

councilBIZ

2018/2019 Annual Report

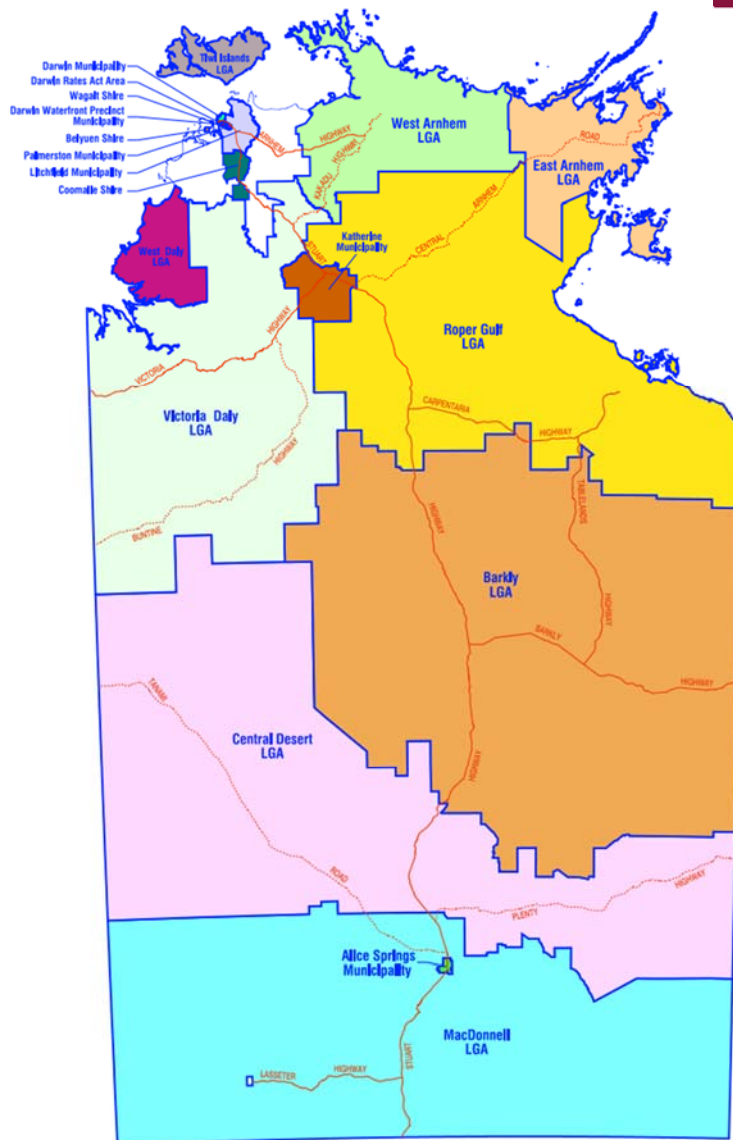


Table of Contents

Overview 3

Chairman’s Message 4

CouncilBIZ Strategy 6

Organisational Structure 7

CouncilBIZ Infrastructure 8

CouncilBIZ Services 10

CouncilBIZ General Purpose Financial Statements 2018-19 16

CouncilBIZ Annual Report 2018-19

Overview

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).

In accordance with the Constitution, 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 February and June. In addition, the Board held strategic planning workshops in February and April.

The Board has an Executive Committee (EC), and an Audit and Risk Management Committee (ARMC).

The EC comprises of four members of the Board and the Chair of the committee is the Chair of the Board. The EC meets every odd month with the exception of January.

The ARMC members are the Chair of the Board and two external independent members. The Chair of ARMC is Elisabeth Tan who is an independent member and the committee met in September and February.

CouncilBIZ has a General Manager, and the organisation has a total staffing complement of seventeen. The organisation operates from leased premises at 14 Shepherd Street, Darwin.

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



Chairman's Message

It is with great pleasure that I present the 2018–19 Annual Report.

2018–19 has been another busy year with many important achievements, one of which was the approval of the new CouncilBIZ Constitution by the Minister in July – our thanks go to the Minister for the work he has undertaken on this.

Another important achievement has been the review of our strategic plan.

Our new strategic plan, *CouncilBIZ 2025* sets a place a positive, constructive and progressive agenda for the next five years. We have a new sense of purpose and a series of clearly defined actions that not only provide direction but also provide an increased sense of accountability. One of the exciting inclusions is an increased focus on innovation and to support this, recruitment for an Innovation Manager will commence in July.

CouncilBIZ 2025 has been developed through a strong collaborative partnership and input from my fellow Board members, the General Manager and other senior staff. My sincere thanks go to each and every one of you for your contribution to this important work.

Policy development has been a significant focus for the Board in 2018–19 and this has involved the development of a Policy Framework and the development of an Executive Committee Policy, a Records Management Policy and an Information Privacy Policy. A Board Member Induction Policy has also been developed and reviewed by the Executive Committee and this will be considered by the Board at our next meeting. In addition, further work is underway on a suite of Governance policies which will be presented for Board consideration in 2019–20. Another significant piece of work has been the development and adoption of Terms of Reference for the Audit and Risk Management Committee.

Additional attention has been placed on compliance and I am pleased to report that all outstanding matters have now been signed off by the Department of Local Government, Housing and Community Development.

In relation to risk management, an IT Controls Review was undertaken and work is progressing on the required actions. To support an enterprise wide approach to risk management, an application was made to the NT Government for funding support to develop a Risk Management Framework.

The application was unsuccessful however, work on this project will now commence in 2019–20 using in-house resources.

The Board also endorsed a Service Level Agreement for Outsourced (Processing) Services and all member councils using these services have signed the agreement. A draft IT Service Level Agreement has been considered by the Board and further development work is continuing to refine this document.

The lease on the premises currently occupied by CouncilBIZ will come to an end in the coming months. The Board is very keen to ensure that the staff are supported and accommodated in a contemporary space and has approved the lease of new office space in Winnellie Point, Winnellie.

Utilising funding securing from the Department of Housing and Community Development CouncilBIZ engaged a consultant to advance records management in all Member councils. This work was primarily focused on assisting councils to meet their obligations under the *Information Act*.

Single Touch Payroll is a mandatory way of reporting PAYG tax and superannuation information to Australian Taxation Office and CouncilBIZ has rolled the system out to all Member councils to ensure compliance.

CouncilBIZ also engaged with NT Department of Local Government, Housing and Community Development and deployed the TechnologyOne Cemetery Module for Member councils.

The TechnologyOne Quotations Module was also rolled out to all Members to assist with meeting the requirements of the NT Local Government Accounting Regulations.

CouncilBIZ continued to engage with Members and delivered training and consulting support in various TechnologyOne Modules such as Finance, HR, Payroll, Asset Management, Budget Management and Supply Chain Management.

It is also pleasing to note that all CouncilBIZ invoices are now processed through a workflow ensuring that there is no manual approval process. In addition, CouncilBIZ staff are now using the Travel and Expense Management Module to ensure all transactions are accurately recorded. Staff have also set up a records management system utilising Magiq to ensure compliance with the Information Act.

Importantly, CouncilBIZ has finished the year in a strong financial position with an unqualified audit.

Michael Freeman concluded his term as General Manager in October and I thank Michael for his contribution to CouncilBIZ. In October, Brendan Dowd was appointed as the Acting General Manager and I also thank Brendan for the contribution that he has and continues to make.

My thanks also go to the staff for their wonderful efforts during the year – well done.

