) REMUNERATION

The remuneration of key management personnel, whether paid directly or indirectly by the Board was:

	2019 $'000	2018 $'000
Short-term benefits	322	278
Post-retirement benefits	4	4
Other long-term benefits	-	-
TOTAL	**326**	**282**

Short term benefits include fees paid to Board members and personnel services costs (reflecting salaries and wages, paid recreation leave, paid sick leave and non-monetary benefits, such as subsidised housing) in relation to the Chief Executive Officer who is separately employed through the Office of Local Government (OLG).

Post-retirement benefits include superannuation contributions, pension payments and other retirement benefits. Other long-term benefits include paid extended leave.

(C) RELATIONSHIPS

The Board is the sole provider of certain goods and services to residents of Lord Howe Island ("LHI"), so key management personnel (and close members of their respective families) who are resident on the island have no choice but to transact with the Board for such goods and services, such as electricity supply and waste management services.

All transactions entered into during the year with key management personnel (and close members of their respective families) were entered into in the normal course of business on an 'arms-length' basis.

The Board has the following additional relationships with key management personnel and/or close members of their respective families:

Mr Craig Wilson

Mr Wilson resides in premises on land which is the subject of a perpetual lease from the Board to his brother, Mr Campbell Wilson.

The Board is also a supplier to and customer of Wilson's Hire Service, which is owned by Mr Campbell Wilson but managed for him by Mr Craig Wilson.

Mr Craig Wilson is an arborist trading as Island Tree Care and his business supplies arborist services to the Board from time to time.

Mrs Therese Turner

Perpetual lease of property in Mutton Bird Drive, LHI as lessee from the Board as lessor. Mrs Turner's husband, Peter, is one of the Board's permanent part-time personnel.

Mr Gary Crombie

Perpetual leases of two properties (one each in Anderson Road and Mutton Bird Drive, LHI) as lessee from the Board as lessor.

Mr Crombie and his wife jointly own and operate The Butcher The Baker business (trading as Thompson's Store) in Ned's Beach Road, LHI. The Butcher The Baker is both a customer of, and a supplier to, the Board.

Mr Matthew Retmock

Perpetual lease of property in Lagoon Road, LHI as lessee from the Board as lessor.

Mr Peter Adams

Residential lease of the Government House property as lessee from the Board as lessor (for a below-market rental amount as part of the CEO's remuneration arrangements, in accordance with a Board policy). The amount involved is included in the short-term benefits amount shown in Note 14(B).

(D) TRANSACTIONS AND BALANCES

The total amount of grant revenue transactions with other New South Wales government agencies is shown in Note 2(B). The major agencies involved are New South Wales Treasury, the Department of Industry, NSW Environment Trust and Office of Environment & Heritage.

Transactions with other related parties during the current (or prior) reporting period, and balances, including commitments, in relation to related parties, other than amounts already disclosed in Note 14(B) were nil. The related parties were those whose roles are completed:

	Total Transactions		Balances	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Purchases	-	1,198	-	-
Payables	-	-	-	-
Purchase commitments	-	-	-	-
Revenue	-	228	-	-
Receivables	-	-		-

16. FINANCIAL RISK MANAGEMENT

(A) OBJECTIVES AND POLICIES

The Board's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks (price risk and interest rate risk). The Board does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Risk management policies have been established to identify and analyse the risks faced by the Board, to set risk limits and establish controls to monitor risks. Compliance with policies is reviewed on a periodic basis.

The Board's financial risk management objective is to maximise its return on cash and investments, whilst maintaining an adequate level of liquidity and preserving capital.

(B) FINANCIAL INSTRUMENT CATEGORIES

The Board has only very simple financial assets, comprising:

- Cash and cash equivalents (predominantly bank term deposits and monies invested in a TCorpIM Cash Fund); and
- Receivables.

TCorpIM Cash Fund invests in Australian cash and fixed interest securities. The unit price of the fund is equal to the total fair value of the net assets of the fund divided by the total number of units on issue for that fund.

The Board also has only simple financial liabilities, being payables.

The Board's business model in relation to using financial instruments is for investment rather than trading purposes. The Board also does not enter into hedging arrangements.

(C) CREDIT RISK

A key risk associated with cash and cash equivalents and receivables is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Board.

