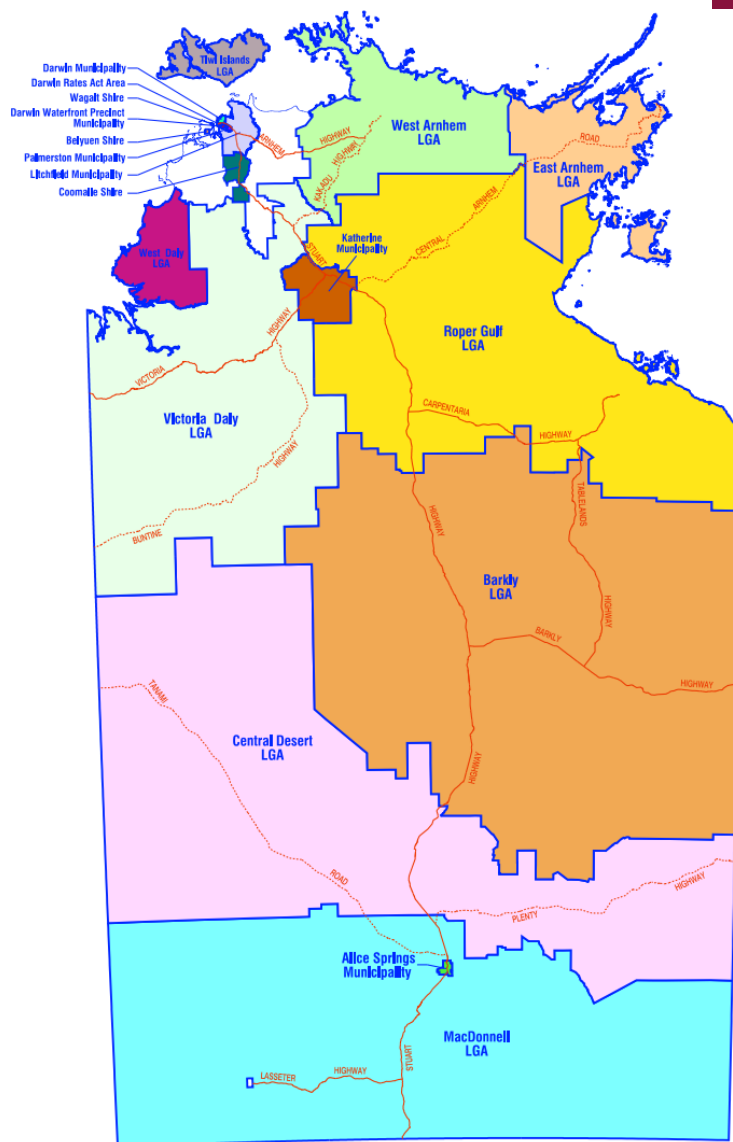


## 2016/2017 Annual Report



## CouncilBIZ Annual Report 2016-17

CouncilBIZ is a Local Government Subsidiary as defined by the *Local Government Act* with the following members:

- Barkly Regional Council
- Central Desert Regional Council
- East Arnhem Regional Council
- MacDonnell Regional Council
- Roper Gulf Regional Council
- Tiwi Islands Regional Council
- Victoria Daly Regional Council
- West Arnhem Regional Council
- West Daly Regional Council
- Local Government Association of the Northern Territory (LGANT).

Each member nominates one person to be their representative at Board meetings of CouncilBIZ. The chair of the Board is Tony Tapsell, the Chief Executive Officer of LGANT.

The Board held meetings in November, April and June. Six matters were determined by the circular resolution process provided in the constitution.

The Board has an Executive Committee that meets every second month, and an Audit/Risk Committee. The Audit/Risk Committee members are the Chair of CouncilBIZ and two external independent members. They met in August and October.

The Board employs a General Manager, and the organisation has a staffing complement of fifteen. The organisation operates from leased premises at 14 Shepherd Street, Darwin.

The external auditors are BDO, 72 Cavenagh Street, Darwin NT 0801.



## Introduction from the Chair

The 2016/17 year saw a number of promising initiatives come to fruition for the benefit of member councils and I was pleased to be part of them with the rest of the CouncilBIZ Board ('the Board').

A significant decision the Board made during the year was to stay with the Technology One business system. Changing business systems is a challenging exercise for any organisation contemplating it but the Board was of the view that there was more to be gained from retaining it than moving to another platform. Furthermore, additional Technology One modules were purchased throughout the year.

Council staff training was greatly expanded throughout the year and it was pleasing to see the numbers of employees that not only participated in training sessions but provided positive feedback. Records management has been an area needing attention in councils and it was promising that CouncilBIZ was able to offer comprehensive training sessions for employees on it.

The Board presented a new constitution to the Minister for Housing and Community Development, the Hon Gerry McCarthy MLA for his approval in the first half of the year and his Department has been working on a response in conjunction with Parliamentary Counsel. A new constitution is expected to be in place next financial year and should provide much needed flexible governance provisions.

CouncilBIZ staff put in a great effort to assist the West Daly Regional Council with its administration during the period that the Council CEO position was vacant. This included a great deal of data processing as well as management responsibility along with taking the time to organise recruitment for a new CEO (it also undertook this task for the Victoria Daly Regional Council). This support went a long way to ensuring that there was continuity with council operations including the holding of council meetings and will no doubt be of benefit to the new incoming CEO.

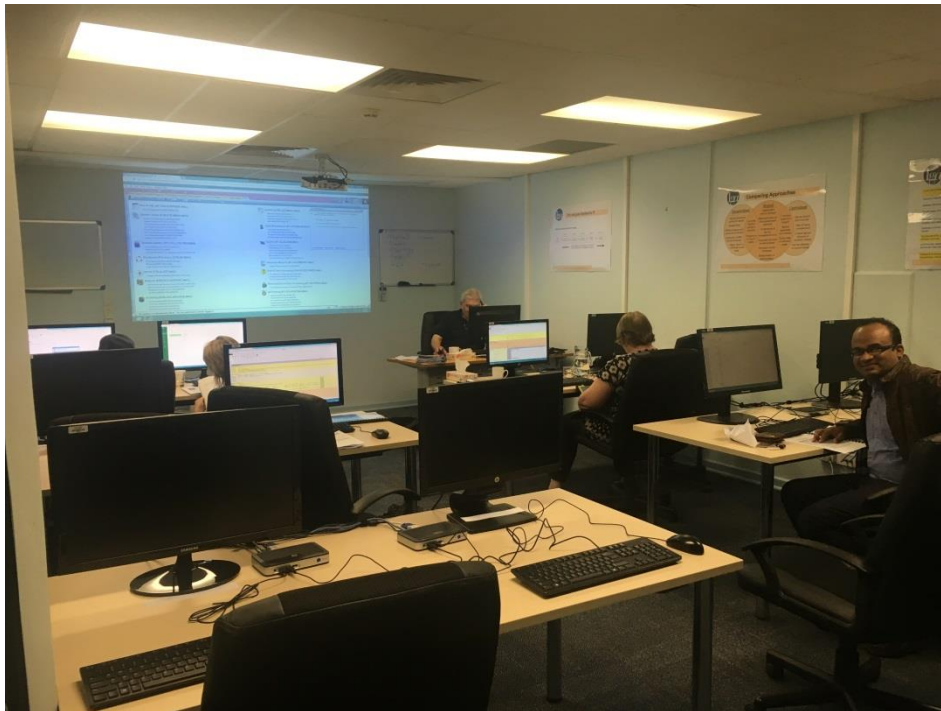
CouncilBIZ also commenced payroll processing for the Barkly and Victoria Daly Regional Councils during the year and towards the end of the year undertook a tender process for the refresh of hardware which the Board later approved. The new hardware will improve the capabilities of CouncilBIZ for its members and will be installed in the new year.

