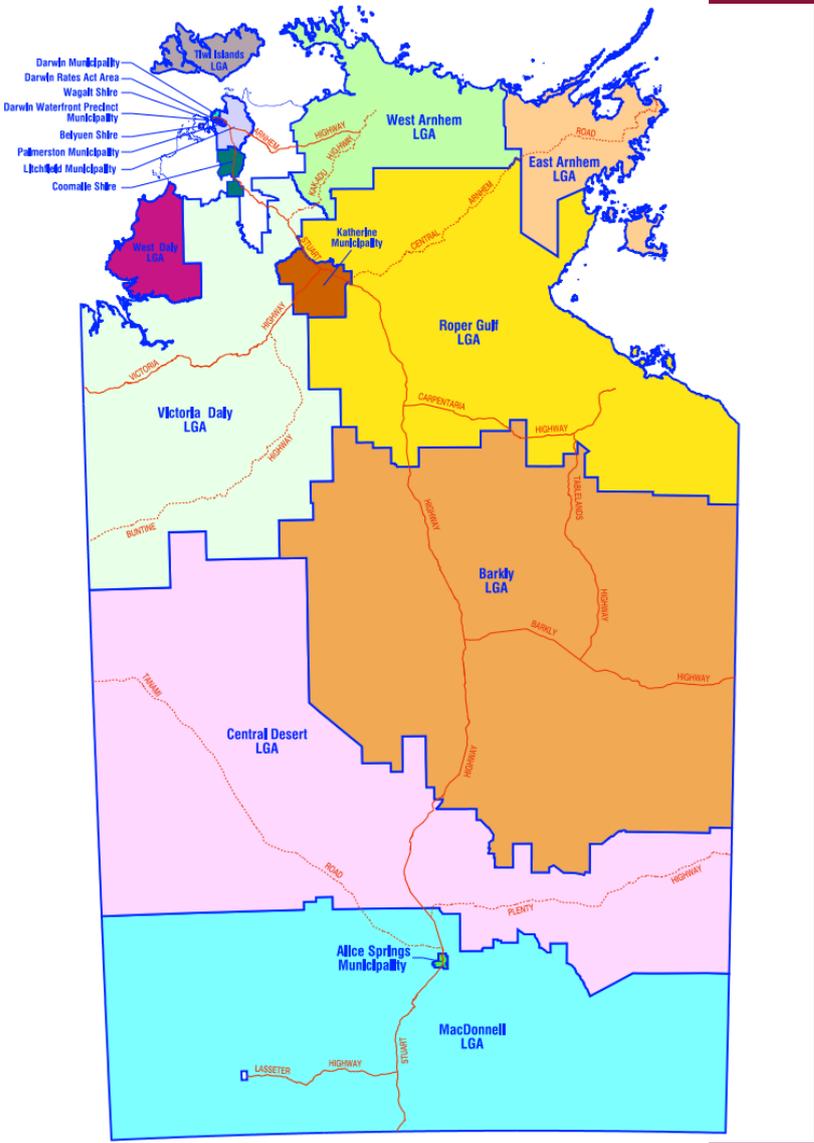


# councilBIZ

## 2019/2020 Annual Report



## Table of Contents

Overview .....	3
Chairman’s Message.....	4
CouncilBIZ Strategy.....	6
Organisational Structure.....	7
CouncilBIZ Infrastructure .....	8
CouncilBIZ Services.....	8
CouncilBIZ General Purpose Financial Statements 2019/20 .....	13

## 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).

The Regional Councils are financial members however, LGANT is not.

Each member nominates one person to be their representative at Board meetings of CouncilBIZ. The Chair of the Board is Jeff MacLeod, the Chief Executive Officer of McDonnell Regional Council.

The Board held meetings in October, February and June. In addition, the Board held a workshop in February, which focused on a number of topics including, new member introductions, a desktop ERP system review, the 2020 customer satisfaction survey, options for shared services, a review of the strategic plan and a proposal involving network consolidation.

The Board has an Executive Committee that meets every second odd month (except January), and an Audit and Risk Management Committee.

The Executive Committee comprises of four members of the Board and the Chair is the Chair of the Board.

The Audit and Risk Management Committee (ARMC) members comprise of the Chair of the Board and two external independent members. The Chair of ARMC is Elizabeth Tan who is an independent member and the committee met in August and May.

CouncilBIZ has a General Manager, and the organisation has a total staffing complement of seventeen. The organisation operated from leased premises at 14 Shepherd Street, Darwin, until October 2019. The organisation now operates from leased premises and T27, 60 Winnellie Road, Winnellie, NT 0820.

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

## Chairman's Message

I am delighted to present the 2019-20 Annual Report.

Much has been achieved during a very busy year in which the world has experienced the most significant public health and economic crisis in living memory.

First and foremost, I would like to warmly welcome the new members of the Board, and in particular, acknowledge the positive spirit with which they have embraced their role.

The Board has continued to focus on key strategic initiatives including a review and update of the CouncilBIZ strategic plan *CouncilBIZ 2025*, adoption of a Governance Framework, development of a Long Term Financial Plan, a review of Financial Processing Service Fee Costs and consideration of options available to expand our shared service offering.

An additional significant and complex key strategic initiative has involved a review of network management and options to increase service standards, simplify network design and management, increase network coverage and capacity and move CouncilBIZ towards being cloud ready – if successful, all of this would be delivered at the same or reduced cost. The Board has much more work to do on this exciting initiative and a decision is expected in the coming months.

Other significant achievements during the year have included a desktop review of the system options available for Enterprise Resource Planning (ERP), adoption of an Information Communication Technology Service Level Agreement (ICT SLA), providing policy direction for the development of an ICT Strategic Plan, establishing parameters to assist members with IT Procurement and developing a structured approach to Business Software Support training.

