Strengthening local government

Office of Local Government

JOINT ORGANISATIONS
SUPPLEMENT TO LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING 2024/25
Section 2

Introduction and overview

Joint Organisations (JO) are not publicly accountable entities as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* since they are not tax setting entities.

The JO Code is prepared as Tier 2 general purpose financial statements using AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* which provides more streamlined disclosures.

The accounting, financial and other reporting requirements of the JO Code apply to the general purpose financial statements prepared by Joint Organisations for the year ended 30 June 2025.

Joint Organisations Supplement to Local Government Code of Accounting Practice and Financial Reporting 2024/25 – Section 2

Contents

IMPORTANT NOTES

The JO Supplement prescribes the minimum disclosures required for balances/transactions which are material to JO's. In some cases, where the standards provide accounting policy options, the JO Code will prescribe which option the JO must adopt, however JO's should also refer to the OLG mandated options document for additional guidance. .

The format of the JO Supplement which locates the accounting policies within the relevant notes is mandatory, however the actual placement within the note is not mandatory.

Notes, line items and columns need only be included if applicable, and additional notes may be added as required. Note that in the JO Supplement there are line items with nil or immaterial balances. These are included for completeness to show Joint Organisations the line items that may be relevant to them and should not be taken as required to be included where the JO actual balances are not material.

The definition of material prohibits entities from obscuring relevant, material information in the financial statements and therefore JO's should review their financial statements to ensure all notes are meaningful and specific to them and remove immaterial information that does not provide useful information to the users.

Guidance boxes have been included in each accounting policy section to provide a view on whether the accounting policy information is likely to be material (as defined in AASB 101 and included as reference in the commentary for the basis of preparation), however councils should apply judgement based on their balances, transactions, facts and circumstances to determine the relevant material accounting policy information for them.

Where notes or sections are removed, the JO should ensure that the notes are renumbered so they remain consecutive. It is noted that this will lead to different JO's having different numbers for the same note.

Where JOs have balances/transactions that are not illustrated in the Supplement, the disclosures in the general purpose financial statements of the Code (Section 1) or the relevant section of AASB 1060 should be used for those balances/transactions. These balances/transactions may include intangible assets / defined benefit superannuation plans.

JO NSW

General purpose financial statements

for the year ended 30 June 2025

Contents

JO NSW is constituted under the *Local Government Act 1993* (NSW) and has its principal place of business at:

JO NSW

XXXX Street

XX NSW 2XXX.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.jo@nsw.gov.au .

JO NSW

Statement by Members of the Board and Management
made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) and the regulations made thereunder
- the Australian Accounting Standards – Simplified Disclosures issued by the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly JO NSW's operating result and financial position for the year
- accord with JO NSW's accounting and other records.

We are not aware of any matter that would render this report false or misleading in any way.

Signed in accordance with a resolution of the Board of JO NSW made on ……………………………………..

Chairperson's name

Chairperson

___/___/___

Voting Representative Board Member's name

Voting Representative Board Member

___/___/___

Executive Officer's name

Executive Officer

___/___/___

JO NSW

Statement of Income and Accumulated Surplus

for the year ended 30 June 2025 Guidance note 1

	Notes	2025 $'000	2024 $'000
Income			
Member council contributions	B1-1	**450**	410
User charges and fees	B1-2	**-**	-
Grants provided for operating purposes	B1-3	**816**	519
Grants provided for capital purposes	B1-3	**260**	265
Interest and investment income	B1-4	**27**	20
Other income	B1-5	**116**	135
Total income		**1,669**	1,349
Expenses			
Employee benefits and on-costs (Guidance notes 24-26)		**437**	381
Administrative expenses	B2-1	**264**	247
Borrowing costs	B2-2	**7**	10
Depreciation	C1-5 / C2-1	**96**	77
Other expenses	B2-3	**-**	-
Total expenses		**804**	715
Net result for the year		**865**	634
Accumulated surplus at 1 July		**719**	85
Restatement of accumulated surplus for changes in accounting policy	F3	**-**	-
Restatement of accumulated surplus for corrections in prior period errors	F3	**-**	-
Accumulated surplus as at 30 June		**1,584**	719

The above Statement of Income and Accumulated Surplus should be read in conjunction with the accompanying notes