Finally, as I will be retiring in the coming months, I would like to thank all Board member's both past and present for their commitment to CouncilBIZ and support of me in the role of Chair. Much has been achieved and with a new strategic plan in place, I look forward with a great sense of optimism to the growing success of CouncilBIZ.

Tony Tapsell
Chairman

CouncilBIZ Strategy

In June 2019 the Board reset the strategy of CouncilBIZ. The new plan, *CouncilBIZ 2025*, contains the following statements of strategic intent:

Vision

Inspiring and enabling members and customers through creativity, innovation and enterprise.

Mission

We work in a collaborative partnership across our member Councils, delivering value based high quality service.

We do this by actively engaging with our customers, supporting each other and being alert, flexible and future focussed in a rapidly changing environment.

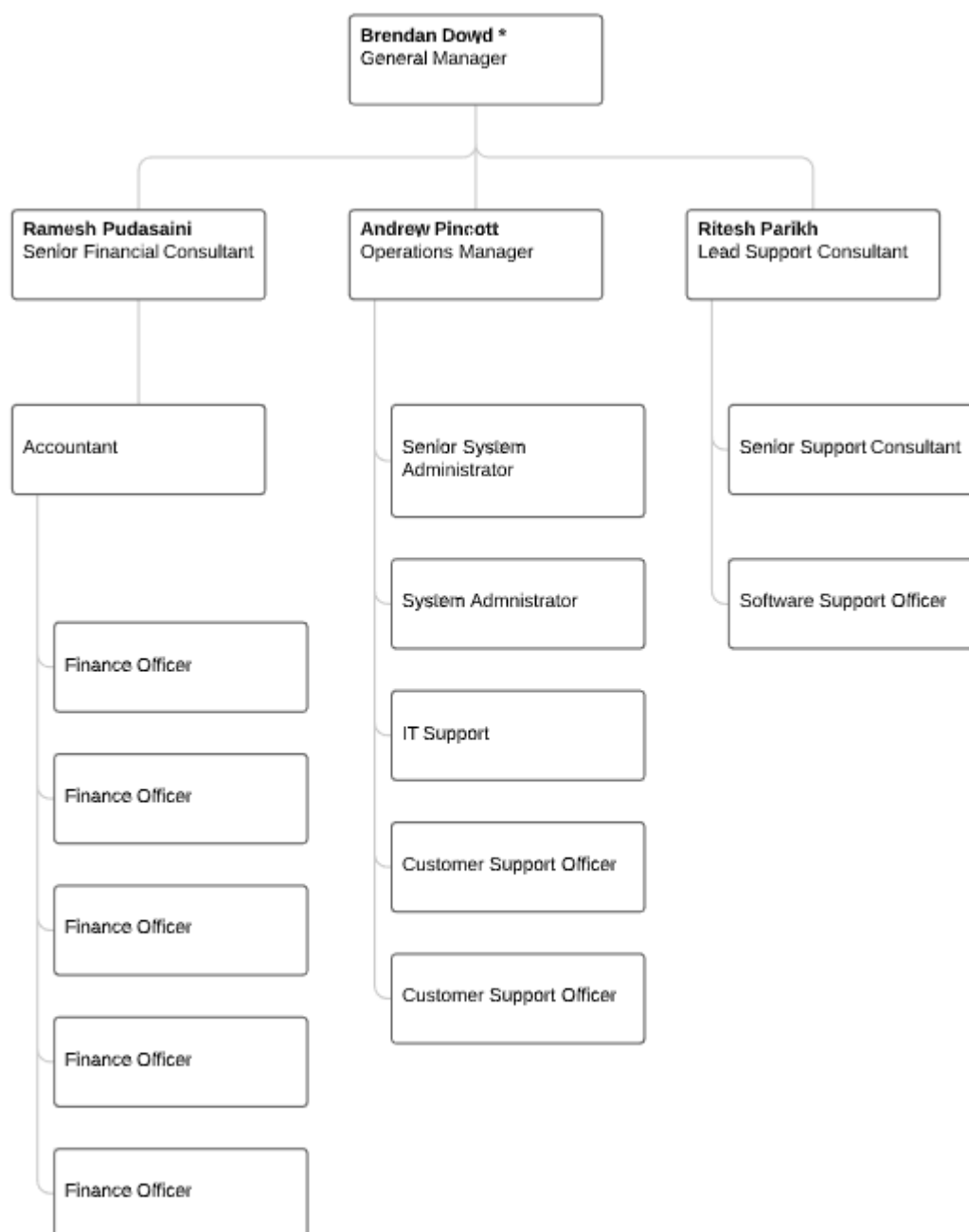
Values

Integrity	We will display integrity in our dealings and in our work
Responsiveness	We will be responsive and focussed to the current and future needs of our customers
Innovation	We will foster and support innovation in all aspects of our work
Accountability	We will be accountable and open in all of our dealings
Respect	Everyone will be treated with respect

Strategies and Goals

1. Service – Deliver service using innovation and creativity
2. Innovation - Foster and support innovation
3. Technology – Assess and implement new solutions that use appropriate technology
4. People – Organise for success
5. Governance – Do the right thing in the right way

Organisational Structure



* Brendan Dowd is the General Manager until March 2020.

Employees are subject to the CouncilBIZ Enterprise Agreement 2017.

CouncilBIZ Infrastructure

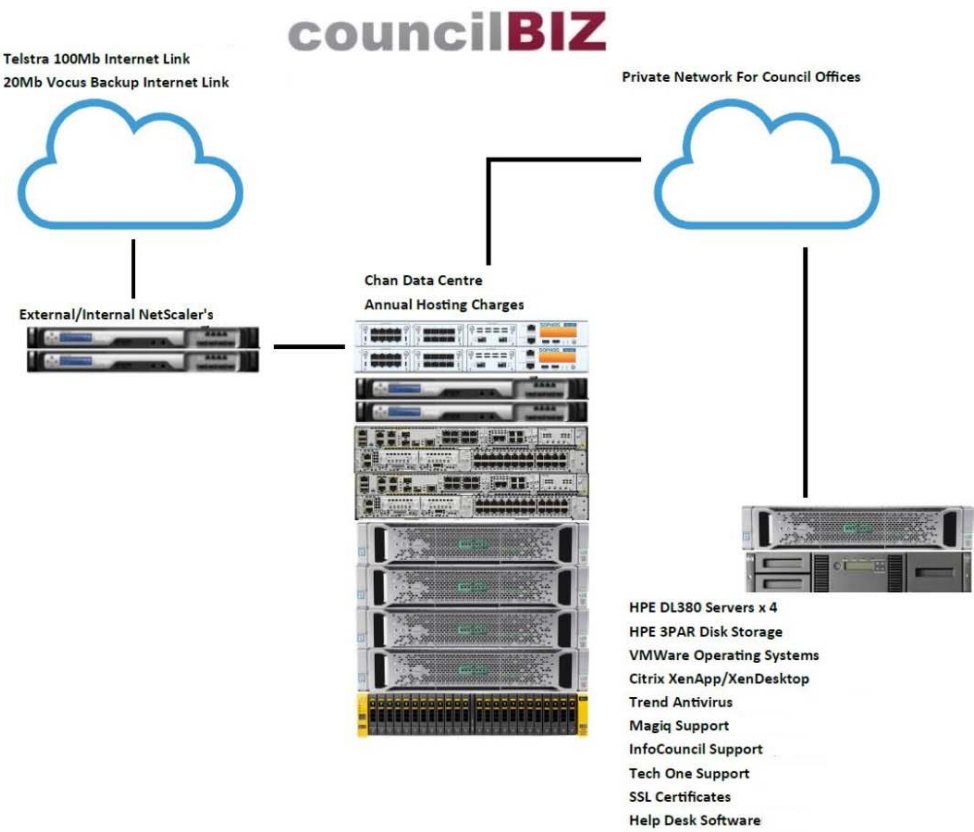
The core data centre infrastructure comprises of an HPE 3PAR full solid state storage array with redundant controllers and network multi-pathing. 4 x HPE DL380 Servers with network multi-pathing and redundant power supplies. The entire solution is tied together with redundant network transport hardware.