The Board continues to have a strong focus on policy development which is geared towards compliance with the current and future Local Government Act and Regulations and the CouncilBIZ Constitution. Importantly, our policy focus underpins our ability to demonstrate high levels of good governance.

During the year policy work has included the development of a Code of Conduct, Policy Review Schedule, Board Manual, Board Members Induction Policy, Board Members and Officers Indemnity Policy, adjustment of the Board and Committee Meetings Policy to respond to observer attendance, Members Access to CouncilBIZ Information Policy and a Gifts and Benefits - Chief Executive Policy.

Risk Management has been another important area of attention for the Board in 2019-20 which culminated in the completion of a Strategic Risk Review and the adoption of a Risk Management Policy.

On other matters, in October, CouncilBIZ relocated office to T27/60 Winnellie Road, Winnellie. The new office is modern, has an open functional layout and is less expensive than the previous office. In January, the new role of Innovation Manager was filled and the positive impact of this role has been noticeable.

The Coronavirus (COVID-19) global pandemic resulted in the CouncilBIZ office being closed and staff working from home for the period 23 March 2020 and 11 May 2020. Well developed prior planning



enabled this transition to be seamless and there was no disruption to CouncilBIZ services during this period.

In conclusion, my sincere thanks go to my fellow Board members for your commitment and contribution to CouncilBIZ and support of me in the role of Chair, it is very much appreciated.

I would also like to sincerely thank the Acting General Manager and the managers of CouncilBIZ for their strong strategic and operational leadership and the staff for the high quality services that they deliver.

The achievements of this year, in a very challenging operating environment, clearly demonstrate the benefit of a positive and constructive collaborative partnership between the Board, the management and staff.

I look forward with an incredible sense of optimism to next year where I have no doubt that together, we will achieve even greater things for and on behalf of CouncilBIZ.

Jeff MacLeod

Chair

## CouncilBIZ Strategy

The CouncilBIZ Strategic 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 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 focused in a rapidly changing environment.

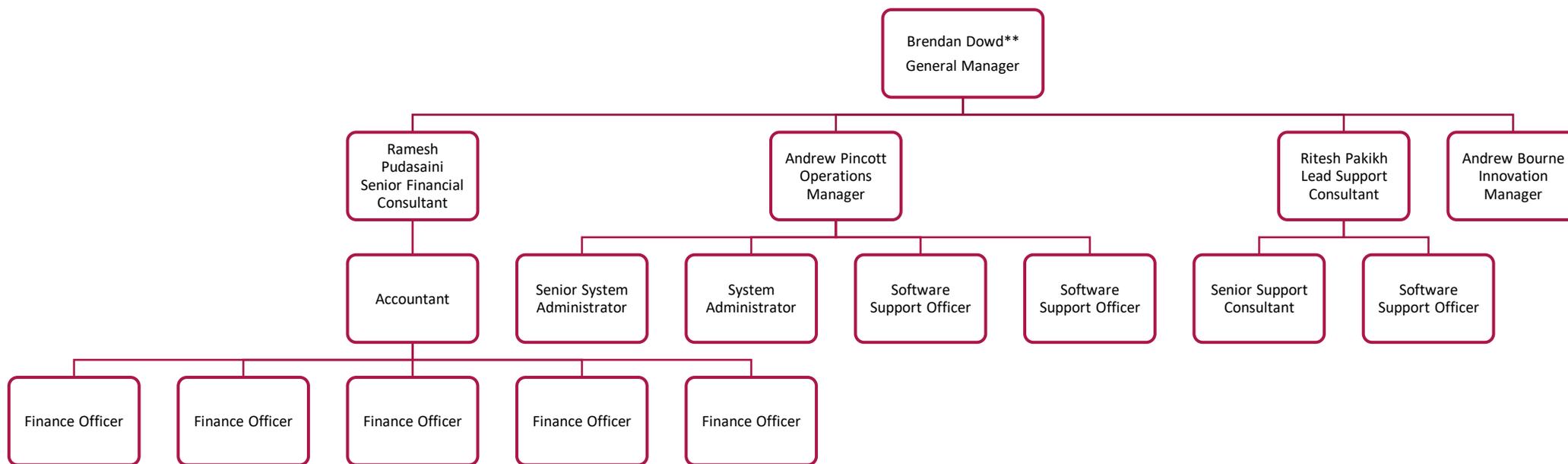
### **Values**

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



\*Andrew Bourne commenced duties as the Innovation Manager in January 2020

\*\* Brendan Dowd – Acting General Manager

Employees are employed subject to the CouncilBIZ Enterprise Agreement 2017

## CouncilBIZ Infrastructure

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

Application and desktop delivery is accomplished via the latest Citrix Farm.

## 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 and hardware support and assistance with the common hosted software.

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

Training in the use of business software continued inhouse, remotely and through the use of end user training videos. The rollout of Technology One modules, also continues on an ongoing basis.

The financial 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 a Service Level Agreement with key performance indicators.

The following additional services were provided in 2019/20:

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

Management focus was devoted towards strategy, policy compliance and related governance activities. Innovation is a new area of focus which is being supported through the appointment of an Innovation Manager.