JO NSW

Statement of Financial Position
as at 30 June 2025

	Notes	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	**1,516**	860
Investments	C1-2	**-**	-
Receivables	C1-3	**209**	88
Contract assets and contract cost assets	C1-4	**-**	-
Other		**9**	13
Total current assets		**1,734**	961
Non-current assets			
Investments	C1-2	**-**	-
Contract assets and contract cost assets	C1-4	**-**	-
Property, plant and equipment	C1-5	**208**	247
Right of use assets	C2-1	**72**	112
Total non-current assets		**280**	359
Total assets		**2,014**	1,320
LIABILITIES			
Current liabilities			
Payables	C3-1	**158**	191
Contract liabilities	C3-2	**55**	104
Lease liabilities	C2-1	**42**	39
Borrowings	C3-3	**-**	-
Employee benefit provisions	C3-4	**82**	77
Provisions	C3-5	**-**	-
Total current liabilities		**337**	411
Non-current liabilities			
Contract liabilities	C3-2	**30**	91
Lease liabilities	C2-1	**36**	78
Borrowings	C3-3	**-**	-
Employee benefit provisions	C3-4	**27**	21
Provisions	C3-5	**-**	-
Total non-current liabilities		**93**	190
Total liabilities		**430**	601
Net assets		**1,584**	719
EQUITY			
Accumulated surplus		**1,584**	719
Other reserves (specify)	C4-1	**-**	-
Total equity		**1,584**	719

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

JO NSW

Statement of Cash Flows

for the year ended 30 June 2025 Guidance notes 2-4

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts:			
Contributions from member councils		**450**	509
User charges and fees		**-**	-
Grants		**1,008**	784
Interest received		**27**	20
Other income [specify if material]		**63**	-
Payments:			
Employees		**(443)**	(384)
Non-employee cash outflows		**(386)**	(770)
Borrowing costs		**(7)**	(10)
Net cash flows from operating activities		**712**	149
Cash flows from investing activities			
Receipts:			
Proceeds from sale of property, plant and equipment		**-**	-
Redemption of term deposits		**-**	-
Payments:			
Payments for property, plant and equipment		**(17)**	(33)
Acquisition of term deposits		**-**	-
Other [specify if material]			-
Net cash flows from investing activities		**(17)**	(33)
Cash flows from financing activities			
Receipts:			
[Provide details]		**-**	-
Payments:			
Repayment of lease liabilities (principal)		**(39)**	(35)
Net cash flows from financing activities		**(39)**	(35)
Net change in cash and cash equivalents		**656**	81
Cash and cash equivalents at beginning of year		**860**	779
Cash and cash equivalents at end of year	C1-1	**1,516**	860

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

JO NSW

Contents of the notes to the Financial Statements for the year ended 30 June 2025

A. About the Joint Organisation and these financial statements

A1. Basis of preparation Guidance notes 5 - 15

These financial statements were authorised for issue by the Board of the Joint Organisation on dd/mm/2025. The Board has the power to amend and reissue these financial statements.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, the Local Government Act 1993 (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. JO NSW is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

a. New and amended standards adopted by JO

[Refer to Appendix L in section 5 of the Local Government Code of Accounting Practice and Financial Reporting for an example note for new and amended standards adopted by the JO during the reporting period if any of the standards had a material impact on the JOs financial position or performance.]

b. Historical cost convention

These financial statements have been prepared under the historical cost convention.

c. Significant accounting estimates and judgements Guidance note 16 - 18

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the JO's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the JO and that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions

JO NSW makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- employee benefit provisions – refer Note C3-4
- [provide details of other significant estimates made by the JO].

Significant judgements in applying the JO accounting policies

- [provide details of any significant judgements made by the JO]

Goods and Services Tax (GST)

Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

B. Financial performance

B1. Sources of income Guidance notes 19 - 21

B1-1 Member Council contributions

	2025 $'000	2024 $'000
A Council	**112**	102
B Council	**113**	103
C Council	**112**	102
D Council	**113**	103
Total member council contributions	**450**	410

Material accounting policy information

Guidance re: material accounting policy information - retain since revenue recognition involves significant estimation and judgements and the users need to understand the calculation of the contribution.

Contributions by member councils are recognised as revenue at the point in time when the amount to be paid for the period has been determined and communicated to councils. The contribution may be in the form of a cash payment or non-monetary contribution (which is recorded at its fair value).

The methodology for determining the contribution is:

- equal contributions by all member councils in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation.
- contributions by participating member councils for other functions of enhancing strategic capacity and direct service delivery.

