



ATTACHMENT 1: SUGGESTED JOURNAL ENTRIES

ACCOUNTING FOR TRANSACTIONS RELATED TO INDIGENOUS HOUSING ARRANGEMENTS (40 YEAR LEASE)

DERECOGNISE HOUSES / FREEHOLD LAND AS ASSETS & RECOGNISE THE CREATION OF THE LEASE

| | | |
|--------------|--|----|
| Dr | Lease Receivable | AA |
| Dr | Accumulated Depreciation (Housing) | BB |
| Cr | Housing Assets / Freehold Land | CC |
| Dr/Cr | Loss / Gain on de-recognition of Housing Assets / Freehold Land subject to a finance lease | DD |

Where:

- AA = agreed upfront payment + present value of agreed annual payments
BB = depreciation accumulated to date on the existing houses that form part of the housing arrangements
CC = fair value of houses / freehold land that form part of the housing arrangements as recorded in Council's accounting system (there is no need to revalue prior to the lease transaction)
DD = (AA + BB – CC)

RECOGNISE RECEIPT OF ONCE-OFF UPFRONT PAYMENT TO COUNCIL BY THE STATE GOVERNMENT

| | | |
|-----------|------------------|----|
| Dr | Cash at Bank | AA |
| Cr | Lease Receivable | AA |

Where:

- AA = agreed upfront payment

RECORD RECEIPT OF ANNUAL LEASE PAYMENTS FROM THE STATE GOVERNMENT

| | | |
|-----------|--------------------------------------|----|
| Dr | Cash at Bank | AA |
| Cr | Lease Receivable | BB |
| Cr | Interest Revenue on Lease Receivable | CC |

Where:

- AA = agreed annual lease payment
BB = portion of agreed annual lease payment that relates to the principal reduction
CC = portion of agreed annual lease payment that relates to the finance charge component