The total direct service fees contributed by members, which are calculated by 50% of the cost being shared equally, and 50% in proportion to the number of users from each member, is as follows:

<u>Service Fees</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
TOTAL	2,591,861	2,613,435	2,678,908

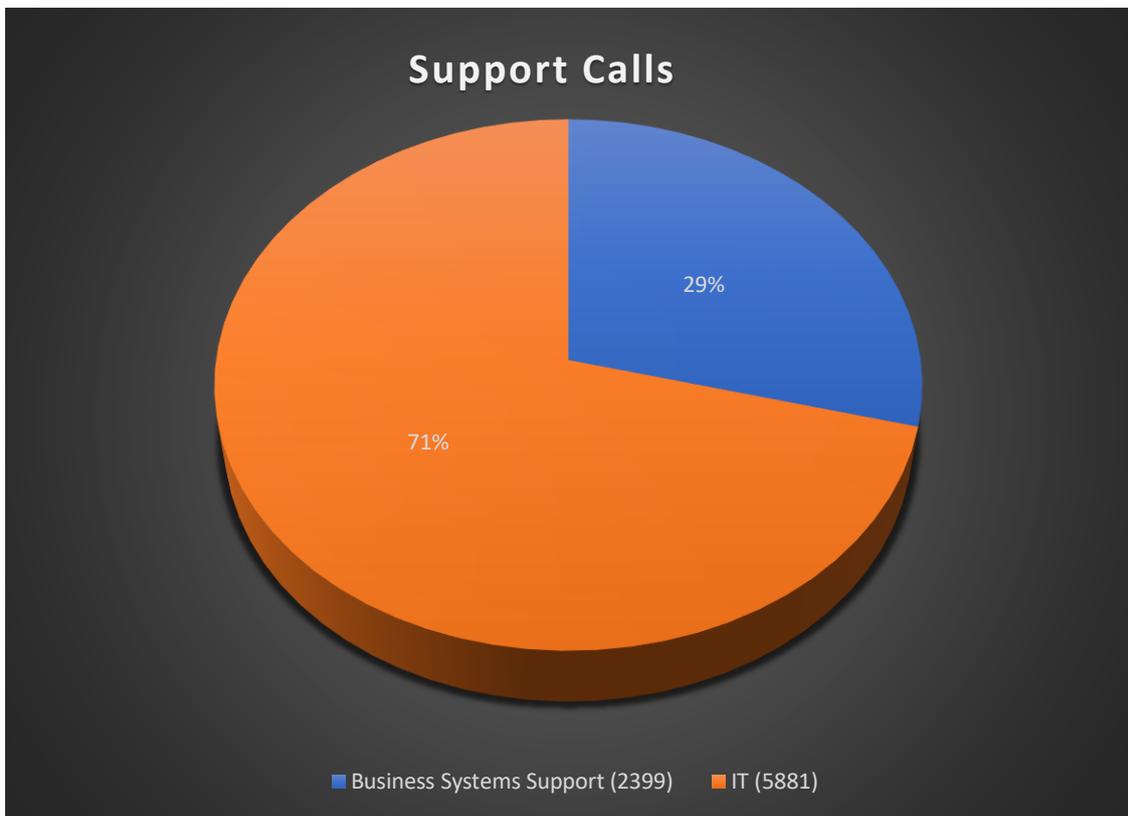
The total fees collected for Financial Processing Services are as follows:

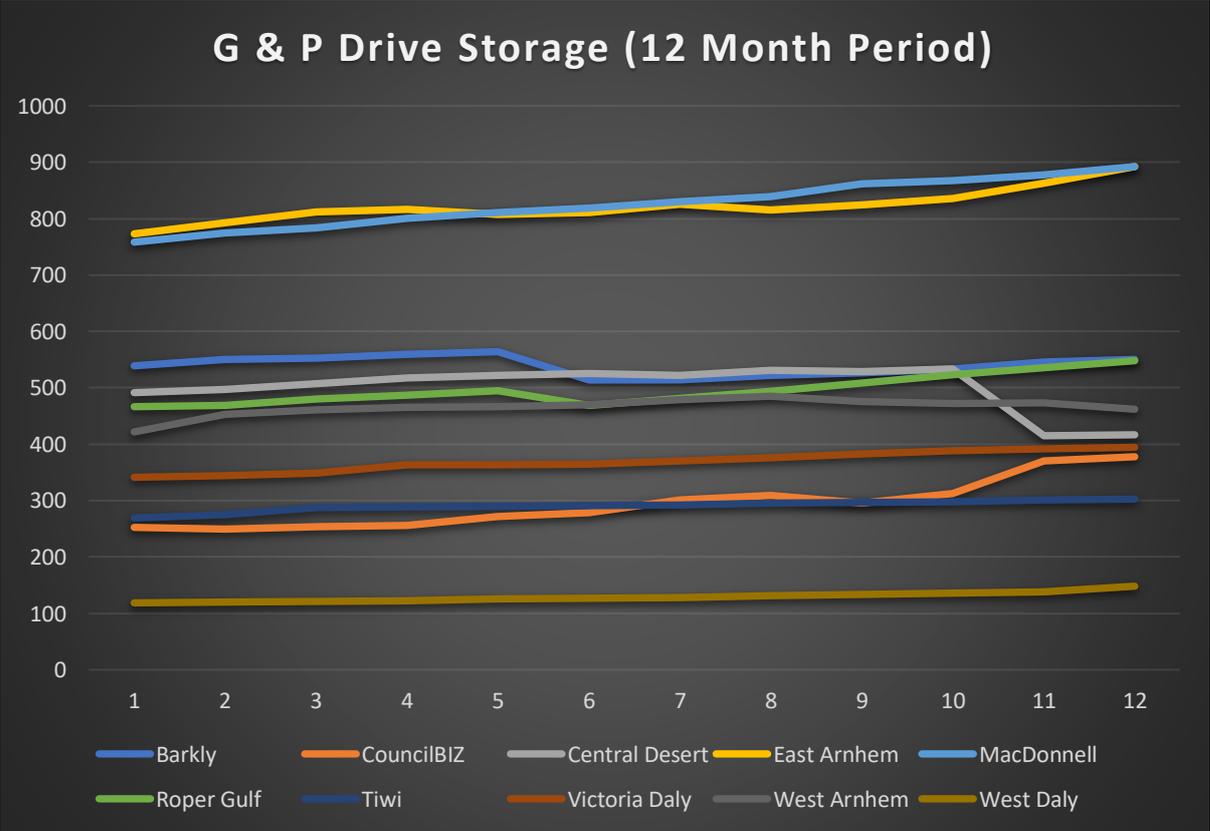
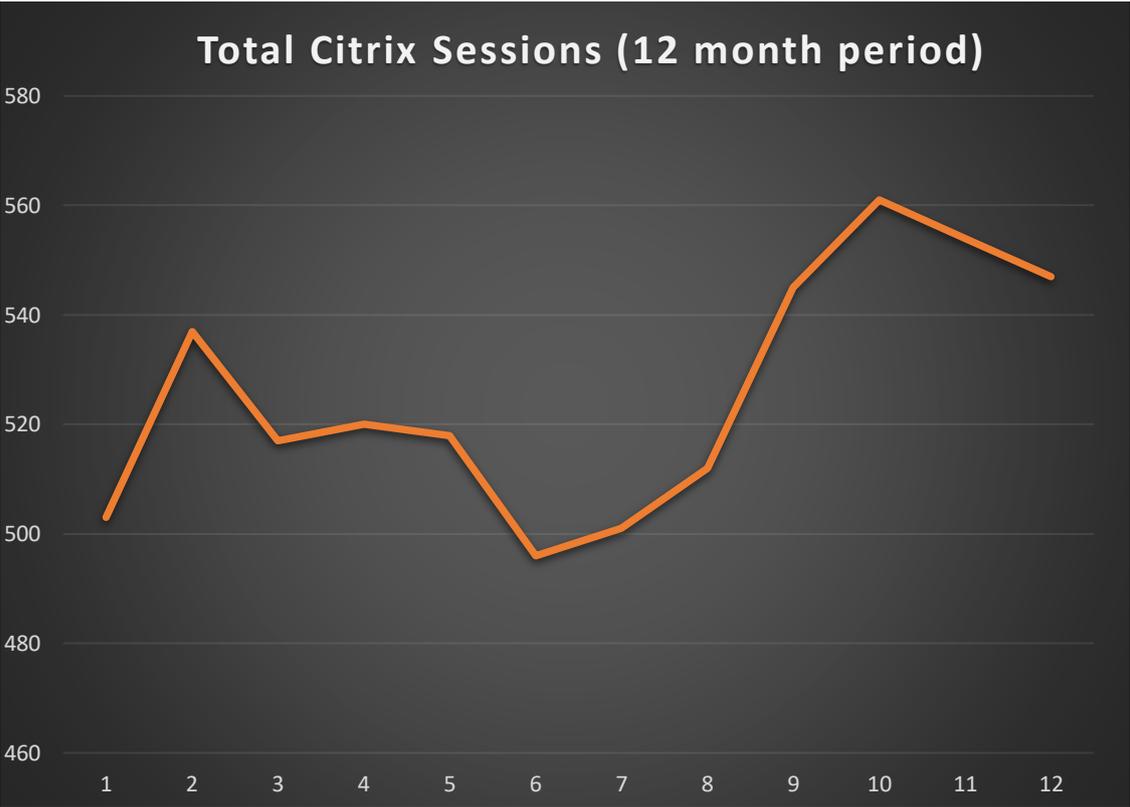
<u>Financial Processing Fees</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
TOTAL	404,084	549,267	532,991