The General Manager also gave valuable support to LGANT for its insurance scheme project resulting in existing traditional insurance being extended for councils so that the scheme could be further explored.

An Audit and Risk Committee commenced operations during the year with two independent members forming part of with expertise in auditing and information technology.

I sincerely thank Michael Freeman and the staff of CouncilBIZ for their efforts in not only embracing change, but taking on new work and helping the Board adopt new directions that will hopefully see in the future a greater acceptance of the value of shared services.

Tony Tapsell  
**Chairman**



Training in Technology One software

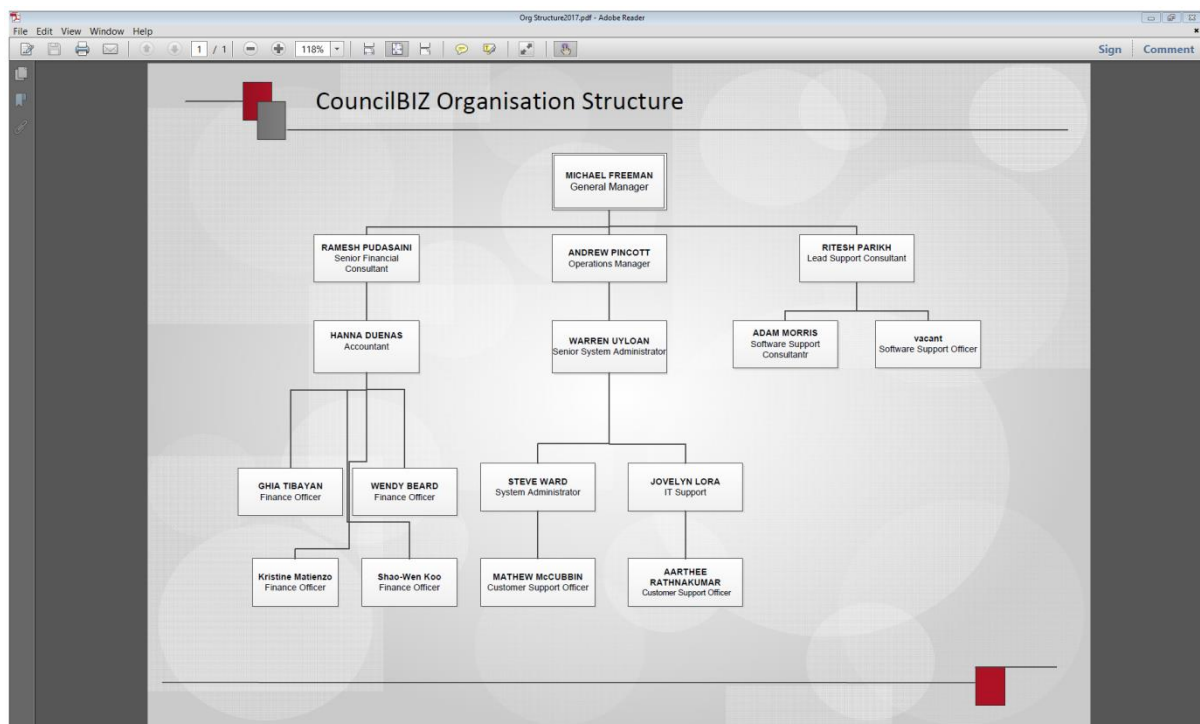
## CouncilBIZ Governance and Management

### Our Future

We will deliver innovative services that allow our customers to be recognised as exemplary organisations in their field. We will be governed and managed so effectively that we attract terrific, skilled staff. We will have a reputation for getting things done. We will be adaptive and flexible to our customers' needs. In fact, we anticipate those needs. We will communicate, communicate, and communicate with each other, with our customers and with our people.

### Our Purpose

To be the organisation known for changing attitudes to the delivery of shared services in local government so that everyone wants to be involved.



## CouncilBIZ Infrastructure

Established to facilitate the efficient provisioning of administration, information technology and financial services, CouncilBIZ boasts an impressive array of on premise, cloud based, infrastructure technologies to support its member Councils.

Delivering the core services of messaging, document management, and financial ERP systems, the infrastructure is built around IBM PureFlex Systems with a chassis and associated x240 compute node blade servers. Integrated ethernet and storage modules simplify configuration making the system scalable.

Further supplementing this foundation, the addition of independent x3650 standalone servers has created a virtualisation cluster of 8 physical servers and a pool of resources surpassing 3.5 Terabytes of physical memory and 55 Terabytes of Production storage. CouncilBIZ has designed the server delivery with an emphasis on siloed systems to protect our members. During 2016/17 CouncilBIZ added another 163 Terabytes of storage to enable better backup and recovery functions.

Redundant 10 GB Brocade Top of Rack switching optimises the data networks within the core and provides fault tolerance. Multiple storage options, including IBM Flashsystems, and Storwize V7000 easy Tier technology, provide significant opportunities for growth and unprecedented speed for the virtual environment.

Sitting on top of the base infrastructure, application delivery is accomplished via the latest Citrix XenDesktop 7.6 Farm. Citrix Machine Creation Services leveraging VMWare allow for “single-click” provisioning of XenApp servers custom built for each Council. The end user experience is further enhanced by presenting the farm through an active/passive cluster of Storefront web servers and Netscaler gateway appliances ensuring consistent delivery of the farm 24 hours a day both internally and externally to the corporate LAN.

This system is being refreshed in 2017-18. A tender process was conducted during May 2017 for replacement hardware, and Microsoft licenses upgraded, ready for an implementation project early in the 2017/18 financial year. These purchases committed a little over \$700,000 in funds.



## CouncilBIZ Services

Utilising the array of infrastructure that CouncilBIZ provides for its members, CouncilBIZ hosts the Technology One financial, property and asset management suite of software, Magiq Documents (InfoXpert) document management, InfoCouncil agenda management, the full suite of Microsoft Office productivity software for use by the members. Some additional software databases are hosted for individual members. Helpdesk services are offered for both general network support and assistance with the common hosted software.

In September 2016 CouncilBIZ updated its Technology One suite to include additional functionality that has become available since the 2008 license purchase. This committed nearly \$250,000 in funds.

A major project was undertaken to update the Technology One software with patches that covered a three year period, whilst reconfiguring the database configuration to Technology One's forward looking structure. This project was completed with only one days outage for each member.

CouncilBIZ provides joint procurement of insurance brokerage services for the nine members, with a three year contract with Jardine Lloyd Thompson that expired in March 2017. This was renewed for twelve months whilst the LGANT led project on insurance services for all Northern Territory councils was progressed.

A program of training in Records Management was delivered in Darwin, Katherine and Alice Springs. All nine members received individual training in Technology One software features.

For West Daly Regional Council CouncilBIZ services expanded to now carry out financial processing of accounts payable, receivable, rates, general ledger transactions, payroll, grants reporting and asset registers. The year also saw CouncilBIZ provide management services to West Daly following the departure of the Council CEO in November 2016 until a replacement was recruited in June 2017.