B1-2 User charges and fees

[Provide details of the nature of the user charges and fees]	**-**	-
Total user charges and fees	**-**	-
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	-	-
User charges and fees recognised at a point time	-	-
Total user charges and fees	-	-

Material accounting policy information

Guidance re: material accounting policy information - retain since revenue recognition involves significant estimation and judgements.

Revenue arising from user charges and fees is recognised when or as the performance obligation of providing the related service is completed and the customer receives the benefit of the goods / services being provided.

[Provide information about significant payment terms, obligations for returns and refunds. Where revenue is recognition over time, provide a description of the method used to recognise revenue.]

B1-3 Grants

	Operating		Capital	
	2025 $'000	2024 $'000	**2025 $'000**	2024 $'000
Waste Action Recycle	**38**	50	**-**	-
Illegal dumping program	**157**	202	**-**	-
Small business promotion	**166**	-	**-**	-
Litter prevention and reduction	**203**	175	**-**	-
Road safety	**239**	-	**-**	-
Capital works	**-**	-	**260**	265
Other (specify if material)	**14**	92	**-**	-
Total grants	**816**	519	**260**	265
Comprising:				
– Commonwealth funding	**174**	-	**-**	-
– State funding	**642**	519	**260**	265
– Other funding	-	-	-	-
	816	519	260	265
Timing of revenue recognition				
Grants recognised over time	**209**	205	**203**	252
Grants recognised at a point in time	**607**	314	**57**	12
Total grants	**816**	519	**260**	265

Material accounting policy information

Guidance re: material accounting policy information - retain since revenue recognition involves significant estimation and judgements.

Grants - enforceable agreement with sufficiently specific performance obligations
Grant revenue arising from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include [provide examples of performance obligations, payment terms and obligations for refunds for AASB 15 grants.]

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods of costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants
Capital grants received under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under the JO's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the JO.

Other grants
Assets (e.g. cash) received from other grants are recognised at fair value when the asset is received. The JO considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B1-4 Interest and investment income

	2025 $'000	2024 $'000
Interest on financial assets measured at amortised cost	**27**	20
Other [specify if material]	**-**	-
Total interest and investment income	**27**	20

Material accounting policy information

Guidance re: material accounting policy information – Information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Interest and investment income is recognised using the effective interest rate at the date that interest is earned.

B1-5 Other income

	2025 $'000	2024 $'000
Procurement rebates	**85**	77
Admin fees	**31**	29
Gain on disposal of property, plant and equipment	**-**	-
Other (specify if material)	**-**	28
Total other income	**116**	135

Material accounting policy information

Guidance re: material accounting policy information – Information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B2. Costs of providing services Guidance notes 22 – 26

B2-1 Administrative expenses [Examples only]

	2025 $'000	2024 $'000
Contractor and consultancy costs	**25**	29
IT expenses	**58**	34
Legal fees	**3**	6
Insurance	**14**	12
Motor vehicle expenses	**19**	17
Subscriptions	**12**	11
Telephone and internet	**25**	20
Training	**18**	17
Travel	**3**	3
Utilities	**39**	33
Other (specify if material)	**58**	65
Total administrative expenses	**264**	247

Material accounting policy information

Guidance re: material accounting policy information – information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Employee benefit expenses

Employee benefit expenses are recorded when the service has been provided by the employee.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Administrative expenses

Administrative expenses are recorded on an accruals basis as the JO receives the goods or services.

B2-2 Borrowing costs

	2025 $'000	2024 $'000
Interest on leases	**7**	10
Other borrowing costs [provide details]	**-**	-
Total borrowing costs	**7**	10

Material accounting policy information

Guidance re: material accounting policy information – information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Borrowing costs are expensed as incurred.

B2-3 Other expenses

	2025 $'000	2024 $'000
Impairment of receivables	**-**	-
Loss on disposal of property, plant and equipment	**-**	-
Other [specify if material]	**-**	-
Total other expenses	**-**	-

Material accounting policy information

Guidance re: material accounting policy information - retain since the impairment information involves significant estimates and judgements.

Impairment expense

Property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

C. Financial position

C1. Assets we manage

C1-1 Cash and cash equivalents Guidance notes 27 - 32

	2025	2024
	$'000	$'000
Cash at bank and on hand	**1,501**	845
Deposits at call	**15**	15
	1,516	860

Restricted cash and cash equivalents

[Provide details if the JO has any restricted cash, i.e. cash which is not available for use by the JO].