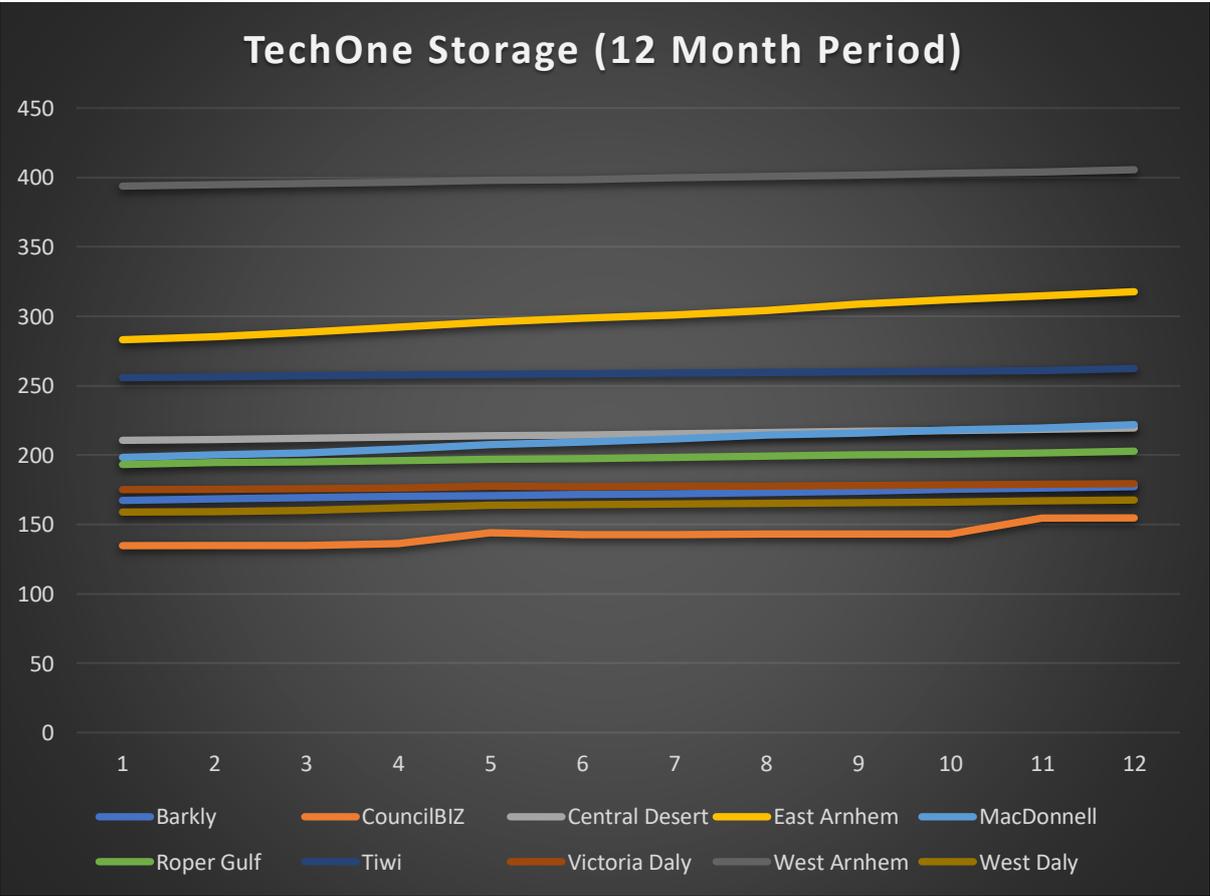
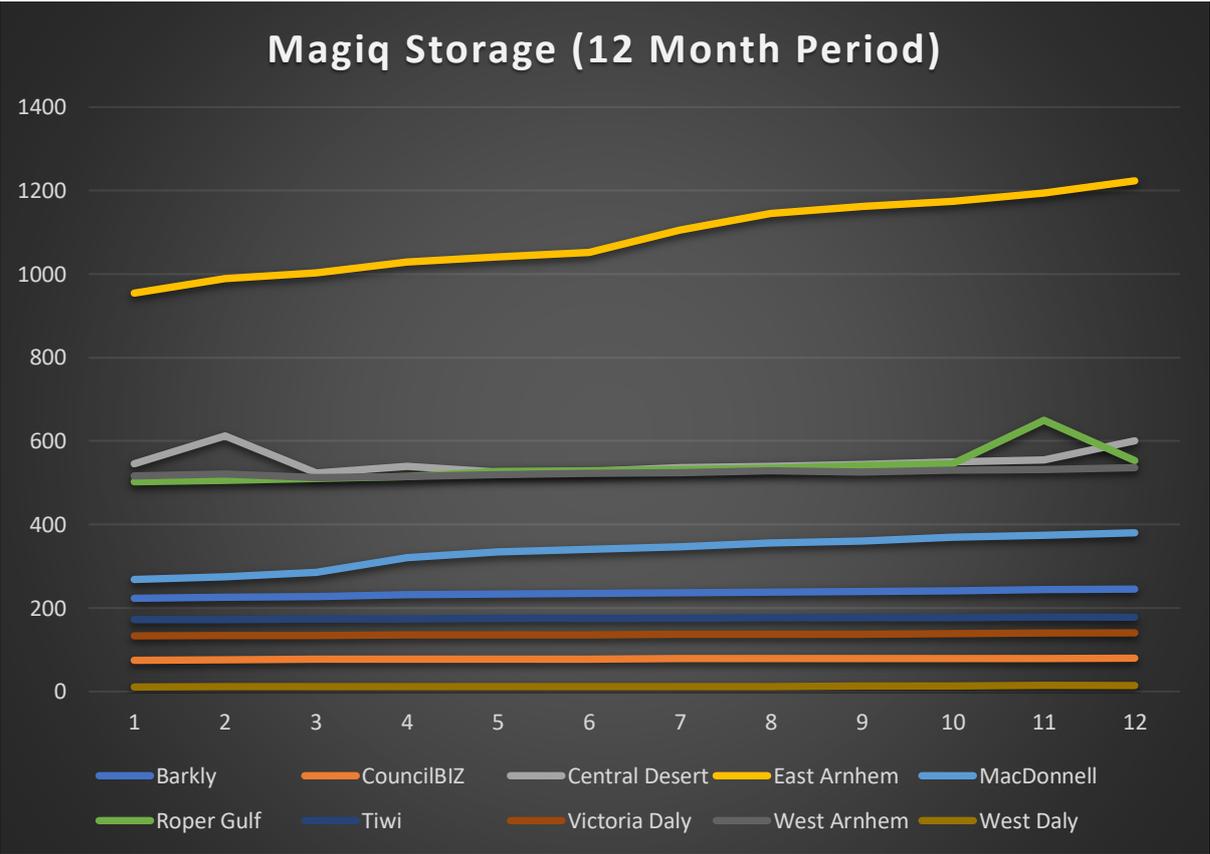
### System Outages