During 2016-17 CouncilBIZ commenced payroll processing for Barkly Regional Council in a shared resource arrangement with Victoria Daly Regional Council.

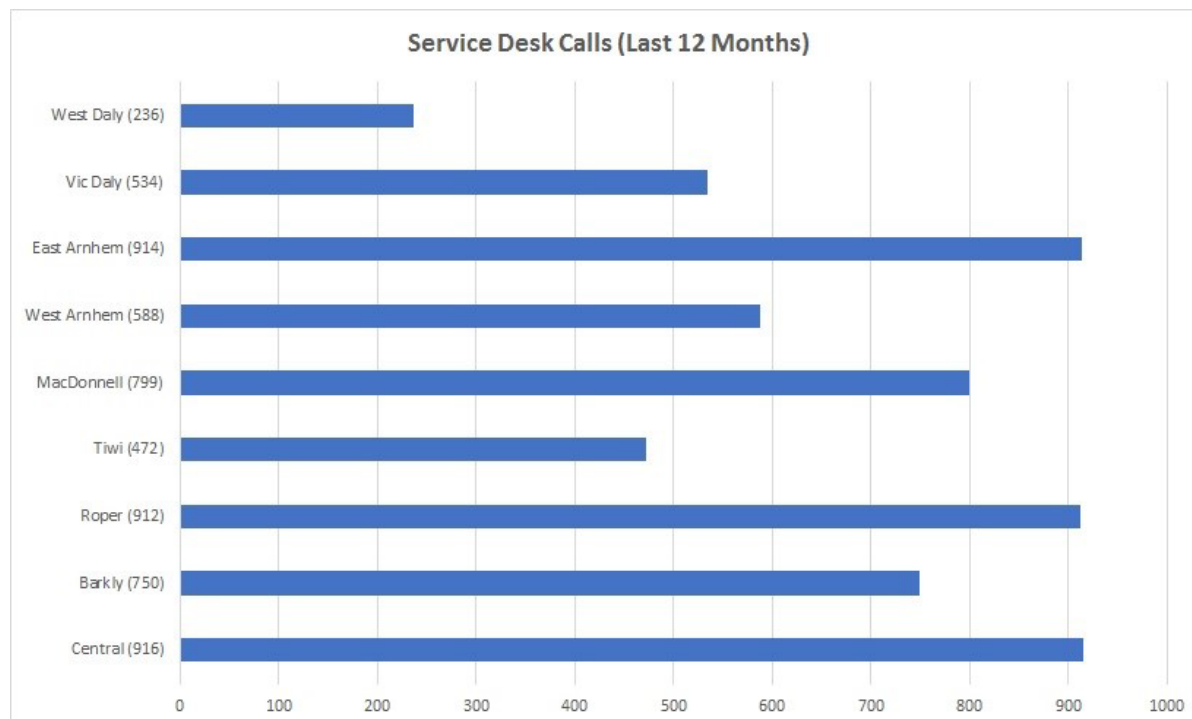
The following table details the direct service fees contributed by each member, which are calculated by 50% of the cost being shared equally, and 50% in proportion to the number of users from each member. Overall, member fees were nearly \$60,000 less than the previous year, and \$829,000 less than in 2014/15.

<u>Service Fees</u>	<u>2015/16</u>	<u>2016/17</u>
Barkly Regional Council	273,139.75	278,070.35
Central Desert Regional Council	311,223.41	292,187.05
East Arnhem Regional Council	268,993.52	265,711.96
MacDonnell Regional Council	327,986.32	307,127.17
Roper Gulf Regional Council	300,108.36	297,512.51
Tiwi Islands Regional Council	237,587.50	216,622.08
Victoria Daly Regional Council	218,355.44	217,983.05
West Arnhem Regional Council	222,792.85	218,230.38
West Daly Regional Council	182,762.11	191,073.50
	<u>2,342,949.26</u>	<u>2,284,518.05</u>

<u>Financial/HR Processing Fees</u>	<u>2015/16</u>	<u>2016/17</u>
West Daly Regional Council	164,500	372,300
Victoria Daly Regional Council		37,500
Barkly Regional Council		37,500

During the year CouncilBIZ received 6,121 support calls (6,652 in 2015/16) from the user population.

A major portion of the shared resources are consumed by the storage of data and documents by the member Councils. The following charts give an indication of the size and scope of the operation:

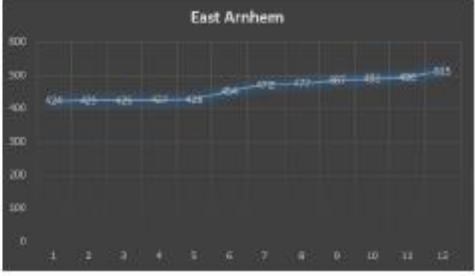
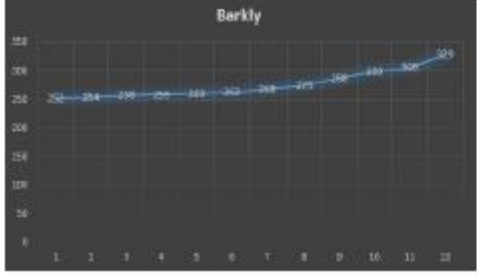
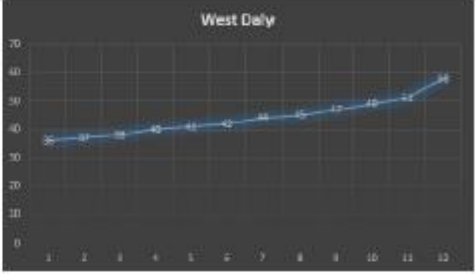
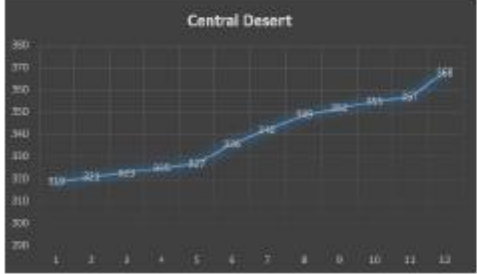
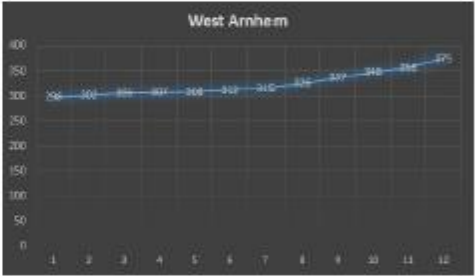
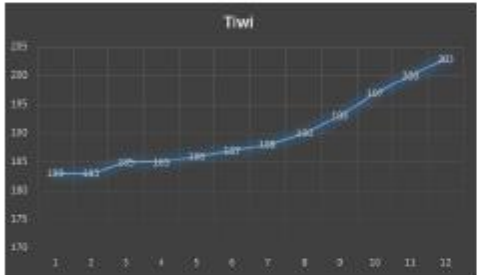
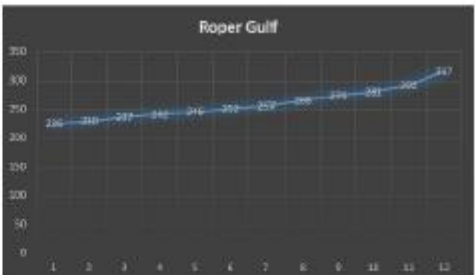
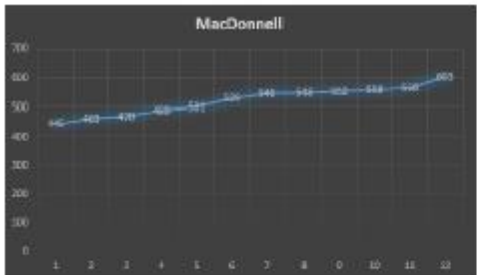