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position		**1,516**	860
Less: bank overdraft	C3-3	**-**	-
Balances as per Statement of Cash Flows		**1,516**	860

Material accounting policy information

Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position however are included as cash and cash equivalents in the Statement of Cash flows.

C1-2 Investments Guidance notes 27 - 28

	2025		2024	
	Current	**Non-current**	Current	Non-current
	$'000	$'000	$'000	$'000
Debt securities at amortised cost				
Term deposits	-	-	-	-

Material accounting policy information

Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted. The exception to this is if the JO has numerous categories of investments then the policy information may be useful to explain the treatment to the users.

Term deposits are initially recognised at fair value and then subsequently classified and measured at amortised cost. Interest income, impairment and gains or loss on derecognition are recognised in profit or loss.

C1-3 Receivables Guidance notes 27 – 28, 33 - 34

	2025	2024
	$'000	$'000
Receivables from member councils	**-**	-
Grant receivables	**148**	80
Other (specify if material)	**61**	8
Total	**209**	88

Less: provision for impairment:

– (Specify category of receivables)	-	-
Net receivables	**209**	88

Material accounting policy information

Guidance re: material accounting policy information – retain information about settlement terms and methods for determining expected credit loss (ECL).

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment of receivables is assessed using the simplified expected credit loss model where lifetime credit losses are recorded on initial recognition. To measure the expected credit losses, debtors have been grouped based on shared credit risk characteristics and the days past due.

C1-4 Contract assets and Contract cost assets Guidance note 33 - 34

		2025 $'000	2024 $'000
Contract assets	a	-	-
Contract cost assets	b	-	-
		-	-

a. Contract assets

[provide details of the contract assets]	-	-
Less: impairment of contract assets	-	-
	-	-

b. Contract cost assets

Costs to fulfil a contract	(i)	-	-
Other – provide further breakdown of material capitalised costs under AASB 15		-	-
Less: impairment of contract cost assets		-	-
		-	-

i. [provide details of the contract cost assets]

Material accounting policy information

Guidance re: material accounting policy information – information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Contract assets

Contract assets represent the JO's right to payment in exchange for goods or services the JO has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

Once an invoice or payment claim is raised or the relevant milestone is reached, the JO recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset - Costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the income statement on a systematic basis consistent with the timing of revenue recognition.

C1-5 Property, plant and equipment Guidance note 35 - 37

	At 1 July 2024			Movements during the period		At 30 June 2025			
	Gross carrying amount $'000	Accum depn and impairment $'000	Net carrying amount $'000	**Additions $'000**	**Disposals $'000**	**Depn and impairment $'000**	**Gross carrying amount $'000**	**Accum depn and impairment $'000**	**Net carrying amount $'000**
Office equipment	74	(9)	65	**17**	**-**	**(10)**	**91**	**(20)**	**71**
Furniture and fittings	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**
Vehicles	227	(45)	182	**-**	**-**	**(45)**	**227**	**(91)**	**136**
Other (specify)	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**
Totals	301	(54)	247	**17**	**-**	**55**	**319**	**(111)**	**208**

Accounting policy

Material accounting policy information

Guidance re: material accounting policy information – the following information should be retained:

- Method of depreciation and useful lives
- Measurement basis, i.e., cost

Remaining information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the JO and the cost of the item can be measured reliably. All other repairs and maintenance are expensed during the year in which they are incurred.

When property, plant and equipment are acquired by the JO for significantly less than fair value, the assets are initially recognised at their fair value at acquisition date.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

[JO should include the useful lives used for each class of property, plant and equipment disclosed in the movement table based on their internal policies.]

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

C2. Leasing activities

C2-1 Joint Organisation as a lessee Guidance notes 38 - 41

JO has leases over a range of assets including land and buildings and IT equipment.

Terms and conditions of leases

[Enter details of existing leases in place on a class basis, *for example*:

Buildings

JO NSW leases 2 floors of a building for their corporate offices; the lease is a 4 year lease.

The building leases contains a fixed 3% increase at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. [The leases are for between 2 and 6 years with no renewal option, the payments are fixed.]