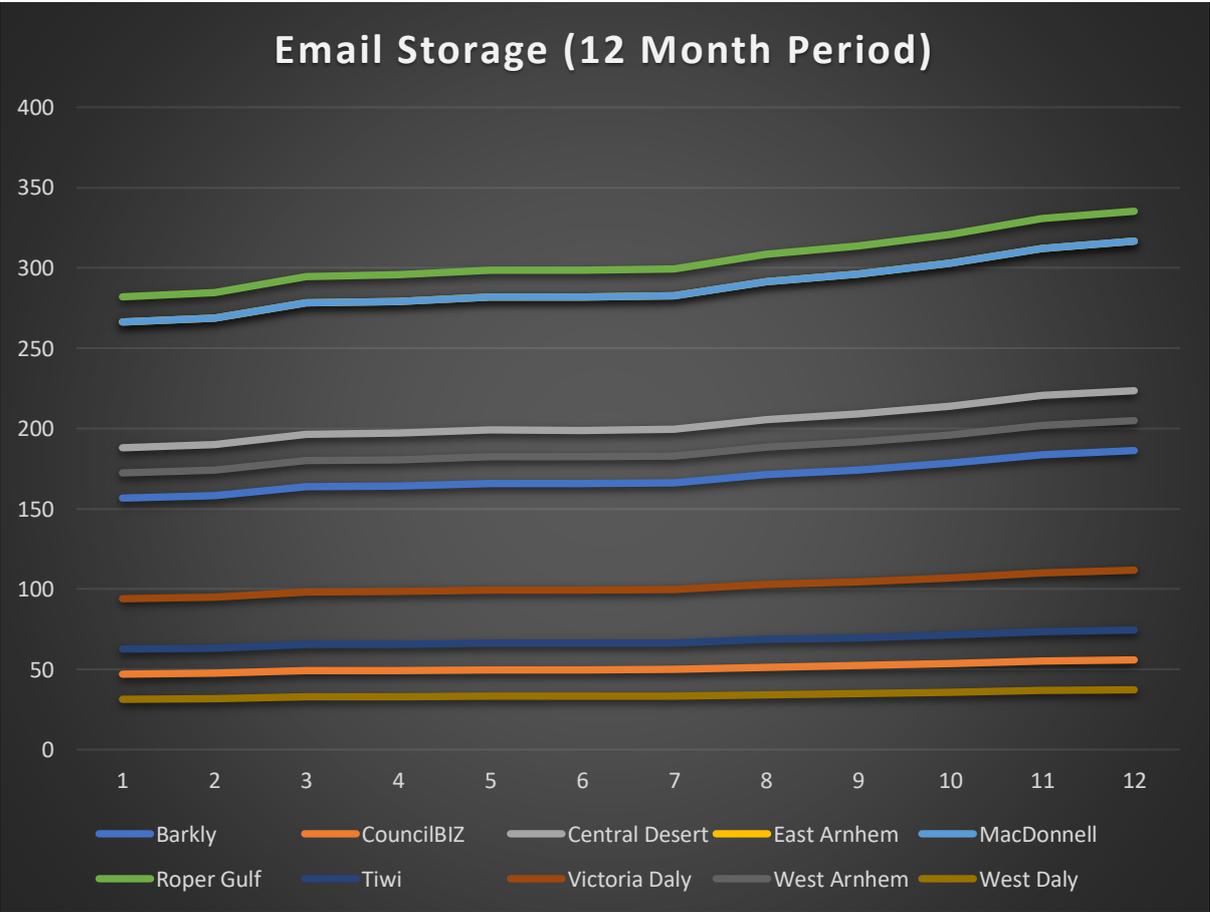
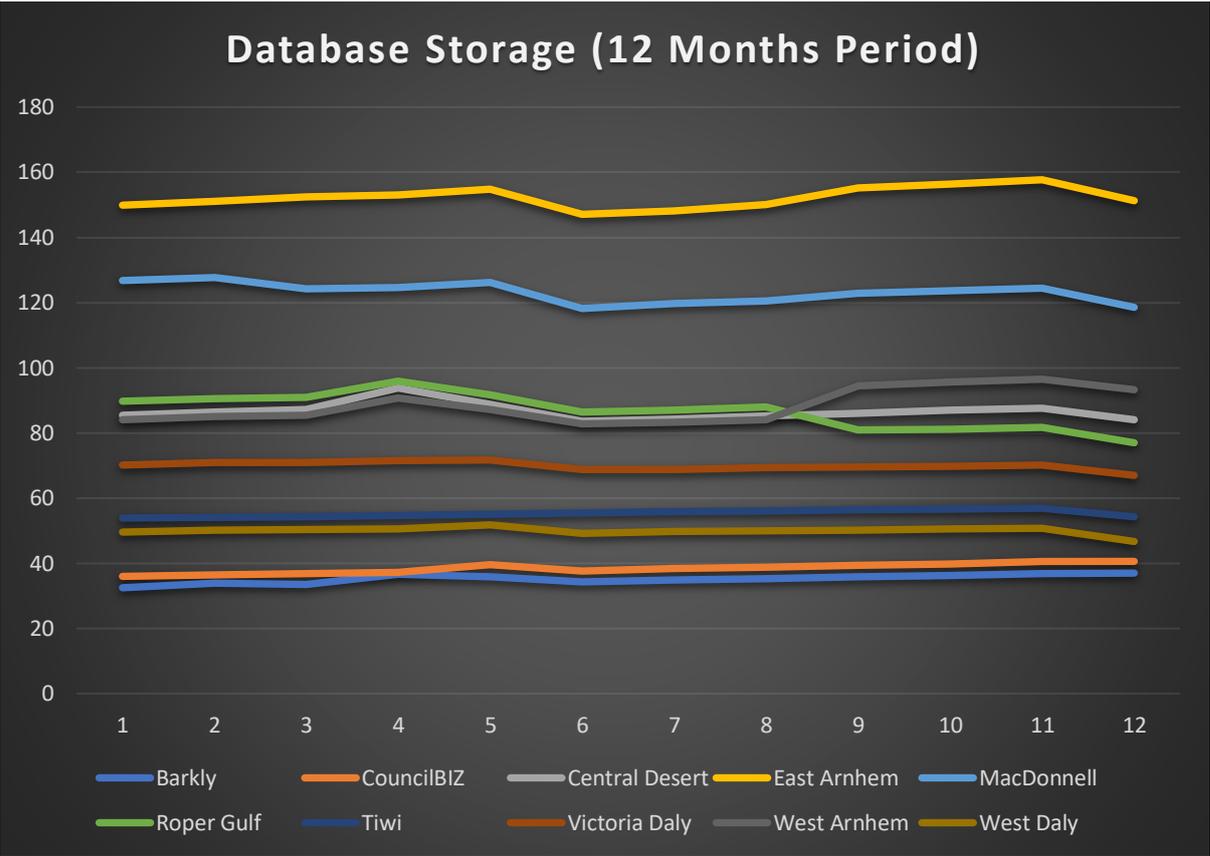
In the last year CouncilBIZ has only had two unscheduled outages. The first was as a result of our 3<sup>rd</sup> party phone provider suffering from a system wide outage. This impacted CouncilBIZ ability to make and receive calls on the helpdesk for a 2hour period, however we were still able to process jobs via email during this time. The second was again from a 3<sup>rd</sup> party provider, failing to supply updated SSL certificates for the Magiq Document systems in time, which was resolved within 3 hours.