# Windows Server

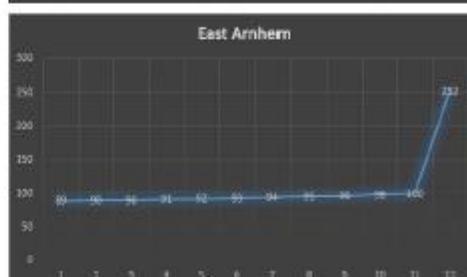
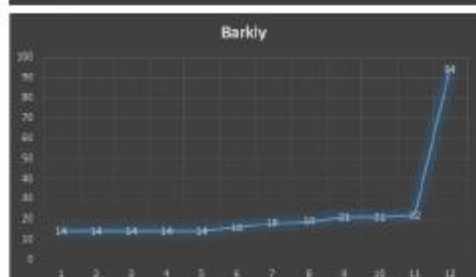
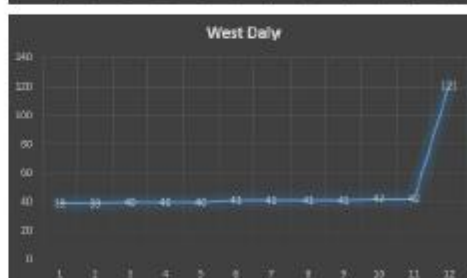
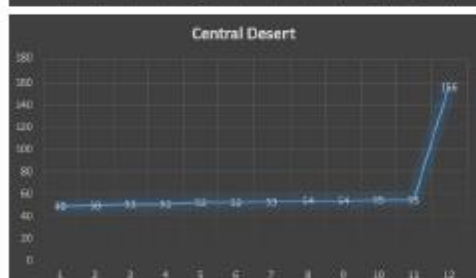
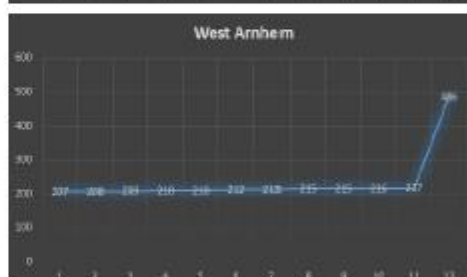
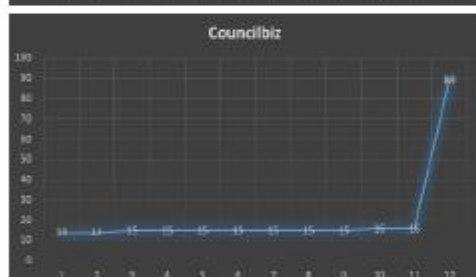
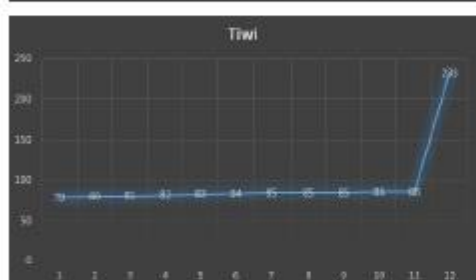
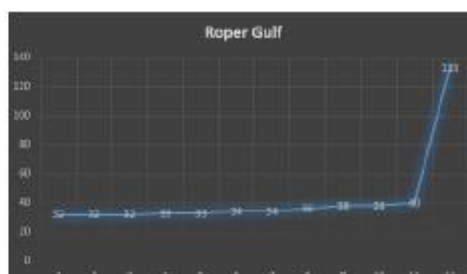
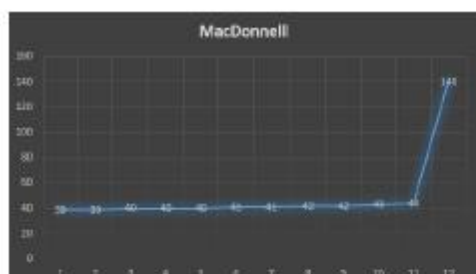
Storage Growth For Past 12 Months (G & P Drives)



\*the significant growth in each Council Technology One storage was due to a reconfiguration of the database structure to mirror recommended setup.

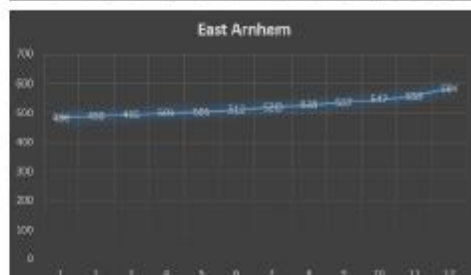
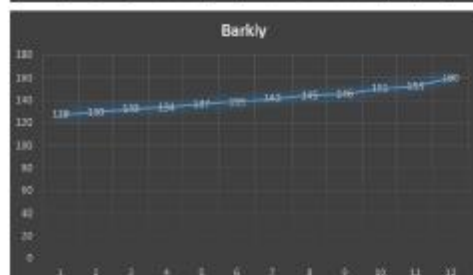
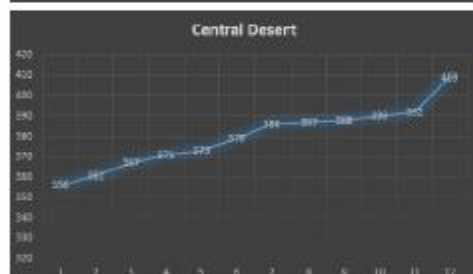
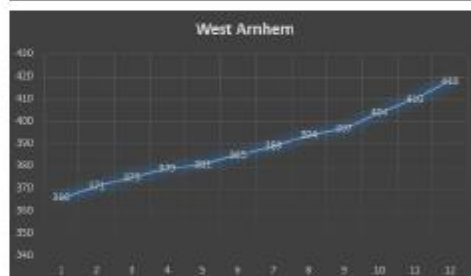
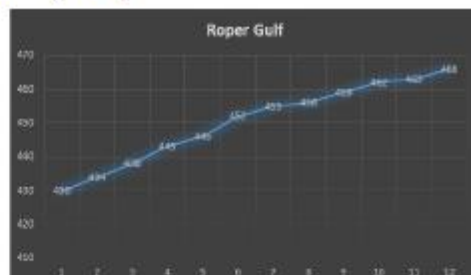
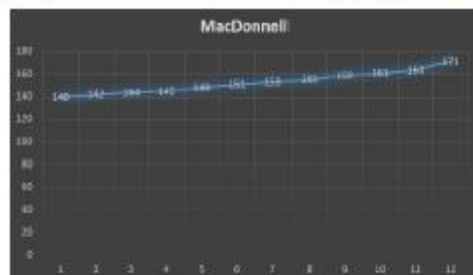