The virtualised operating environment currently consists of 282 virtual servers with a pool of resources surpassing 3 Terabytes of physical memory and 160 Terabytes of Production storage. CouncilBIZ has designed the server delivery with an emphasis on siloed systems to protect our members.

The backup environment is hosted offsite at the CouncilBIZ Office. High speed connectivity is provided via a dedicated dark fibre link between the CouncilBIZ and the data centre, where the production environment currently resides. Backup hardware consists of 2 independent network attached storage devices, HP Tape Library and a single backup server. As per best practice CouncilBIZ follows GFS backup regime consisting of daily, weekly & monthly backups. All backup sets are pushed to tape media for long term offline backups for disaster recovery.

Network security is provided by a 3-tier solution from Trend (Internet, Email and Endpoint) which is fully integrated both locally and in the cloud. This has greatly improved network security, ease of management and operating costs.

Application and desktop delivery is accomplished via the latest Citrix 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 enhanced by presenting the farm through a load balanced cluster of Storefront web servers and Netscaler gateway appliances, ensuring consistent secure delivery of the farm 24 hours a day both internally and externally.



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.

CouncilBIZ, along with all of its members, has insurance provided through a trust arrangement established on 1 July 2018.

A program of training in Records Management was delivered in Darwin and Alice Springs.

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.

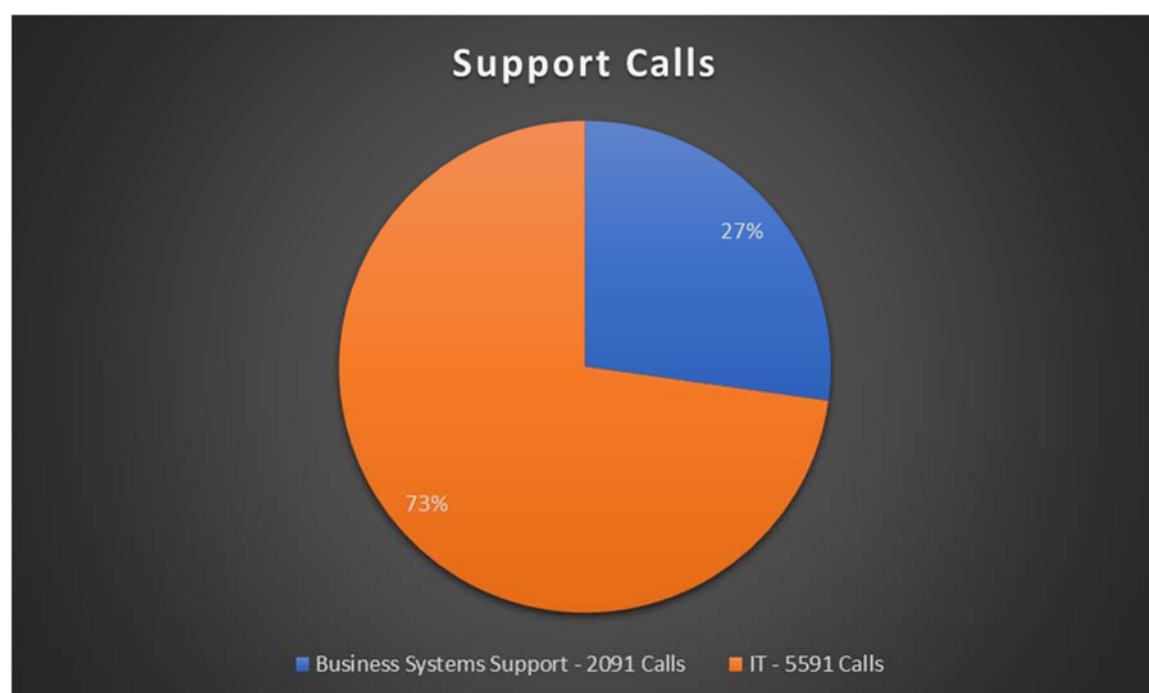
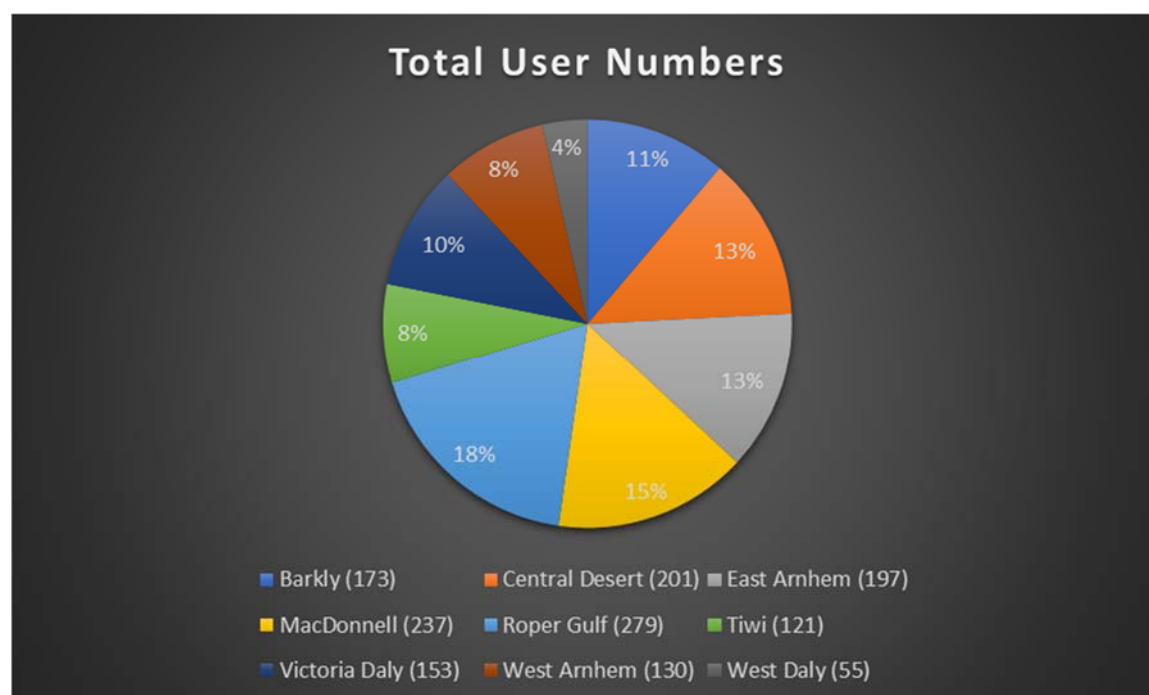
<u>Service Fees</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Barkly Regional Council	278,070	309,680	289,888
Central Desert Regional Council	292,187	342,584	339,249
East Arnhem Regional Council	265,712	304,237	314,670
MacDonnell Regional Council	307,127	342,654	345,903
Roper Gulf Regional Council	297,513	354,370	365,283
Tiwi Islands Regional Council	216,622	244,371	247,960
Victoria Daly Regional Council	217,983	251,840	265,614
West Arnhem Regional Council	218,230	245,965	249,656
West Daly Regional Council	191,074	196,159	195,213
	<hr/> 2,284,518	<hr/> 2,591,861	<hr/> 2,613,435
 <u>Financial/HR Processing Fees</u>	 <u>2016/17</u>	 <u>2017/18</u>	 <u>2018/19</u>
West Daly Regional Council	372,300	329,113	348,238
Victoria Daly Regional Council	37,500	37,471	55,198
Barkly Regional Council	37,500	37,500	62,099
Tiwi Islands Regional Council	-	-	83,732
	<hr/> 447,300	<hr/> 404,084	<hr/> 549,267