Right-of-use assets

	Buildings $’000	Office and IT equipment $’000	[other– provide details] $’000	Total $’000
Opening balance at 1 July 2024	95	17	-	112
Additions to right-of-use assets	-	-	-	-
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-	-	-
Depreciation charge	(31)	(9)	-	(40)
Impairment of right-of-use assets	-	-	-	-
Balance at 30 June 2025	**64**	**8**	**-**	**72**

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below

	< 1 year $’000	1–5 years $’000	> 5 years $’000	Total $’000	Total per statement of financial position $’000
2025	**47**	**38**	**-**	**85**	**78**
2024	46	85	-	131	117

Extension options

[Refer to the leases note (note C2-1) in the General Purpose Financial Statements – Section 1 if the JO has extension options.]

Statement of Income and Accumulated Surplus

The amounts recognised as expenses relating to leases where JO NSW is a lessee are shown below.

	2025	2024
	$'000	$'000
Interest on lease liabilities	**7**	10
Depreciation of right of use assets	**40**	40
Variable lease payments based on usage not included in the measurement of lease liabilities	**-**	-
Expenses relating to short-term leases	**-**	
Expenses relating to leases of low-value assets	**13**	12

Leases at significantly below market value - Concessionary / peppercorn leases

[Refer to the leases note (note C2-1) in the General Purpose Financial Statements – Section 1 if the JO has concessionary / peppercorn leases.]

Material accounting policy information

Guidance re: material accounting policy information – retain information about elections (i.e. second and fourth paragraphs) and exceptions. All other paragraphs information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

At inception of a contract, JO assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

JO NSW has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, the JO recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the JO believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the JO's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

JO NSW has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. JO NSW recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

C3. Liabilities of the joint organisation

C3-1 Payables Guidance note 42

	2025	2024
	$'000	$'000
Trade payables	**122**	144
Accrued expenses	**28**	38
Other payables (specify if material)	**8**	9
Total payables	**158**	191

Material accounting policy information

Guidance re: material accounting policy information – information about payment terms should be retained, the remaining information is unlikely to meet the definition of material accounting policy information and can be deleted.

The JO measures all financial liabilities initially at fair value less transaction costs; subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Trade payables represent liabilities for goods and services provided to the JO prior to the end of financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract liabilities

	2025	2024
	$'000	$'000
Funds to construct JO controlled assets (i)	**10**	27
Funds received prior to performance obligation being satisfied (upfront payments) – AASB 15 (ii)	**75**	168
(Other – provide details)	**-**	-
Total contract liabilities	**85**	195

(i) The JO has received funding to construct assets, the funds received are under an enforceable contract which require the JO to construct an identified asset which will be under JO's control on completion. The revenue is recognised as the JO constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Material accounting policy information

Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

When an amount of consideration is received from a customer / fund provider prior to JO NSW transferring a good or service to the customer, JO NSW presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings Guidance note 43

	2025	2024
Borrowings	**$'000**	$'000
Bank overdraft	**-**	-
Total borrowings	**-**	-

Financing arrangements

	2025	2024
Total facilities		
Total financing facilities available to the JO at the reporting date are:		
- Bank overdraft facility	**100**	100
- Corporate credit cards	**25**	25
	125	125
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
- Bank overdraft facility	**-**	-
- Corporate credit cards	**7**	9
	7	9
Undrawn facilities		
Undrawn financing facilities available to the JO at the reporting date are:		
- Bank overdraft facility	**100**	100
- Corporate credit cards	**18**	16
	118	116

Material accounting policy information

Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

The JO measures all financial liabilities initially at fair value less transaction costs; subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

C3-4 Employee benefits Guidance note 25

	2025		2024	
	Current	**Non-current**	Current	Non-current
	$'000	**$'000**	$'000	$'000
Annual leave	**82**	**-**	77	-
Long-service leave	**-**	**27**	-	21
Total employee benefit provisions	**82**	**27**	77	21
Current employee benefit provisions not expected to be settled within the next 12 months	**23**	**n/a**	15	n/a

Material accounting policy information

Guidance re: material accounting policy information

Information about long-term employee benefit obligations (e.g. long service leave) is likely to involve significant estimation and therefore should be retained.