#### Storage Growth For Past 12 Months (Financial Systems)



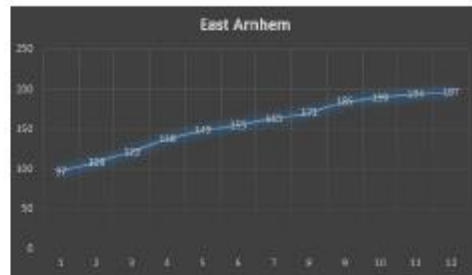
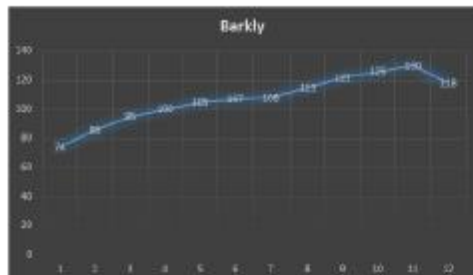
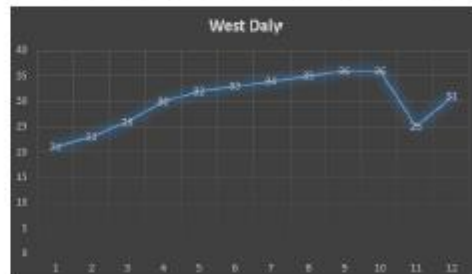
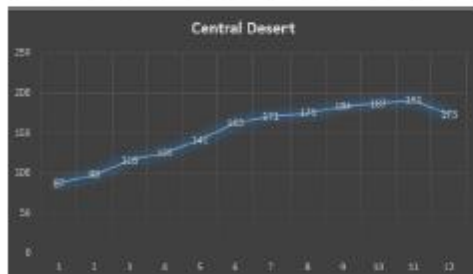
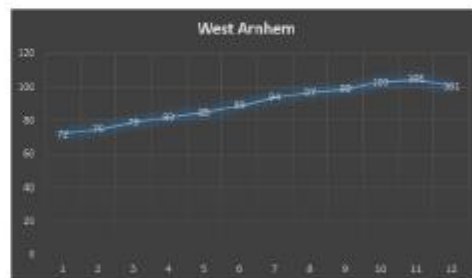
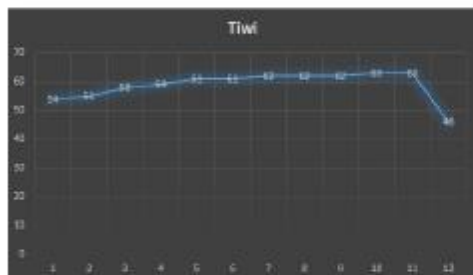
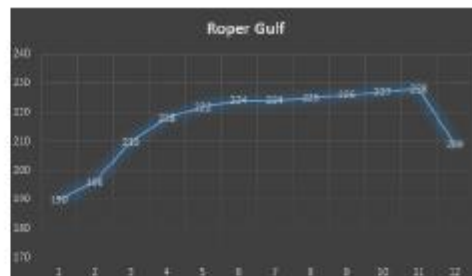
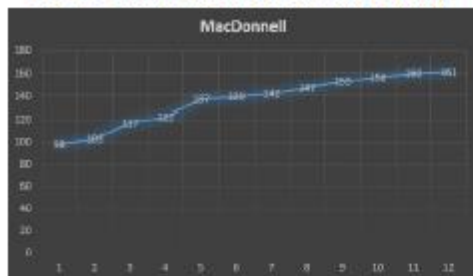


## Storage Growth For Past 12 Months (Magiq Document Management)





## Storage Growth For Past 12 Months (Emails)



## **CouncilBIZ Annual Accounts 2016-17**

CouncilBIZ continues to be in a healthy financial state. Accumulated funds exceed \$2.1m.

During the 2016/17 year the Board reduced planned service fee income from Members to a level that ensured CouncilBIZ received sufficient income to cover direct operating expenses excluding depreciation.

Sufficient funds are available to implement the next major refresh cycle of equipment and software scheduled for 2017/18 financial year.

**COUNCILBIZ**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2017**

**COUNCILBIZ**

**GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Page</b>
Executive Officer's Statement	3
Independent Auditor's Report	4
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

## **COUNCILBIZ**

### **EXECUTIVE OFFICER'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

I, the Executive Officer of CouncilBIZ, certify that the Annual Financial Statements:

- (a) have been, to the best of my knowledge, information and belief, properly drawn up in accordance with all applicable Australian Accounting Standards, the Local Government Act, Local Government (Accounting) Regulations and the CouncilBIZ Constitution so as to present fairly the financial position of CouncilBIZ and its results for the year ended 30 June 2017; and
- (b) are in accordance with the accounting and other records of CouncilBIZ.



Michael Freeman

General Manager

Darwin, 31 October 2017



## INDEPENDENT AUDITOR'S REPORT

To the members of CouncilBIZ.

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of CouncilBIZ, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the executive officer's statement.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of CouncilBIZ as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The board members are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of management and Board Members for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing CouncilBIZ's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CouncilBIZ or to cease operations, or has no realistic alternative but to do so.

Board members are responsible for overseeing the CouncilBIZ's financial reporting process.

## **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit (NT)**

**C Taziwa**

Partner

Darwin: 1 November 2017

**COUNCILBIZ**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Operating Revenues</b>			
Investment revenue	3(a)	34,278	32,941
Service fee and other operating revenues	3(b)	2,784,682	2,535,259
<b>Total operating revenues</b>		<u>2,818,960</u>	<u>2,568,200</u>
<b>Operating Expenses</b>			
Employee costs	4(a)	1,568,963	1,270,530
Depreciation and amortisation	4(b)	160,973	276,719
Contract expenditure	4(c)	839,705	771,570
Other operating expenses	4(d)	382,698	419,236
<b>Total operating expenses</b>		<u>2,952,339</u>	<u>2,738,055</u>
Gain on disposal of property, plant and equipment	3(c)	-	4,700
<b>(Deficit) for the year</b>		<u>(133,379)</u>	<u>(165,155)</u>
Other comprehensive income		-	-
<b>Total Comprehensive Income/ (Loss)</b>		<u><u>(133,379)</u></u>	<u><u>(165,155)</u></u>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

# COUNCILBIZ

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	2,037,782	2,043,389
Trade and Other Receivables	6	32,794	60,316
Other assets	7	296,892	229,984
<b>Total Current Assets</b>		<b>2,367,468</b>	<b>2,333,689</b>
<b>Non-Current Assets</b>			
Other assets	7	8,148	8,148
Property, Plant and Equipment	8	270,247	151,526
<b>Total Non-Current Assets</b>		<b>278,395</b>	<b>159,674</b>
<b>Total Assets</b>		<b>2,645,863</b>	<b>2,493,363</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	271,437	54,902
Provision for Employee Entitlements	9	163,218	75,501
<b>Total Current Liabilities</b>		<b>434,655</b>	<b>130,403</b>
<b>Non-Current Liabilities</b>			
Provision for Employee Entitlements	9	32,203	50,576
<b>Total Non-Current Liabilities</b>		<b>32,203</b>	<b>50,576</b>
<b>Total Liabilities</b>		<b>466,858</b>	<b>180,979</b>
<b>NET ASSETS</b>		<b>2,179,005</b>	<b>2,312,384</b>
<b>EQUITY</b>			
Asset Replacement Reserve		667,826	700,000
Business Reserve		752,482	1,000,000
Productivity Reserve		300,000	300,000
Accumulated Funds		458,697	312,384
<b>Total Equity</b>	10	<b>2,179,005</b>	<b>2,312,384</b>