### System Summary









## CouncilBIZ General Purpose Financial Statements 2019/20

CouncilBIZ continues to be in a healthy financial position. Accumulated funds are \$2.16m. Cash at bank is \$1.5m with non-current assets of \$851,000.

During 2019/20, CouncilBIZ purchased intangible assets (Microsoft software) of \$220,120. It should be noted that such asset purchases are normally funded from the Productivity Reserve however, in this instance this was not the case as CouncilBIZ was able to fund the purchase from its Operating budget saving. During 2019/20, CouncilBIZ also capitalised fittings and fixtures (on leased assets) of \$131,000.

With depreciation expenses of \$357,055, CouncilBIZ had a loss of \$35,258 in 2019/20.

Depreciation expense is not a cash budgeted expense, and therefore, if depreciation is excluded CouncilBIZ would have a surplus of \$321,770.

Effective as of 1 July 2019, AASB 16 replaced AASB 117 Leases and IFRIC 4 for determining whether an arrangement contains a lease that should be reported in the financial statements.

AASB 16 Leases provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases with some conditions of low value and less than 12 months.

To ensure compliance, CouncilBIZ is using AASB 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures. As a consequence, there is a material impact on the financial statements resulting in the Balance Sheet showing Lease Liabilities of \$549,412 together with Right To Use Assets of \$538,189.

COUNCILBIZ

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2020

COUNCILBIZ

GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

	Page
Executive Officer's Statement	3
Independent Auditor's Report	4-5
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 2020**

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 2020; and
- (b) are in accordance with the accounting and other records of CouncilBIZ.



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Brendan Dowd

General Manager

Darwin, 23/09/2020

## 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 2020, 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 2020, 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

A stylized, handwritten signature of the letters 'BDO' in black ink.

BDO Audit (NT)

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

C Taziwa  
Partner

Darwin, 23 September 2020

COUNCILBIZ

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Operating Revenues			
Investment revenue	3(a)	14,758	20,178
Service fee and other operating revenues	3(b)	3,209,429	3,162,701
Total operating revenues		<u>3,224,187</u>	<u>3,182,879</u>
Operating Expenses			
Employee costs	4(a)	1,474,352	1,567,094
Depreciation and amortisation expenses	4(c)	357,055	265,067
Contract expenditure	4(d)	808,177	822,469
Other operating expenses	4(e)	619,888	537,992
Total operating expenses		<u>3,259,472</u>	<u>3,192,622</u>
Deficit for the year		<u>(35,285)</u>	<u>(9,743)</u>
Other comprehensive income		-	-
Total Comprehensive Loss		<u><u>(35,285)</u></u>	<u><u>(9,743)</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 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	5	1,530,769	1,494,528
Trade and Other Receivables	6	-	15,713
Other Assets	7	229,036	231,969
Total Current Assets		<u>1,759,805</u>	<u>1,742,210</u>
Non-Current Assets			
Other Assets	7	-	8,148
Property, Plant and Equipment, and Intangibles	8	851,359	822,507
Right-of-use Assets	9	538,189	-
Total Non-Current Assets		<u>1,389,548</u>	<u>830,655</u>
Total Assets		<u>3,149,353</u>	<u>2,572,865</u>
<b>LIABILITIES</b>			
Current Liabilities			
Trade and Other Payables	10	110,175	91,706
Lease liabilities	9	45,813	-
Provision for Employee Entitlements	10	230,675	227,021
Total Current Liabilities		<u>386,663</u>	<u>318,727</u>
Non-Current Liabilities			
Lease liabilities	9	549,412	-
Provision for Employee Entitlements	10	52,804	58,379
Total Non-Current Liabilities		<u>602,216</u>	<u>58,379</u>
Total Liabilities		<u>988,879</u>	<u>377,106</u>
NET ASSETS		<u>2,160,474</u>	<u>2,195,759</u>
<b>EQUITY</b>			
Asset Replacement Reserve		295,038	295,038
Business Reserve		752,482	752,482
Productivity Reserve		79,880	79,880
Accumulated Funds		1,033,074	1,068,359
Total Equity	11	<u>2,160,474</u>	<u>2,195,759</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 2020

	Asset Replacement Reserve \$	Business Reserve \$	Productivity Reserve \$	Accumulated Funds \$	Total \$
Accumulated Funds Balance at 1 July 2018	295,038	752,482	79,880	1,078,102	2,205,502
Deficit for the year	-	-	-	(9,743)	(9,743)
Transfer to Other Reserves	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2019	<u>295,038</u>	<u>752,482</u>	<u>79,880</u>	<u>1,068,359</u>	<u>2,195,759</u>
Deficit for the year	-	-	-	(35,285)	(35,285)
Transfer from Other Reserves	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2020	<u><u>295,038</u></u>	<u><u>752,482</u></u>	<u><u>79,880</u></u>	<u><u>1,033,074</u></u>	<u><u>2,160,474</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 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from user charges and fees		3,231,730	3,220,829
Interest received		14,758	20,178
Payments to employees		(1,476,273)	(1,520,684)
Payments for materials and contracts		(1,391,002)	(1,483,781)
Net cash from operating activities	12(b)	<u>379,213</u>	<u>236,542</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(131,000)	-
Purchase of intangibles		(220,120)	(220,120)
Other non-current asset		8,148	-
Net cash used by investing activities		<u>(342,972)</u>	<u>(220,120)</u>
Net increase in cash and cash equivalents		36,241	16,422
Cash and cash equivalents at the beginning of the financial year		1,494,528	1,478,106
Cash and cash equivalents at the end of the financial year	12(a)	<u>1,530,769</u>	<u>1,494,528</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 2020

#### 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 15 October 2020 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 standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that CouncilBiz has decided not to adopt early. The following amendments are effective for the period beginning

1 January 2020:

- AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Material)
- AASB 3 Business Combinations (Amendment - Definition of Business)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to AASB 101, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

CouncilBiz is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to AASB 101 will have a significant impact on the classification of its liabilities

2 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(n).