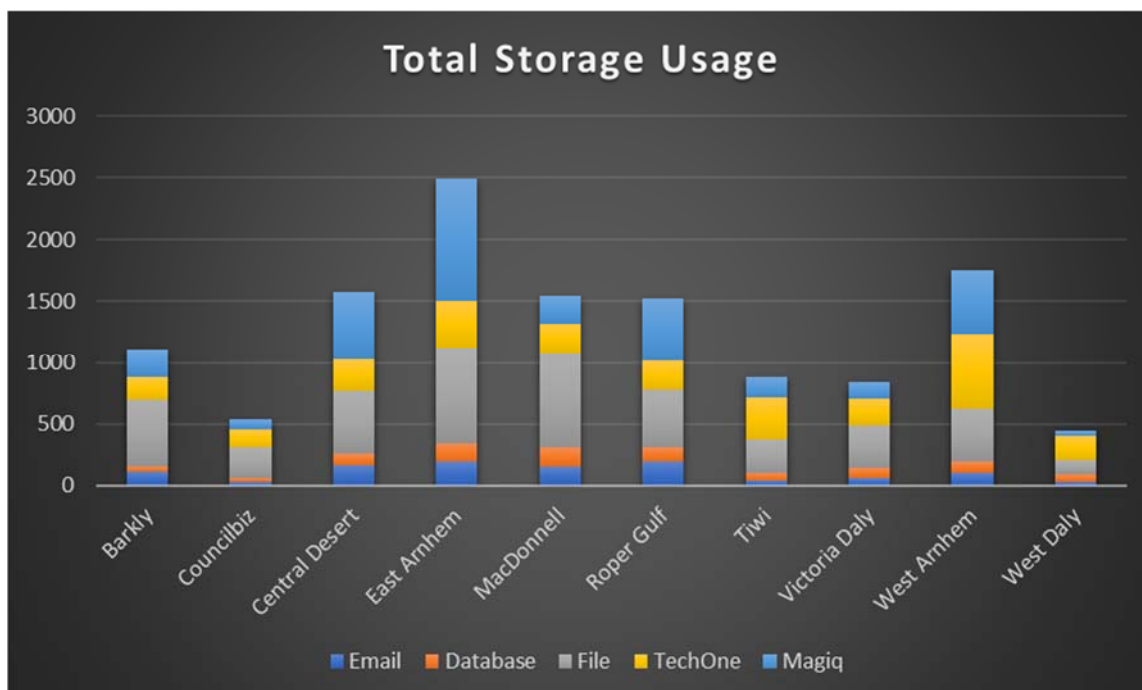
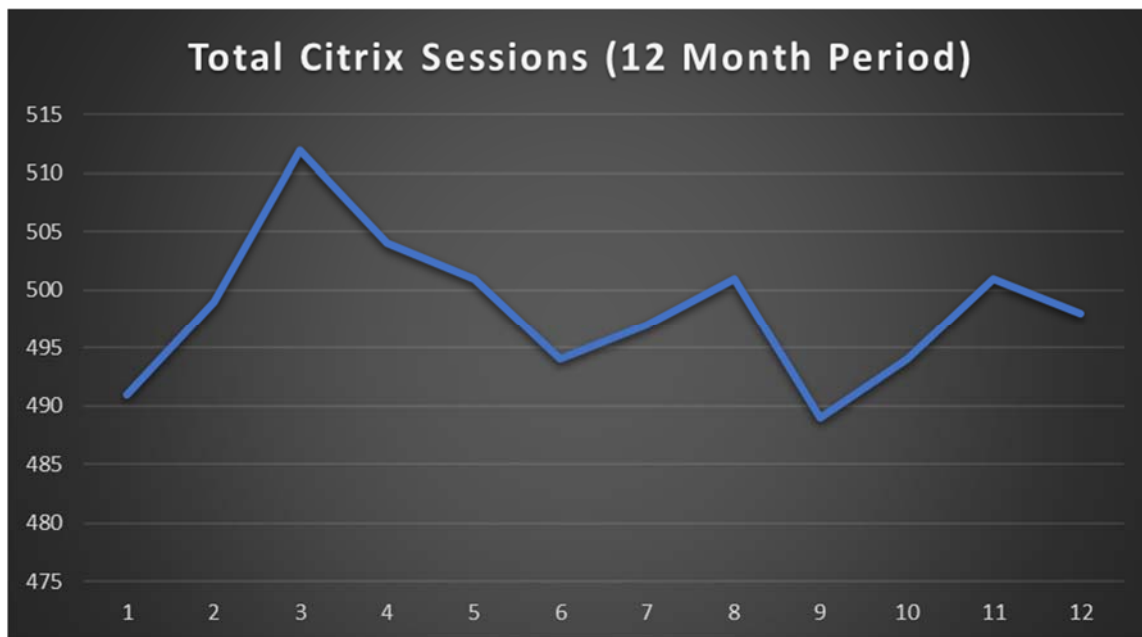
*2016/17 included a \$200,000 return of funds via service fees credits.