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

# COUNCILBIZ

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Asset Replacement Reserve \$	Business Reserve \$	Productivity Reserve \$	Accumulated Funds \$	Total \$
<b>Accumulated Funds</b>					
Balance at 1 July 2015	-	-	-	2,477,539	2,477,539
Deficit for the year	-	-	-	(165,155)	(165,155)
Transfer to Other Reserves	700,000	1,000,000	300,000	(2,000,000)	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2016	700,000	1,000,000	300,000	312,384	2,312,384
(Deficit) for the year	-	-	-	(133,379)	(133,379)
Transfer from Other Reserves	(32,174)	(247,518)	-	279,692	-
Other comprehensive income for the year	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>667,826</b>	<b>752,482</b>	<b>300,000</b>	<b>458,697</b>	<b>2,179,005</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**COUNCILBIZ**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Cash flow from operating activities</b>			
Receipts from user charges and fees		2,773,873	2,569,922
Interest received		34,278	32,941
Payments to employees		(1,376,525)	(1,268,661)
Payments for materials and contracts		(1,157,540)	(1,497,710)
<b>Net cash from/(used in) operating activities</b>	11(b)	274,086	(163,508)
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	17,086
Purchase of property, plant and equipment		(32,176)	-
Purchase of intangibles		(247,518)	-
<b>Net cash (used)/provided by investing activities</b>		(279,694)	17,086
Net decrease in cash and cash equivalents		(5,608)	(146,422)
Cash and cash equivalents at the beginning of the financial year		2,043,389	2,189,811
<b>Cash and cash equivalents at the end of the financial year</b>	11(a)	2,037,781	2,043,389

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

## **COUNCILBIZ**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements of CouncilBIZ, is a not-for-profit-entity, are set out below. The financial statements were authorised for issue by the Board on 31 October 2017. These policies have been consistently applied, unless otherwise stated.

##### *The Local Government Reporting Entity*

The consolidated fund through which CouncilBIZ controls resources to carry on its functions has been included in the financial statements forming part of this report.

In the process of reporting on CouncilBIZ as a single unit, all transactions and balances between functional areas have been eliminated. A summary of contributions to the operating result and net assets by function is provided at note 2(a).

##### *General information*

CouncilBIZ is a Local Government Subsidiary established under the Local Government Act.

Its members are:

- Local Government Association of the Northern Territory (LGANT)
- Barkly Regional Council
- Central Desert Regional Council
- East Arnhem Regional Council
- MacDonnell Regional Council
- Roper Gulf Regional Council
- Tiwi Islands Regional Council
- Victoria Daly Regional Council
- West Arnhem Regional Council
- West Daly Regional Council

The principal activity of CouncilBIZ is to provide information technology support, shared services, financial services and procurement services to the Northern Territory Regional Councils.

##### **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to CouncilBIZ. The Board have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to CouncilBIZ but applicable in future reporting periods is set out as follows:

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF ACCOUNTING POLICIES (cont.)

##### New Accounting Standards for Application in Future Periods (cont.)

*AASB 9 : Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).*

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect CouncilBIZ on initial application include certain simplifications to the classification of financial assets and upfront accounting for expected credit loss.

Although the Board anticipate that the adoption of AASB 9 may have an impact on the CouncilBIZ's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

*AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Board anticipate that the adoption of AASB 16 will impact the CouncilBiz's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.



## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF ACCOUNTING POLICIES (cont.)

##### New Accounting Standards for Application in Future Periods (cont.)

*AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1*

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application.

Although the Board anticipate that the adoption of AASB 1058 may have an impact on the CouncilBIZ's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

*AASB 2016-4: Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2017).*

This Standard amends AASB 136: *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-generating specialised assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: *Intangible Assets*, but applies to such assets accounted for under the cost model in those Standards.

AASB 2016-4 is not expected to have a significant impact on the CouncilBIZ's financial statements.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF ACCOUNTING POLICIES (cont.)

##### New Accounting Standards for Application in Future Periods (cont.)

###### **Basis of preparation**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Local Government Act and Regulations. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB').

These financial statements comprise CouncilBIZ financial statements as an individual entity. For the purposes of preparing the financial statements, the entity is a not-for-profit entity.

The financial statements are presented in Australian dollars, which is the functional and presentation currency. All amounts have been rounded off to the nearest dollar.

###### *Historical cost convention*

The financial statements have been prepared on a historical cost convention.

###### *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying CouncilBIZ accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(m).

#### (a) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to CouncilBIZ and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable.

##### (i) Services fee revenue

Service fee revenue is recognised when the outcome of such transactions can be measured reliably.

##### (ii) Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### (iii) Sale of property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has passed from CouncilBIZ.

## **COUNCILBIZ**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF ACCOUNTING POLICIES (cont.)**

##### **(a) Revenue recognition (cont.)**

###### **(iv) Grants**

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

##### **(b) Income tax**

CouncilBIZ is exempt from Income Tax under section 50-25 of the Income Tax Assessment Act 1997.

##### **(c) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

##### **(d) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of readily convertible to known amounts of cash and which are subject to an insignificant risk of changes three months or less, that are in value.

##### **(e) Trade and other receivables**

Trade receivables are recognised at original invoice amounts less an allowance for uncollectable amounts and have repayment terms between 30 and 90 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that CouncilBIZ will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 60 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

## **COUNCILBIZ**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. SUMMARY OF ACCOUNTING POLICIES (cont.)**

##### **(f) Property, plant and equipment**

All property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment / Furniture and fittings / Infrastructure	3 to 11 years
---	---------------

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to CouncilBIZ. Gains and losses between carrying amount and the disposal proceeds are taken to profit or loss.

##### **(g) Intangibles**

Intangible assets acquired are recorded at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with any changes in this accounting estimates being accounted for on a prospective basis.

Software is recorded at cost. It has a useful life of five years and is carried at cost less accumulated amortisation and any impairment losses. It is assessed annually for impairment.

##### **(h) Impairment of non financial assets**

Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

##### **(i) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to CouncilBIZ prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF ACCOUNTING POLICIES (cont.)

##### (j) Employee benefits, wages and salaries and Annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to reporting date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of Trade and other payables and liabilities for annual leave are included as part of provisions.

##### *Long service leave*

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future cash payments to be made in respect of the services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

##### (k) Goods and services tax

Revenues, expenses are recognised net of Goods and Service Tax (GST) except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

##### (l) Financial Instruments

##### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights and obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

##### *Financial Assets*

##### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### *Financial Liabilities*

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1. SUMMARY OF ACCOUNTING POLICIES (cont.)

##### (l) Financial Instruments (cont.)

###### *Impairment*

At the end of each reporting period CouncilBIZ assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### (m) Critical Accounting Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

###### *Estimation of useful lives of property and equipment*

CouncilBIZ determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Net book value of property and equipment amounted to \$270,247 as at 30 June 2017 (\$151,526 in 2016).

###### *Impairment of property and equipment*

CouncilBIZ assesses impairment of non-current assets at each reporting date by evaluating conditions specific to CouncilBIZ and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. No impairment loss recognised as at 30 June 2017 (nil in 2016).

###### *Long service leave provision*

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates, pay increases through promotion and inflation have been taken into account. Long service leave provision recognised amounted to \$65,345 as at 30 June 2017 (\$50,576 in 2016).