Other information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits, and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses that will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the JO does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C3-5 Provisions Guidance notes 44 - 46

	2025		2024	
	Current	**Non-current**	Current	Non-current
	$'000	**$'000**	$'000	$'000
[Provide details of the provisions]	**-**	**-**	-	-
Total provisions	**-**	**-**	-	-
Current provisions not expected to be settled within the next 12 months	**-**	**n/a**	-	n/a

(a) Movements in provisions

	Provision (Specify) $'000	**Provision (Specify) $'000**	**Total $'000**
At 1 July 2024	-	-	-
Amounts used	-	-	-
Unwinding of discount	-	-	-
Unused amounts reversed	-	-	-
Other [specify]	-	-	-
At 30 June 2025	-	-	-

Nature and purpose of provisions

[Insert a description of each class of provision shown in the table above as to its nature and purpose and related uncertainties.]

Material accounting policy information

Guidance re: material accounting policy information – information below can be deleted, however specific information regarding the provisions and associated calculations should be included in the nature and purpose of provisions section.

Provisions are recognised when the JO has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as borrowing costs.

C4. Reserves

C4-1 Nature and purpose of reserves Guidance notes 47 - 48

(i) Other reserves (specify)

[Describe nature and purpose of the reserve]

D. Risks and accounting uncertainties

D1. Financial risk management

Risk management

The JO's activities expose it to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk. Financial risk management is carried out by the finance team under policies approved by the JO Board.

The fair value of [receivables, investments and financial liabilities – amend as relevant] approximates the carrying amount.

D2. Contingencies Guidance note 49

[Provide details of any contingent assets or liabilities which the JO is party to.]

E. People and relationships

E1. Related party disclosures Guidance notes 50 - 54

E1-1 Key management personnel

Key management personnel (KMP) of the JO are those persons having the authority and responsibility for planning, directing and controlling the activities of the JO, directly or indirectly.

The aggregate amount of KMP compensation included in employee expenses is $215,258.

Other transactions with KMP and their related parties

Nature of the transaction	Transactions during the year $'000	Outstanding balances $'000	Terms and conditions	Impairment provision on outstanding balances $'000	Impairment expense $'000
2025					
[Insert relevant details]	-	-	-	-	-
2024					
Cleaning services [1]	18,000	3,141	14 days	-	-

[1]The JO entered into a 3-year contract in 2022 with CleanMyOffice Limited, a company that is controlled by a member of the KMP of the JO. The total contract value is $50,000 and the contract was awarded through a preferred supplier arrangement based on market rates for these services. Amounts are payable on a quarterly basis for the duration of the contract.

E1-2 Other related parties

Type of related party: (please describe)	Nature of transactions	Transactions during the year $'000	Outstanding balances $'000	Terms and conditions	Impairment provision on outstanding balances $'000	Impairment expense $'000
2025						
[Insert relevant details]		-	-	-	-	-
2024						
[Insert relevant details]		-	-	-	-	-

E2. Other relationships

E2-1 Audit fees Guidance notes 55

	2025	2024
Auditors of the JO – NSW Auditor-General:	**$'000**	$'000
Audit of financial statements	**7**	7
Other assurance services (specify)	**-**	-
Total fees paid or payable to the Auditor-General	**7**	7

F. Other matters

F1. Commitments

[Provide a description of any commitments for the acquisition of property, plant and equipment that are not recognised in the financial statements as liabilities.]

F2. Events occurring after reporting date Guidance note 56

[Describe any events occurring between the period end and date of signing the financial statements.]

F3. Changes from prior year

[Provide details of any changes in accounting policies, errors or changes in accounting estimates during the year – the disclosures in G4 of Section 1 of the Code or the relevant disclosures from AASB 1060 (paragraphs 106-108 for changes in accounting policy, paragraph 109 for changes in accounting estimates or paragraph 110 for errors), can be used by the JO where these changes have occurred.]

End of the audited financial statements

Guidance notes

Statement of income and accumulated surplus

1. The JO Code has removed the statement of changes in equity and chosen to present the statement of income and accumulated surplus. If a JO has any changes to equity other than:
   - Result for the year
   - Payment of dividends
   - Correction of prior period errors
   - Changes in accounting policy

   Then the statement of changes in equity and statement of comprehensive income should be presented. The statement of comprehensive income may be included at the end of the income statement rather than presented as a separate statement.

Statement of Cash flows

2. OLG requires all JO to use the direct method in reporting cash flows from operating activities whereby major classes of gross cash receipts and gross cash payments are disclosed.
3. Cash flows can only be classified as arising from investing activities if they result in the recognition of an asset in the Statement of Financial Position. Examples of expenditure that should be classified as operating cash flows on this basis are expenditure on advertising or promotional activities, staff training and research costs.
4. OLG requires the payment and/or receipt of interest and dividends to be classified as operating cash flows.