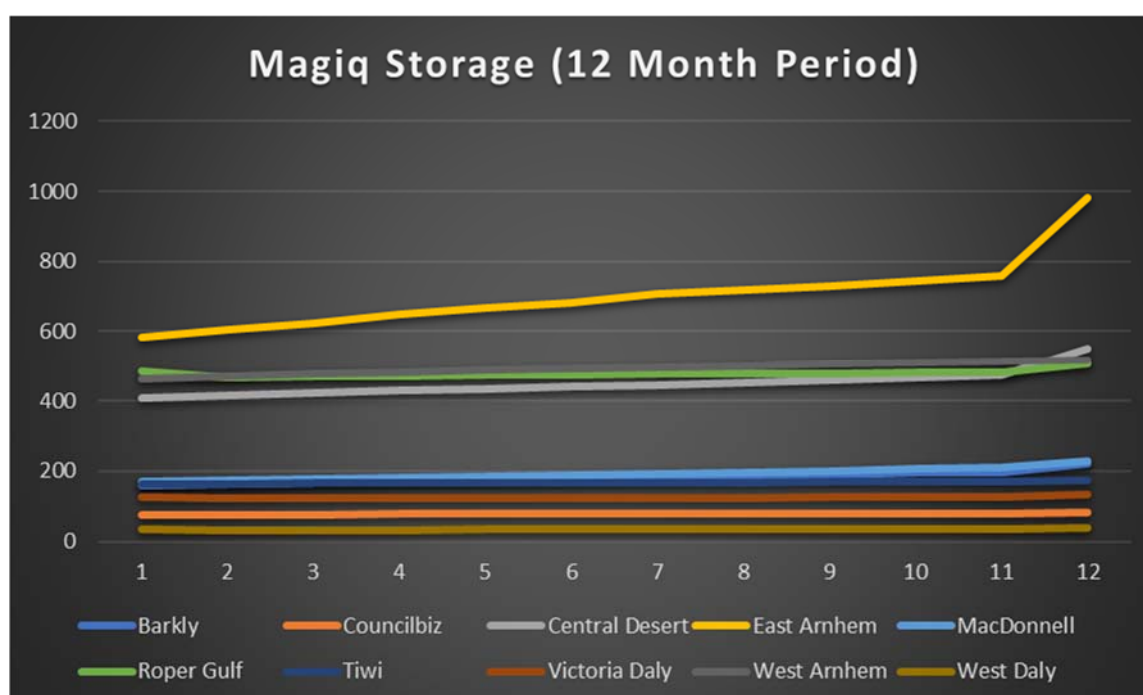
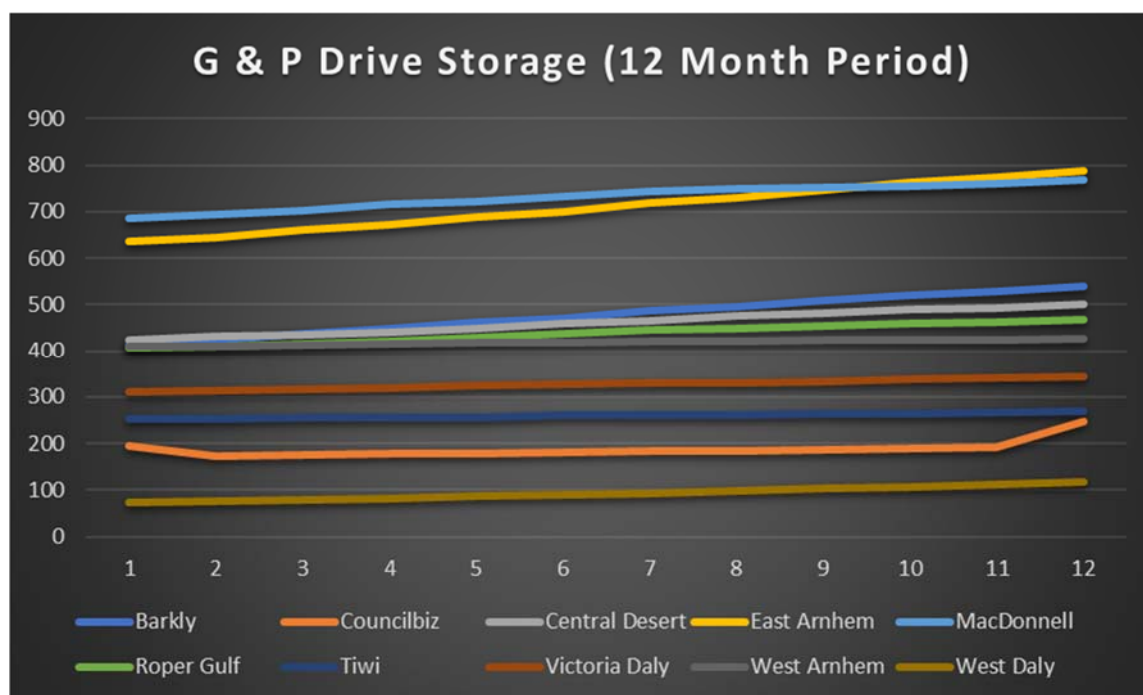
The processing section provides processing services utilising the provided applications upon request from a Member on a fee for service basis, separate from the core Members Fees. Each service has an agreed set of key performance indicators.

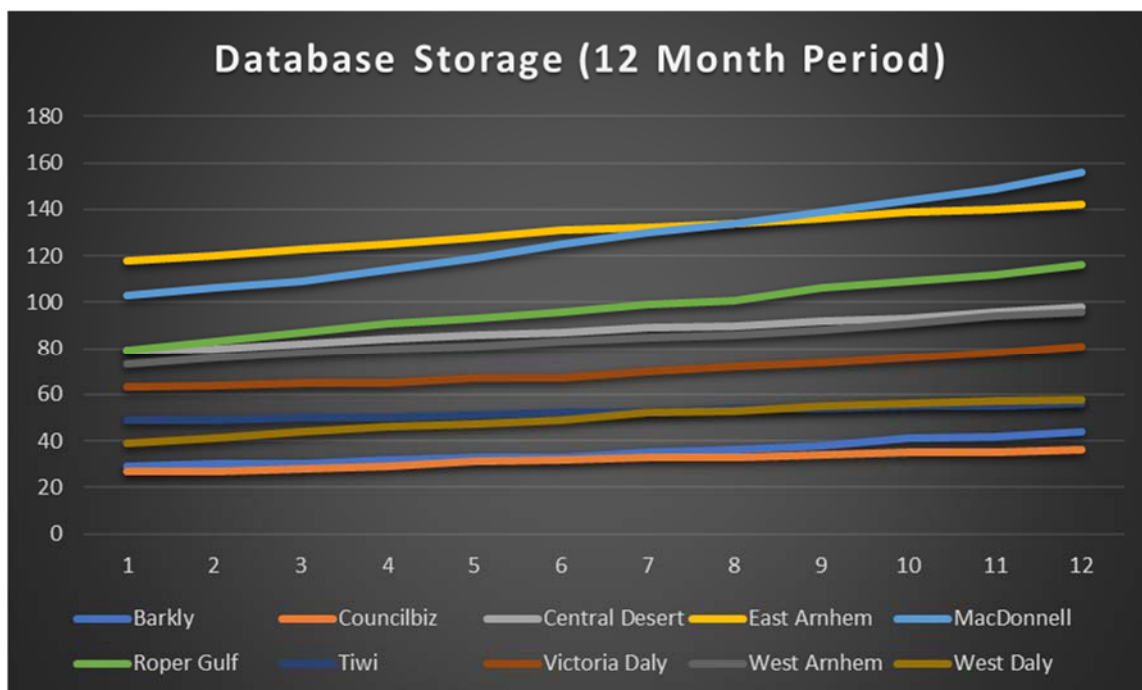
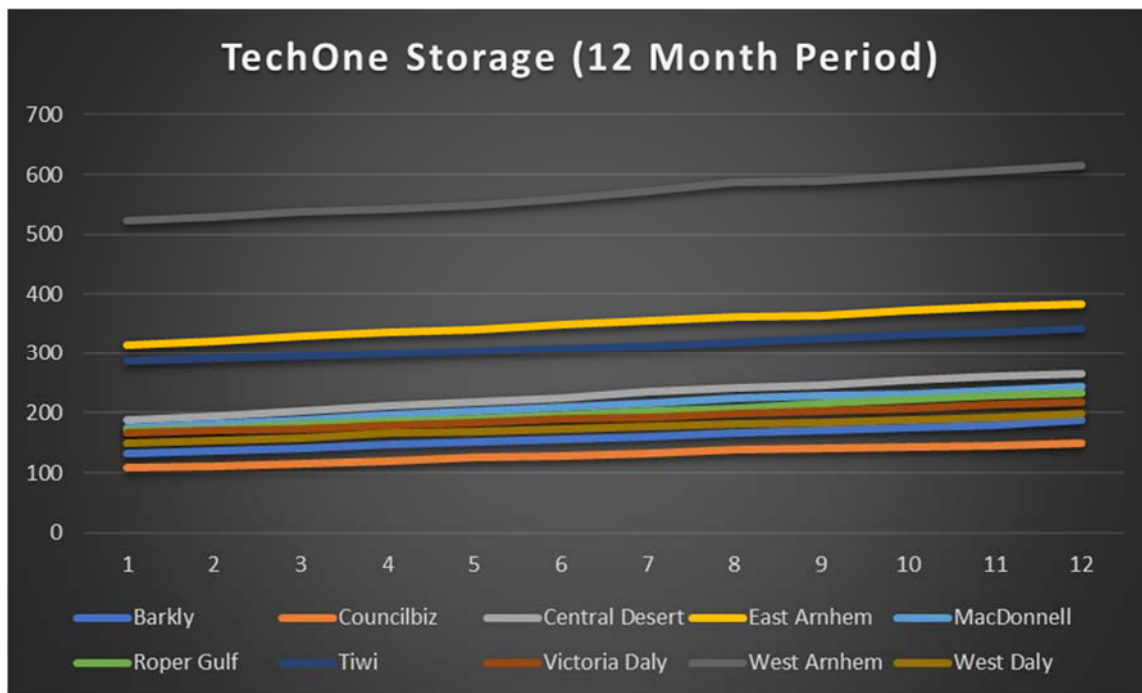
Processing Services provided in 2018/19 were as follows:

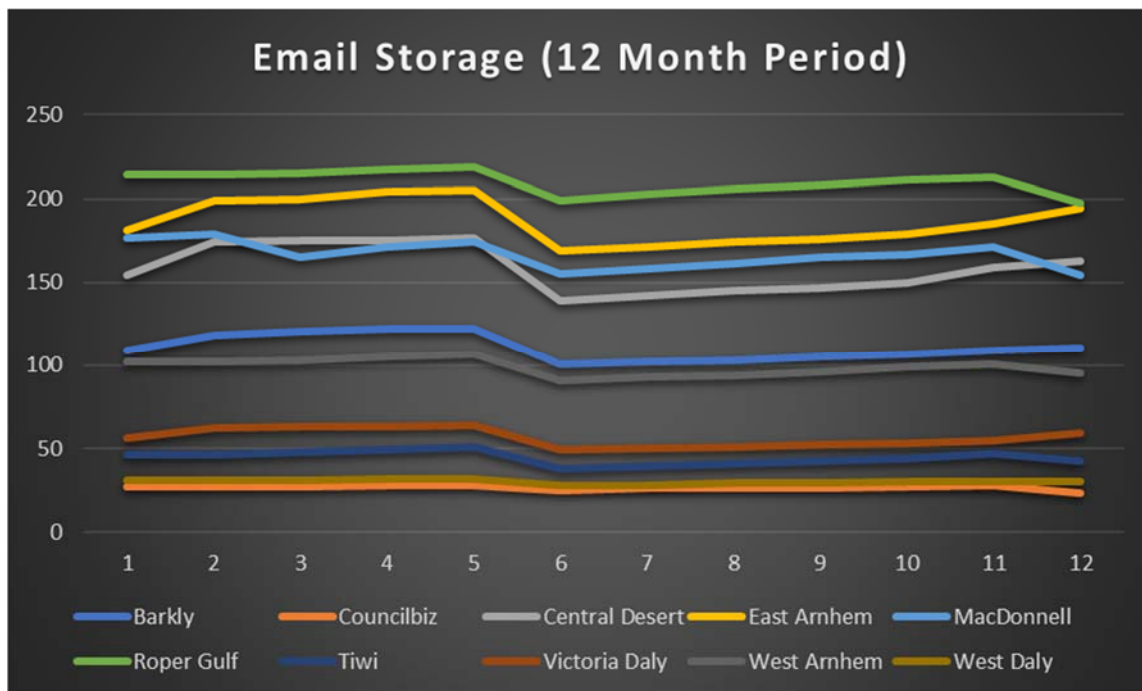
- West Daly Regional Council – Finance, AP, AR, Rates, Payroll, Records
- Victoria Daly Regional Council – Rates, Payroll
- Barkly Regional Council – Payroll
- Tiwi Islands Regional Council – AP, AR











System Outages

The past 12 months has seen zero unscheduled outages.

Major Unscheduled Outages

Nil.

Scheduled Outages

Date	System Impacted	Outage Period	Cause
4/8/18	All	3 Days	Migration of Data Centre
19/10/18	Email	2 Hours	Install critical patches
26/10/18	All	4 Hours	Install firmware updates

CouncilBIZ General Purpose Financial Statements 2018-19

CouncilBIZ continues to be in a healthy financial state. Accumulated funds are \$2.15M.

In June 2018 the Department of Housing and community Development provided \$39,000 in funding for the engagement of assistance with the implementation of improved records management processes. These funds were unspent at 30 June 2018 and were carried forward into 2018/19.

The funding is now fully spent and the grant has been acquitted.

After including depreciation expenses of \$265,067 and on asset purchase (Microsoft) of \$220,120, CouncilBIZ had a loss of \$9,742 for 2018/19. It should be noted that such asset purchases are normally funded from the Productivity Reserve, however, in this instance, this was not the case.

COUNCILBIZ

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2019

COUNCILBIZ

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Page
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 2019**

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 2019; and
- (b) are in accordance with the accounting and other records of CouncilBIZ.



Brendan Dowd

General Manager

Darwin, 22/8/19

INDEPENDENT AUDITOR'S REPORT

To the members of CouncilBIZ

Opinion

We have audited the financial report of CouncilBIZ, which comprises the statement of financial position as at 30 June 2019, 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, financial position of CouncilBIZ as at 30 June 2019, and its financial performance and cash flows for the year 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 CouncilBIZ 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 the 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 the Entity 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

This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit (NT)

A handwritten signature in black ink, appearing to be 'C Taziwa'.

C Taziwa
Partner

Darwin, 22 August 2019

COUNCILBIZ

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Operating Revenues			
Investment revenue	3(a)	20,178	19,645
Service fee and other operating revenues	3(b)	3,162,701	3,004,283
Grant income	3(c)	-	39,000
Total operating revenues		<u>3,182,879</u>	<u>3,062,928</u>
Operating Expenses			
Employee costs	4(a)	1,567,094	1,543,005
Depreciation and amortisation expenses	4(b)	265,067	212,871
Contract expenditure	4(c)	822,469	901,338
Other operating expenses	4(d)	537,992	379,217
Total operating expenses		<u>3,192,622</u>	<u>3,036,431</u>
Surplus/(Deficit) for the year		<u>(9,743)</u>	<u>26,497</u>
Other comprehensive income		-	-
Total Comprehensive (Loss)/Income		<u><u>(9,743)</u></u>	<u><u>26,497</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 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	1,494,528	1,478,106
Trade and Other Receivables	6	15,713	73,841
Other assets	7	231,969	220,975
Total Current Assets		<u>1,742,210</u>	<u>1,772,922</u>
Non-Current Assets			
Other assets	7	8,148	8,148
Property, Plant and Equipment, and Intangibles	8	822,507	867,454
Total Non-Current Assets		<u>830,655</u>	<u>875,602</u>
Total Assets		<u>2,572,865</u>	<u>2,648,524</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	9	91,706	204,033
Provision for Employee Entitlements	9	227,021	164,117
Total Current Liabilities		<u>318,727</u>	<u>368,150</u>
Non-Current Liabilities			
Provision for Employee Entitlements	9	58,379	74,872
Total Non-Current Liabilities		<u>58,379</u>	<u>74,872</u>
Total Liabilities		<u>377,106</u>	<u>443,022</u>
NET ASSETS		<u>2,195,759</u>	<u>2,205,502</u>
EQUITY			
Asset Replacement Reserve		295,038	295,038
Business Reserve		752,482	752,482
Productivity Reserve		79,880	79,880
Accumulated Funds		1,068,359	1,078,102
Total Equity	10	<u>2,195,759</u>	<u>2,205,502</u>