These risks are mitigated by:

- the major Australian bank with which the Board's short term deposit is lodged has AA- long term credit ratings from major global credit rating agencies;
- TCorp is a managed investment pool. TCorp appoints and monitors fund managers, and establishes and monitors the application of appropriate investment guidelines; and
- monitoring outstanding debt and employing stringent debt recovery policies in relation to receivables.

The interest rate being earned on the Board's short term deposit is a fixed rate of 2.40% per annum (2018 – 2.57%).

The Board places funds on deposit with one of Australia's 'big four' banks (rated AA-) and/or with TCorp, which is rated "AAA" by Standards and Poor's. These deposits are either "at call" or have short term maturity.

No collateral is held by the Board in relation to its financial assets.

Collectability of receivables is reviewed on an ongoing basis. Procedures established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for expected credit losses is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on receivables. Liquor sales are made on cash or 30 day credit terms.

The Board is not materially exposed to concentrations of credit risk to a single counterparty or counterparty group within its debtors. All are well known and collectible.

The profile of the Board's credit risk was:

	Totals $'000	Past due but not impaired $'000	Considered impaired $'000
2019			
Amounts < 3 months overdue	36	36	2
Amounts 3 - 6 months overdue	3	3	3
TOTAL	**39**	**39**	**5**
2018			
Amounts < 3 months overdue	399	399	-
Amounts 3 - 6 months overdue	5	5	5
TOTAL	**404**	**404**	**5**

The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7, and does not include receivables which are neither 'past due' nor impaired.

(D) LIQUIDITY RISK

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Board manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The Board has no current stand-by credit arrangements but has an unused loan facility in place for $5.9 million pre-approved, as part of the Hybrid Renewable Energy Project, which is expected to be substantially drawn down in 2019-20.

The liabilities are recognised for amounts due to be paid in the future for goods or services, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. NSW TC 11/12 allows the Minister to award interest for late payment. No interest for late payment was awarded during the year ended 30 June 2019 (2018: $nil).

The undiscounted contractual cash flows of the Board's payables are set out below:

	Due within 1 year $'000	Due between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
30 JUNE 2019				
Financial Liabilities	1,904	-	1,904	1,904
PAYABLES	**1,904**	**-**	**1,904**	**1,904**
30 JUNE 2018				
Financial Liabilities	1,049	-	1,049	1,049
PAYABLES	**1,049**	**-**	**1,049**	**1,049**

(E) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board's exposure to market risk is primarily through interest rate risk. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

Price risk

A significant risk associated with the investment in TCorpIM Cash Fund is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Board has no interest-bearing assets or liabilities other than its investment in TCorpIM Cash Fund and short term bank term deposits. There is no interest rate risk on bank term deposits as the applicable interest rate is fixed for the term of the deposit. TCorp has advised that +/- 1% is the appropriate sensitivity percentage for the TCorpIM Cash Fund.

Accordingly, the Board's exposure to interest rate risk is:

		-1.0%		1.0%	
	Carrying Amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
30 JUNE 2019					
Financial Assets					
Cash and cash equivalents	7,067	(49)	(49)	49	49
Receivables	2,302	-	-	-	-
Financial Liabilities					
Payables	2,824	-	-	-	-
TOTAL INCREASE / (DECREASE)		**(49)**	**(49)**	**49**	**49**
30 JUNE 2018					
Financial Assets					
Cash and cash equivalents	10,317	(41)	(41)	41	41
Receivables	1,333	-	-	-	-
Financial Liabilities					
Payables	1,919	-	-	-	-
TOTAL INCREASE / (DECREASE)		**(41)**	**(41)**	**41**	**41**

17. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities at 30 June 2019 (2018: $nil).

18. EVENTS OCCURRING AFTER BALANCE DATE

The Board is not aware of any matter or circumstance not otherwise dealt with in these financial statements that has or may significantly affect the operations of the Board, the results of those operations or the state of affairs of the Board in subsequent financial years that has occurred after reporting date.

Effective from 1 July 2019, persons from Department of Planning and Environment who provided personnel services to the Board were transferred to the Department of Planning, Industry and Environment (DPIE). Similarly, legal services previously provided through the Office of Local Government will now be provided through the Department of Planning, Industry and Environment (DPIE). This event has no impact on the 2018-19 financial statements.

END OF FINANCIAL STATEMENTS