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2(a) Components of functions**

Revenues, expenses and assets have been attributed to the following functions/activities. Details of these functions/activities are provided at Note 2(b).

	<b>GENERAL PUBLIC SERVICES</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING REVENUES</b>		
User Charges and fees:		
- Barkly Regional Council	278,070	273,140
- Central Desert Regional Council	292,187	311,223
- East Arnhem Regional Council	265,712	268,994
- MacDonnell Regional Council	307,127	327,986
- Roper Gulf Regional Council	297,513	300,108
- Tiwi Islands Regional Council	216,622	237,588
- Victoria Daly Regional Council	217,983	218,355
- West Arnhem Regional Council	218,230	222,793
- West Daly Regional Council	191,074	182,762
	<b>2,284,518</b>	<b>2,342,949</b>
Finance Processing fees		
- Barkly Regional Council	37,500	-
- Victoria Daly Regional Council	37,500	-
- West Daly Regional Council	372,300	164,500
	<b>447,300</b>	<b>164,500</b>
Supplied Management Services		
- Victoria Daly Regional Council	3,300	24,800
- West Daly Regional Council	45,064	-
	<b>48,364</b>	<b>24,800</b>
Investment revenue	34,278	32,941
Gain on disposal of plant and equipment	-	4,700
Other income	4,500	3,010
<b>TOTAL REVENUES</b>	<b>2,818,960</b>	<b>2,572,900</b>
<b>OPERATING EXPENSES</b>		
Employee costs - Normal	966,750	1,123,726
Employee costs - Finance Processing	409,773	146,804
Materials and contracts	704,506	628,556
Depreciation and amortisation expenses	160,973	276,719
Other operating expenses	710,337	562,250
<b>TOTAL EXPENSES</b>	<b>2,952,339</b>	<b>2,738,055</b>
<b>TOTAL</b>	<b>(133,379)</b>	<b>(165,155)</b>
<b>ASSETS (Non-current)</b>	<b>270,247</b>	<b>151,526</b>

# COUNCILBIZ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 2(b) Components of functions

The activities relating to CouncilBIZ functions reported on in Note 2(a) are as follows:

#### General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services.

	2017	2016
	\$	\$
<b>3. Operating revenues</b>		
<b>(a) Investment Revenue</b>		
Interest on Bank deposits	34,278	32,941
<b>Total interest on bank deposits</b>	<b>34,278</b>	<b>32,941</b>
<b>(b) Service fee and other operating revenues</b>		
Service fee income	2,731,818	2,507,449
Supplied Management Services	52,864	27,810
<b>Total Service fee and other operating revenue</b>	<b>2,784,682</b>	<b>2,535,259</b>
<b>(c) Gain on disposal of property, plant and equipment</b>		
Gain on disposal of property, plant and equipment	-	4,700
<b>Total Gain on disposal of property, plant and equipment</b>	<b>-</b>	<b>4,700</b>
<b>4. Operating expenses</b>		
<b>(a) Employee costs</b>		
Salaries and wages - Normal	830,278	839,168
Salaries and wages - Finance Processing	355,218	133,743
	<b>1,185,496</b>	<b>972,911</b>
Employee leave benefits - Normal	136,472	143,820
Employee leave benefits - Finance Processing	54,555	7,689
	<b>191,027</b>	<b>151,509</b>
Superannuation	127,596	102,190
Staff training costs	10,790	-
Operating training costs	38,659	19,872
Other	15,395	24,048
<b>Total operating employee costs</b>	<b>1,568,963</b>	<b>1,270,530</b>



**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>4. Operating expenses (cont.)</b>		
<b>(b) Depreciation and amortisation expenses</b>		
Infrastructure	120,902	270,109
Furniture and fittings	2,538	2,538
Plant and equipment	371	510
Intangibles	37,162	-
Motor vehicles	-	3,562
<b>Total depreciation and amortisation expenses</b>	<b>160,973</b>	<b>276,719</b>
<b>(c) Contract expenditure</b>		
Operating lease expense property	135,200	143,014
Software license maintenance and development	307,714	354,903
Server management	396,791	273,653
<b>Total contract expenditure</b>	<b>839,705</b>	<b>771,570</b>
<b>(d) Other operating expenses</b>		
Audit fees	14,800	30,200
Communication expenses	241,687	186,676
Consulting fees	23,201	75,415
LGANT insurance project	33,150	-
Insurance	28,361	25,194
Legal expenses	2,000	516
Motor vehicle costs	-	1,668
Travel, accommodation and airfares	2,016	15,095
Utilities	11,515	11,424
Other	25,968	73,048
<b>Total other operating expenses</b>	<b>382,698</b>	<b>419,236</b>
<b>5. Cash and cash equivalents</b>		
Cash at bank - Operational general	2,037,282	2,042,889
Petty cash	500	500
<b>Total cash and cash equivalents</b>	<b>2,037,782</b>	<b>2,043,389</b>
<b>6. Trade and other receivables</b>		
Trade and other receivables	32,794	60,316
<b>Total unrestricted trade and other receivables</b>	<b>32,794</b>	<b>60,316</b>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>7. Other assets</b>		
Current		
Accrued revenue	-	6,384
Prepayments	296,892	223,600
<b>Total other assets</b>	<u>296,892</u>	<u>229,984</u>
Non-current		
Other	8,148	8,148
	<u>8,148</u>	<u>8,148</u>
<b>8. Property, Plant and Equipment and Intangibles</b>		
Infrastructure		
Cost	1,808,613	1,776,438
Accumulated Depreciation	(1,768,322)	(1,647,421)
	<u>40,291</u>	<u>129,017</u>
Furniture and fittings		
Cost	58,336	58,336
Accumulated Depreciation	(39,052)	(36,514)
	<u>19,284</u>	<u>21,822</u>
Plant and Equipment		
Cost	1,928	1,928
Accumulated Depreciation	(1,612)	(1,241)
	<u>316</u>	<u>687</u>
Intangibles		
Cost	254,627	7,109
Accumulated amortisation	(44,271)	(7,109)
	<u>210,356</u>	<u>-</u>
<b>Property, Plant and Equipment and Intangibles</b>	<u>270,247</u>	<u>151,526</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

8. Property, Plant and Equipment and Intangibles (cont.)

	2016 \$					CARRYING AMOUNT MOVEMENTS DURING THE YEAR \$							2017 \$	
	At Cost	Accumulated Depreciation/ Amortisation	Carrying Amount	Asset Purchase	Asset Transfers (Cost)	Asset Disposal (Cost)	Asset Transfer (Accum Depr)	Asset Disposal (depreciation/ amortisation)	Depreciation/ Amortisation Expense	At Cost	Accumulated Depreciation/ Amortisation	Carrying Amount		
<b>UNRESTRICTED</b>														
Infrastructure	1,776,438	(1,647,421)	129,017	32,176	-	-	-	-	(120,902)	1,808,614	(1,768,323)	40,291		
Furniture and Fittings	58,336	(36,514)	21,822	-	-	-	-	-	(2,538)	58,336	(39,052)	19,284		
Plant and Equipment	1,928	(1,241)	687	-	-	-	-	-	(371)	1,928	(1,612)	316		
<b>Total Property, plant and equipment</b>	<b>1,836,702</b>	<b>(1,685,176)</b>	<b>151,526</b>	<b>32,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123,811)</b>	<b>1,868,878</b>	<b>(1,808,988)</b>	<b>59,891</b>		
Intangibles	7,109	(7,109)	-	247,518	-	-	-	-	(37,162)	254,627	(44,271)	210,356		
<b>Total Intangibles</b>	<b>7,109</b>	<b>(7,109)</b>	<b>-</b>	<b>247,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,162)</b>	<b>254,627</b>	<b>(44,271)</b>	<b>210,356</b>		
<b>TOTAL UNRESTRICTED</b>	<b>1,843,811</b>	<b>(1,692,285)</b>	<b>151,526</b>	<b>279,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(160,973)</b>	<b>2,123,505</b>	<b>(1,853,259)</b>	<b>270,247</b>		