Materiality

5. Each material class of similar items shall be presented separately in the financial statements. Items of a similar nature or function shall be presented separately unless they are immaterial.
6. JO should ensure that material information is not being obscured by immaterial information and the judgement on whether additional items are presented separately is based on an assessment of all of the following:
   - The amounts, nature and liquidity of assets
   - The function of assets within the JO and
   - The amounts, nature and timing of liabilities.

Extraordinary items

7. A JO shall not present any items of income and expense as extraordinary items, either in the Income Statement or in the notes.

Goods and services tax (GST)

8. Interpretation 1031 Accounting for the Goods and Services Tax (GST), provides that revenues and expenses must be recognised net of the amount of GST, except where GST relating to expense items is not recoverable from the taxation authority when it must be recognised as part of the item of expense.
9. Cash flows shall be included in the Statement of Cash Flows on a gross basis.
10. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority shall be classified as operating cash flows and will be included in receipts from customers or payments to suppliers as appropriate.

Offsetting

11. Assets and liabilities, and income and expenses must not be offset unless required or permitted by an Australian Accounting Standard.
12. Where items can be income (or assets) in one reporting period and expenses (liabilities) in another reporting period – the line items should be presented in the relevant section in the relevant year even if it results in presentation differences for the same line item in different years.

Material accounting policy information

13. Material accounting policy information relating to the preparation of JO financial statements must be included in the financial statements.
14. Accounting policy information has been included with the relevant note with guidance regarding whether the accounting policy information is likely to be material.
15. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

    Accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and:

    - the entity has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.

- the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- the accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.
- the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in the financial statements (refer Note A1-1 of Section 1 of the Code and Note A1 of Section 2 of the Code).
- the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

Where an accounting policy has been retained due to the areas involving significant estimation or judgement, the JO should disclose the relevant judgement and / or estimates as relevant (refer commentary 16 – 18).

Significant judgements and estimates – Note A1.

16. A JO shall disclose the judgements, apart from those involving estimations that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.
17. A JO shall disclose information about the assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period. In respect of those assets and liabilities, the notes shall include details of:
    - their nature, and
    - their carrying amount as at the end of the reporting period.
18. Refer to Section 1, note A1 for illustrative disclosures of the types of judgements and estimates which may occur.

Income – refer to B1.

19. Refer to Appendix J in section 5 of the Code for detailed guidance on AASB 15 / AASB 1058.
20. Grants are to be classified as operating or capital depending on the purpose for which they were received and not on the purpose for which they were spent. General purpose grants and contributions are all classified as operating regardless of how they are spent.
21. Where the JO received assets / liabilities from a former entity e.g. previous regional organisation then the value of the net assets received should be recognised as a gain for the JO on the acquisition date.

Classification of expenses – Note B2

22. The Office of Local Government has determined that expenses are to be classified by nature in the Income Statement.
23. Other expenses should be less than 10% of total expenses. Additional expense categories should be added as necessary.

Employee benefits – Note C3-4

24. Employee benefits are all forms of consideration given by a JO in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, salaries, and long-service leave), termination benefits (such as severance or redundancy pay), and post-employment benefits (such as retirement benefit plans).
25. Irrespective of how the amount is measured, an employee benefits provision can only be classified on the Statement of Financial Position as a non-current liability if there is no possibility the JO could have to pay out the provision within the next 12 months. This means, for example, that where employees are entitled to take their long-service leave or accrued annual leave during the next 12 months, the provision relating to them must be recorded as a current liability, even though the employees may not be expected to take the leave for an extended period. The amount expected to be paid after 12 months is disclosed in the employee benefit provisions note.
26. If the expense relating to defined contributions plans is material, then this should be separately disclosed in the expenses note.

Financial assets – Notes C1-1, C1-2 and C1-3 and 5

27. All financial assets should be measured initially at fair value, being the fair value of the consideration given, including transaction costs (such as advisers' and agents' fees and commissions, duties and levies by regulatory agencies).
28. Financial assets held at amortised cost are required to be tested for impairment.