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 2019

	Asset Replacement Reserve \$	Business Reserve \$	Productivity Reserve \$	Accumulated Funds \$	Total \$
Accumulated Funds Balance at 1 July 2017	667,826	752,482	300,000	458,697	2,179,005
Surplus for the year	-			26,497	26,497
Transfer to Other Reserves	(372,788)	-	(220,120)	592,908	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2018	<u>295,038</u>	<u>752,482</u>	<u>79,880</u>	<u>1,078,102</u>	<u>2,205,502</u>
(Deficit) for the year	-			(9,743)	(9,743)
Transfer from Other Reserves		-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2019	<u><u>295,038</u></u>	<u><u>752,482</u></u>	<u><u>79,880</u></u>	<u><u>1,068,359</u></u>	<u><u>2,195,759</u></u>

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 2019

	Note	2019 \$	2018 \$
Cash flow from operating activities			
Receipts from user charges and fees		3,220,829	2,999,141
Interest received		20,178	19,645
Payments to employees		(1,520,684)	(1,586,575)
Payments for materials and contracts		(1,483,781)	(1,181,809)
Net cash from operating activities	11(b)	<u>236,542</u>	<u>250,402</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		-	(589,958)
Purchase of intangibles		<u>(220,120)</u>	<u>(220,120)</u>
Net cash used by investing activities		<u>(220,120)</u>	<u>(810,078)</u>
Net increase/(decrease) in cash and cash equivalents		16,422	(559,676)
Cash and cash equivalents at the beginning of the financial year		1,478,106	2,037,782
Cash and cash equivalents at the end of the financial year	11(a)	<u>1,494,528</u>	<u>1,478,106</u>

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 2019

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 will be presented to the Board on 03 October 2019 and CouncilBIZ will be authorised to issue for public. 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 object of which the CouncilBIZ is established is to carry out functions related to local government on behalf of the Members, and facilitate the efficient provision of services to the Members, including, but not limited to administration, information technology and financial services as may be required from time to time.

New Accounting Standards for Application in Future Periods

The Australian Accounting Standards Board (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. CouncilBIZ 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 on the following page.

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

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

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.

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

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 January 2019).

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 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019).

This standard is applicable for Not-for Profit entities on annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. CouncilBIZ will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed.

COUNCILBIZ

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

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 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.

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

(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.

(e) Trade and other receivables

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

COUNCILBIZ

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

(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	3 to 11 years
Furniture and fittings	3 to 11 years
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 and the useful life is assessed as being 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.

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

(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 net 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.

(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

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

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

(l) Financial Instruments (cont.)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at fair value, amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

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

(l) Financial Instruments (cont.)

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

Derecognition

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Initial application of AASB 9: Financial Instruments

CouncilBIZ has adopted AASB 9 : Financial Instruments with a date of initial application of 1 July 2018. As a result, the Entity has changed its financial instruments accounting policies as detailed in this note. Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior periods. The following tables summarise the adjustments made to the affected financial statement line items.

AASB 9 requires retrospective application with some exceptions (ie when applying the effective interest method, impairment measurement requirements). Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Entity's business model and the cash flow characteristics of the financial assets.

The directors of the Entity determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present, and determined that the initial application of AASB 9 had the following effect; Financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9, as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

COUNCILBIZ

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

(l) Financial Instruments (cont.)

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous Standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Entity to account for expected credit loss since initial recognition.

If the credit risk on a financial instrument has not shown significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

CouncilBIZ reviewed and assessed the existing financial assets on 1 July 2018.

Classification of financial assets

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application (1 July 2018).

	Financial Instrument Category		Carrying Amount as at 30 June 2018	
	AASB 139	AASB 9		
Financial assets				
Trade Receivables	Loans & Receivables	Amortised Cost	\$ 73,841	\$ 73,841
Cash and Cash Equivalents	Loans & Receivables	Amortised Cost	\$ 1,478,106	\$ 1,478,106

COUNCILBIZ

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

(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 \$822,507 as at 30 June 2019 (\$867,454 in 2018).

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 2019 (nil in 2018).

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 \$102,358 as at 30 June 2019 (\$86,322 in 2018).

COUNCILBIZ

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

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).

	GENERAL PUBLIC SERVICES	
	2019 \$	2018 \$
OPERATING REVENUES		
User Charges and fees:		
- Barkly Regional Council	289,888	309,680
- Central Desert Regional Council	339,249	342,584
- East Arnhem Regional Council	314,670	304,237
- MacDonnell Regional Council	345,903	342,655
- Roper Gulf Regional Council	365,283	354,370
- Tiwi Islands Regional Council	247,960	244,371
- Victoria Daly Regional Council	265,614	251,840
- West Arnhem Regional Council	249,656	245,965
- West Daly Regional Council	195,213	196,159
	2,613,436	2,591,861
Finance Processing fees		
- Barkly Regional Council	62,097	37,500
- Victoria Daly Regional Council	55,198	37,471
- Tiwi Islands Regional Council	83,732	-
- West Daly Regional Council	348,238	329,113
	549,265	404,084
Supplied Management Services		
- West Daly Regional Council	-	6,969
	-	6,969
Investment revenue	20,178	19,645
Grant income	-	39,000
Other income	-	1,369
TOTAL REVENUES	3,182,879	3,062,928
OPERATING EXPENSES		
Employee costs	1,567,094	1,543,005
Materials and contracts	822,469	901,338
Depreciation and amortisation expenses	265,067	212,871
Other operating expenses	537,992	379,217
TOTAL EXPENSES	3,192,622	3,036,431
TOTAL OPERATING (DEFICIT)/SURPLUS	(9,743)	26,497
ASSETS (Non-current)	822,507	867,454

COUNCILBIZ

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

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.

	2019	2018
	\$	\$
3. Operating revenues		
(a) Investment revenue		
Interest on Bank deposits	20,178	19,645
Total investment revenue	<u>20,178</u>	<u>19,645</u>
(b) Service fee and other operating revenues		
Service fee income	3,162,701	2,995,945
Supplied Management Services	-	6,969
Other income	-	1,369
Total service fee and other operating revenue	<u>3,162,701</u>	<u>3,004,283</u>
(c) Grant income		
NTG Grants - Record project	-	39,000
Total grant income	<u>-</u>	<u>39,000</u>
4. Operating expenses		
(a) Employee costs		
Salaries and wages	1,159,381	1,096,934
Employee leave benefits	239,712	267,184
Superannuation	126,458	127,356
Training costs	21,914	31,868
Other	19,629	19,663
Total employee costs	<u>1,567,094</u>	<u>1,543,005</u>