# COUNCILBIZ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
<b>9. Trade and other payables and provisions</b>		
<i>Trade and other payables:</i>		
Trade and other payables	209,919	28,411
Accrued expenses	61,518	24,598
Other	-	1,893
<b>Total trade and other payables</b>	<b>271,437</b>	<b>54,902</b>

No interest is charged on the trade payables for the first 30 days from the date of the invoice. CouncilBIZ has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### *Provisions for Employee Entitlement*

Annual leave (current)	130,076	75,501
Long service leave (current)	33,142	-
Long service leave (non-current)	32,203	50,576
<b>Total provisions</b>	<b>195,421</b>	<b>126,077</b>

## **10. Equity and Reserves**

### **Reserves**

Asset replacement reserve	667,826	700,000
Business reserve	752,482	1,000,000
Productivity reserve	300,000	300,000
Accumulated surplus	458,697	312,384
<b>Total Reserves</b>	<b>2,179,005</b>	<b>2,312,384</b>

### **Productivity reserve**

The productivity reserve is for the upgrade and replacement of Microsoft desktop software.

### **Business reserve**

The business reserve is for the upgrade and implementation of the business software used by Members.

### **Asset replacement reserve**

The asset replacement reserve is for the core hardware and operating system software.

The movement of \$32,174 from prior year relates to the purchase of property, plant and equipment. See Note 8.

# COUNCILBIZ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 11 Statement of cash flows reconciliation

#### (a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2017	2016
	\$	\$
Cash on hand and at bank	2,037,782	2,043,389
Balance per Statement of Cash Flows	<u>2,037,782</u>	<u>2,043,389</u>

#### (b) Reconciliation of surplus for the year to net cash flows provided by operating activities

(Deficit)/Surplus for the year	(133,379)	(165,155)
Add back non-cash items:		
Gain on disposal of property, plant and equipment	-	(4,700)
Depreciation and amortisation expense	160,973	276,719
Net cash provided by operating activities before change in assets and liabilities	<u>27,594</u>	<u>106,864</u>
Change in assets and liabilities during the reporting year:		
Movement in trade and other receivables	27,522	2,467
Movement in other assets	(66,908)	32,193
Movement in trade and other payables	181,507	(303,616)
Movement in provisions	69,344	26,366
Movement in other liabilities	35,027	(27,782)
Net cash (expended)/ provided by operating activities	<u>274,086</u>	<u>(163,508)</u>

#### (c) Non-cash financing and investing activities

CouncilBIZ does not have any other non-cash financing and investing activities.

#### (d) Financing facilities

CouncilBIZ does not have any financing facilities or arrangements in place.

### 12. Commitments for expenditure - operating lease

Committed at the reporting date but not recognised as a liability

Within one year	110,000	124,800
One to five years	108,333	239,200
	<u>218,333</u>	<u>364,000</u>

#### Leasing arrangements

Operating lease relate to office accommodation of CouncilBIZ at 14 Shepherd Street, Darwin and the lease runs till 31 May 2019.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 13. Financial risk management

##### (a) General objectives, policies and processes

In common with all other businesses, CouncilBIZ is exposed to risks that arise from its use of financial instruments. This note describes CouncilBIZ objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in CouncilBIZ exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

CouncilBIZ hold the following financial instruments:

	2017	2016
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	2,037,782	2,043,389
Trade and other receivables	32,794	60,316
	<u>2,070,576</u>	<u>2,103,705</u>
<b>Financial liabilities</b>		
Trade and other payables	271,437	54,902
	<u>271,437</u>	<u>54,902</u>

CouncilBIZ had no financial instruments that are carried at fair value as at 30 June 2017 and 2016.

The Executive Officer have overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. CouncilBIZ risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of CouncilBIZ where such impacts may be material. The Executive Officer receives monthly reports from management through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies set.

The overall objective of the Executive Officer is to set policies that seek to reduce risk as far as possible without unduly affecting CouncilBIZ flexibility. Further details regarding these policies are set out below:

##### (b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in CouncilBIZ incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to CouncilBIZ outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. The maximum exposure to credit risk at the end of the reporting period is as follows:

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**13. Financial risk management (cont.)**

	2017 \$	2016 \$
Cash and cash equivalents	2,037,782	2,043,389
Trade and other receivables	32,794	60,316
	<u>2,070,576</u>	<u>2,103,705</u>

**(c) Liquidity risk**

Vigilant liquidity risk management requires CouncilBIZ to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. CouncilBIZ manages liquidity risk by maintaining adequate cash reserves by continually monitoring actual forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturity Analysis - 2017**

Financial Liabilities	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-interest bearing						
Trade and other payables	271,437	271,437	271,437	-	-	-
<b>TOTAL</b>	<u>271,437</u>	<u>271,437</u>	<u>271,437</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Assets	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-derivatives						
	32,794	32,794	32,794	-	-	-
<b>TOTAL</b>	<u>32,794</u>	<u>32,794</u>	<u>32,794</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Maturity Analysis - 2016**

Financial Liabilities	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-interest bearing						
Trade and other payables	54,902	54,902	54,902	-	-	-
<b>TOTAL</b>	<u>54,902</u>	<u>54,902</u>	<u>54,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Assets	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-derivatives						
Trade and other receivables	60,316	60,316	60,316	-	-	-
<b>TOTAL</b>	<u>60,316</u>	<u>60,316</u>	<u>60,316</u>	<u>-</u>	<u>-</u>	<u>-</u>

# COUNCILBIZ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 14. Contingent Liabilities

CouncilBIZ had no contingent liabilities as at 30 June 2017 (nil in 2016).

### 15. Events Subsequent to end of Reporting Date

No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results of operations and the state of affairs of CouncilBIZ in subsequent financial years.

For information purposes, CouncilBiz purchased a new server totalling \$504,962 and a new Microsoft suite totalling \$220,120 in FY2017/18.

The carrying amount of assets and liabilities as recorded in the financial statements and the realisation and settlement amounts of assets and liabilities have not changed materially since end of reporting date.

### 17 Related Party Transactions

#### Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

Key management personnel compensation:

	2017	2016
	\$	\$
- short-term employee benefits	191,423	192,004
	<u>191,423</u>	<u>192,004</u>

The short-term employee benefits relate to the remuneration of the General Manager's contract. The General Manager's current contract is from 11 January 2016 to 11 January 2018.

#### Transactions with members

The following table provides quantitative information about related party transactions entered into during the year with CouncilBiz.

Further details are provided in Notes 2, and 4.

Related Party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Members	<u>2,784,682</u>	-	-	<u>209,859</u>

#### Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

CouncilBIZ has not identified any other related party transaction of this nature.