Cash and cash equivalents – Note C1-1

29. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value
30. This includes cash on hand, cash at bank, and at-call and term deposits maturing within three months from the date of acquisition.
31. The reconciliation of cash and cash equivalents in the statement of financial position and statement of cash flow is not required if the amounts are the same.
32. Note: A term deposit with a term of greater than three months from the date of acquisition is classified as a 'financial asset not as a 'cash and cash equivalent asset' in the Statement of Financial Position. At each reporting date, JO should consider whether a term deposit meets the definition of 'cash and cash equivalents' for the purpose of the Statement of Cash Flows and classify it as such (although the Statement of Financial Position classification would not change).

Receivables and contract assets – Note C1-3 and C1-4

33. The impairment test under AASB 9 is an expected credit loss where at day 1, JO uses the simplified method for its trade receivables and contract assets which considers the expected loss on a particular financial asset over its lifetime and recognises this loss in the Income Statement.
34. The amounts due from related parties should be separately disclosed. The JO code assumes that the only receivables from related parties are those from member councils

Property, plant and equipment (PPE) – Note C1-5

35. PPE is measured at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).
36. A class of property, plant and equipment is a grouping of assets with a similar nature and use in the JO operation.
37. Each JO will have different classes, depending on their individual operations. The number of classes that are separately disclosed also depends on materiality.

Leases – Note C2-1

38. Appendix K in section 5 of the Code provides detailed guidance on the application of AASB 16 Leases
39. To assess whether a contract conveys the right to control the use of an identified asset, council assesses whether they have:
    - the right to obtain substantially all of the economic benefits from use of the identified asset (e.g. by having exclusive use of the asset through the lease period); and
    - the right to direct the use of the identified asset.
40. In considering whether the relevant asset is an identified asset, council should consider whether the asset is explicitly identified (e.g. by serial number, building floor and address) or implicitly identified (e.g. through the asset being specialised and/or customised). If the lessor has a substantive substitution right (i.e. can swap the asset) then there is no identified asset.
41. The JO should disclose the amount of its lease commitments for short-term leases if the portfolio of short-term leases to which it is committed at the end of the year is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note C2-1 relates.

Payables – Note C3-1

42. If there are any amounts payable to related parties, these should be separately disclosed.

Borrowings – Note C3-3

43. This Code illustrates that the JO has a bank overdraft as the only borrowings. If the JO has additional borrowings, for example bank loans then refer to C3-3 in the General Purpose Financial Statements - Section 1 of the Code for illustrative disclosures.

Provisions – Note C3-5

44. A provision should be recognised only when:
    - the JO has a present obligation to transfer economic benefits as a result of past events;
    - it is probable (more likely than not) that such a transfer will be required to settle the obligation; and
    - a reliable estimate of the amount of the obligation can be made.
45. The amount recognised as a provision should be the best estimate of the unavoidable expenditure required to settle in full the present obligation and should be discounted at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability that have not been reflected in the best estimate of the expenditure.
46. Management should perform an exercise at each reporting date to identify the best estimate of the unavoidable expenditure required to settle in full the present obligation, discounted at an appropriate rate. The increase in provision due to the passage of time is recognised as an interest expense.

Reserves – Note C4-1

47. A description of the nature and purpose of each reserve within equity must be provided.
48. In providing a description of the nature and purpose of the reserves, it would be appropriate to refer to any restrictions on their distribution, or any other important characteristics.

Contingencies – Note D2

49. Unless the possibility of any outflow of resources in settlement is remote, a JO shall disclose for each class of contingent liability at the end of the reporting period, a brief description of the nature of the contingent liability and, where practicable:
    - an estimate of its financial effect, measured under paragraphs 36-52 of AASB137
    - an indication of the uncertainties relating to the amount or timing of any outflow
    - the possibility of any reimbursement.

Related party transactions – Note E1

50. Refer to Appendix I of the Code – Section 5 for specific implementation guidance on AASB 124 Related Party Disclosures.

51. The fact that a transaction occurred at arms-length does not provide exemption from disclosure.
52. Transactions of a similar nature may be aggregated for the purpose of the disclosures.
53. Transactions with related parties include those transactions which were undertaken for nil consideration.
54. JO should consider whether member councils meet the definition of a related party for the purpose of AASB 124.

Other relationships - Audit fees– Note E2

55. Amounts disclosed should only relate to work performed by the NSW Auditor-General or work performed by a contract auditor on behalf of the NSW Auditor-General.

Events after the reporting date – Note F2

56. Where the JO has any non-adjusting events after the end of the reporting period, the following disclosures should be included:
    - The nature of the event
    - An estimate of its financial effect or a statement that such an estimate cannot be made.