COUNCILBIZ

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

	2019	2018
	\$	\$
4. Operating expenses (cont.)		
(b) Depreciation and amortisation expenses		
Infrastructure	128,716	116,490
Furniture and fittings	2,538	2,538
Intangibles	133,813	93,843
Total depreciation and amortisation expenses	<u>265,067</u>	<u>212,871</u>
(c) Contract expenditure		
Operating lease expense property	116,259	124,914
Software license maintenance and development	177,613	277,622
Server management	528,597	498,802
Total contract expenditure	<u>822,469</u>	<u>901,338</u>
(d) Other operating expenses		
Audit fees	33,303	30,000
Communication expenses	169,747	200,151
Consulting fees	208,501	13,826
LGANT insurance project	-	24,150
Insurance	37,576	33,837
Legal Fees	-	1,107
Training and development	13,995	13,813
Travel, accommodation and airfares	11,050	11,184
Utilities	12,014	12,438
Other	51,806	38,711
Total other operating expenses	<u>537,992</u>	<u>379,217</u>
5. Cash and cash equivalents		
Cash at bank	1,494,028	1,477,606
Petty cash	500	500
Total cash and cash equivalents	<u>1,494,528</u>	<u>1,478,106</u>
6. Trade and other receivables		
Trade and other receivables	<u>15,713</u>	<u>73,841</u>
Total trade and other receivables	<u>15,713</u>	<u>73,841</u>

COUNCILBIZ

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

	2019	2018
7. Other assets	\$	\$
Current		
Accrued revenue	4,475	1,141
Prepayments	227,494	219,834
Total other current assets	<u>231,969</u>	<u>220,975</u>
Non-current		
Other	8,148	8,148
Total other non-current assets	<u>8,148</u>	<u>8,148</u>
8. Property, Plant and Equipment and Intangibles		
Infrastructure		
Cost	1,439,407	1,439,407
Accumulated Depreciation	(1,054,365)	(925,649)
	<u>385,042</u>	<u>513,758</u>
Furniture and fittings		
Cost	58,336	58,336
Accumulated Depreciation	(44,128)	(41,590)
	<u>14,208</u>	<u>16,746</u>
Plant and Equipment		
Cost	1,928	1,928
Accumulated Depreciation	(1,928)	(1,928)
	<u>-</u>	<u>-</u>
Intangibles		
Cost	694,868	474,748
Accumulated amortisation	(271,611)	(137,798)
	<u>423,257</u>	<u>336,950</u>
Total Property, Plant and Equipment and Intangibles	<u>822,507</u>	<u>867,454</u>

COUNCILBIZ

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

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

	2018 \$			CARRYING AMOUNT MOVEMENTS DURING THE YEAR \$						2019 \$		
	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
UNRESTRICTED												
Infrastructure	1,439,407	(925,649)	513,758	-	-	-	-	-	(128,716)	1,439,407	(1,054,365)	385,042
Furniture and Fittings	58,336	(41,590)	16,746	-	-	-	-	-	(2,538)	58,336	(44,128)	14,208
Plant and Equipment	1,928	(1,928)	-	-	-	-	-	-	-	1,928	(1,928)	-
Total Property, plant and equipment	1,499,671	(969,167)	530,504	-	-	-	-	-	(131,254)	1,499,671	(1,100,421)	399,250
Intangibles	474,748	(137,798)	336,950	220,120	-	-	-	-	(133,813)	694,868	(271,611)	423,257
Total Intangibles	474,748	(137,798)	336,950	220,120	-	-	-	-	(133,813)	694,868	(271,611)	423,257
TOTAL UNRESTRICTED	1,974,419	(1,106,965)	867,454	220,120	-	-	-	-	(265,067)	2,194,539	(1,372,032)	822,507

COUNCILBIZ

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

	2019	2018
9. Trade and other payables and provisions	\$	\$
Trade and other payables:		
Trade and other payables	14,264	1,439
Accrued expenses	77,442	178,074
PAYG Payable	-	24,520
Total trade and other payables	<u>91,706</u>	<u>204,033</u>

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)	183,042	152,667
Long service leave (current)	43,979	11,450
Total current provisions for Employee Entitlement	<u>227,021</u>	<u>164,117</u>
Long service leave (non-current)	58,379	74,872
Total provisions	<u>285,400</u>	<u>238,989</u>

10. Equity and Reserves		
Reserves		
Asset replacement reserve	295,038	295,038
Business reserve	752,482	752,482
Productivity reserve	79,880	79,880
Accumulated surplus	1,068,359	1,078,102
Total Reserves	<u>2,195,759</u>	<u>2,205,502</u>

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.

COUNCILBIZ

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

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:

	2019	2018
	\$	\$
Cash on hand and at bank	1,494,528	1,478,106
Balance per Statement of Cash Flows	<u>1,494,528</u>	<u>1,478,106</u>

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

(Deficit)/Surplus for the year	(9,743)	26,497
Add back non-cash items:		
Depreciation and amortisation expense	265,067	212,871
Net cash provided by operating activities before change in assets and liabilities	<u>255,324</u>	<u>239,368</u>
Change in assets and liabilities during the reporting year:		
Movement in trade and other receivables	58,128	(41,047)
Movement in other assets	(10,994)	75,917
Movement in trade and other payables	(112,327)	(183,901)
Movement in provisions	46,411	43,568
Movement in other liabilities	-	116,497
Net cash provided by operating activities	<u>236,542</u>	<u>250,402</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

(a) Operating lease

Committed at the reporting date but not recognised as a liability

Within one year	21,029	105,144
One to five years	-	-
	<u>21,029</u>	<u>105,144</u>

Leasing arrangements

Operating lease relate to office accommodation of CouncilBIZ at 14 Shepherd Street, Darwin and the lease runs till 31 August 2019, with option of renewal for a further 3 months.

COUNCILBIZ

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

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:

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	1,494,528	1,478,106
Trade and other receivables	15,713	73,841
	<u>1,510,241</u>	<u>1,551,947</u>
Financial liabilities		
Trade and other payables	91,706	204,033
	<u>91,706</u>	<u>204,033</u>

CouncilBIZ had no financial instruments that are carried at fair value as at 30 June 2019 and 2018.

The General Manager has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, has 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 General Manager 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 General Manager 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 2019

13. Financial risk management (cont.)

	2019 \$	2018 \$
Cash and cash equivalents	1,494,528	1,478,106
Trade and other receivables	15,713	73,841
	<u>1,510,241</u>	<u>1,551,947</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 - 2019

Financial Liabilities	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-interest bearing						
Trade and other payables	91,706	91,706	91,706	-	-	-
TOTAL	<u>91,706</u>	<u>91,706</u>	<u>91,706</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	15,713	15,713	15,713	-	-	-
TOTAL	<u>15,713</u>	<u>15,713</u>	<u>15,713</u>	<u>-</u>	<u>-</u>	<u>-</u>

Maturity Analysis - 2018

Financial Liabilities	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-interest bearing						
Trade and other payables	204,033	204,033	204,033	-	-	-
TOTAL	<u>204,033</u>	<u>204,033</u>	<u>204,033</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	73,841	73,841	73,841	-	-	-
TOTAL	<u>73,841</u>	<u>73,841</u>	<u>73,841</u>	<u>-</u>	<u>-</u>	<u>-</u>

COUNCILBIZ

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

14. Contingent Liabilities

CouncilBIZ had no contingent liabilities as at 30 June 2019 (nil in 2018).

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.

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:

	2019	2018
	\$	\$
- short-term employee benefits	85,973	171,456
	<u>85,973</u>	<u>171,456</u>

The short-term employee benefits relate to the remuneration of the General Manager's contract.

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	3,162,701	-	15,713	-

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.