(a) Effects of changes in accounting policies

CouncilBiz adopted AASB 16 with a transition date of 1 July 2019. CouncilBiz has chosen not to restate comparatives on adoption of this standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 July 2019) where the amount of right-of-use asset equals the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position

immediately before the date of initial application. Other new and amended standards and Interpretations issued by the IASB did not impact CouncilBiz as they are either not relevant to CouncilBiz activities or require accounting which is consistent with CouncilBiz current accounting policies.

AASB 16 Leases

Effective 1 July 2019, AASB 16 has replaced AASB 117 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. CouncilBiz does not have leasing activities acting as a lessor.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

Transition Method and Practical Expedients Utilised

CouncilBiz adopted AASB 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures. CouncilBiz elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 and IFRIC 4 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under AASB 117:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

(b) Revenue recognition

CouncilBiz enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of user charges and fees and finance processing fees.

The timing of revenue recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contract with customers

Where CouncilBiz has a contract with a customer, CouncilBiz recognises revenue when or as it transfers control of goods or services to the customer. CouncilBiz accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

(i) Services fee revenue

Service fee revenue is recognised when the promised goods or services transfer to the customer.

(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.

(iv) Grants

Grants are not recognised until there is reasonable assurance that CouncilBiz will comply with the conditions attaching them and that the grants will be received.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

(c) Income tax

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

(d) 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.

(e) 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.

(f) 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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

(h) 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.

(i) 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.

(j) 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.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

(l) 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.

(m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

(m) Financial Instruments (cont.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

(n) 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 \$851,359 as at 30 June 2020 (\$822,507 in 2019).

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 2020 (nil in 2019).

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 \$91,946 as at 30 June 2020 (\$102,358 in 2019).

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

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	
	2020 \$	2019 \$
<b>OPERATING REVENUES</b>		
User Charges and fees:		
- Barkly Regional Council	304,303	289,888
- Central Desert Regional Council	322,319	339,249
- East Arnhem Regional Council	315,889	314,670
- MacDonnell Regional Council	357,562	345,903
- Roper Gulf Regional Council	400,070	365,283
- Tiwi Islands Regional Council	254,863	247,960
- Victoria Daly Regional Council	272,936	265,614
- West Arnhem Regional Council	257,433	249,656
- West Daly Regional Council	193,534	195,213
	<u>2,678,909</u>	<u>2,613,436</u>
Finance Processing fees		
- Barkly Regional Council	77,499	62,097
- Tiwi Islands Regional Council	53,991	83,732
- Victoria Daly Regional Council	71,860	55,198
- West Daly Regional Council	329,641	348,238
	<u>532,991</u>	<u>549,265</u>
Investment revenue	14,758	20,178
Other income	(2,471)	-
<b>TOTAL REVENUES</b>	<b>3,224,187</b>	<b>3,182,879</b>
<b>OPERATING EXPENSES</b>		
Employee costs	1,474,352	1,567,094
Contract expenditures	808,177	822,469
Depreciation and amortisation expenses	357,055	265,067
Other operating expenses	619,888	537,992
<b>TOTAL EXPENSES</b>	<b>3,259,472</b>	<b>3,192,622</b>
<b>TOTAL OPERATING DEFICIT</b>	<b>(35,285)</b>	<b>(9,743)</b>
<b>ASSETS (Non-current)</b>	<b>851,359</b>	<b>822,507</b>

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.

	2020 \$	2019 \$
3. Operating revenues		
(a) Investment revenue		
Interest on Bank deposits	14,758	20,178
Total investment revenue	<u>14,758</u>	<u>20,178</u>
(b) Service fee and other operating revenues		
Service fee income	3,211,900	3,162,701
Other income (loss)	(2,471)	-
Total service fee and other operating revenue	<u>3,209,429</u>	<u>3,162,701</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
4. Operating expenses		
(a) Employee costs		
Salaries and wages	720,730	745,956
Employee leave benefits	137,207	156,219
Superannuation	79,119	79,977
Training costs	10,688	21,914
Other	11,686	12,155
Total employee costs	<u>959,430</u>	<u>1,016,221</u>
(b) Employee costs (financial processing)		
Salaries and wages	387,291	413,427
Employee leave benefits	72,709	83,493
Superannuation	44,159	46,481
Other	10,763	7,472
Total employee costs	<u>514,922</u>	<u>550,873</u>
(c) Depreciation and amortisation expenses		
Infrastructure	125,132	128,716
Furniture and fittings	11,905	2,538
Intangibles	181,576	133,813
Right-of-use asset	38,442	-
Total depreciation and amortisation expenses	<u>357,055</u>	<u>265,067</u>
(d) Contract expenditure		
Operating lease expense property	79,024	116,259
Software license maintenance and development	203,257	177,613
Server management	525,896	528,597
Total contract expenditure	<u>808,177</u>	<u>822,469</u>
(e) Other operating expenses		
Audit fees	15,450	33,303
Communication expenses	125,880	169,747
Consulting fees	286,327	208,501
Insurance	40,689	37,576
Training and development	3,584	13,995
Travel, accommodation and airfares	14,408	11,050
Utilities	18,769	12,014
Interest expense on lease liabilities	18,594	-
Other expenses	84,384	51,806
Other financial processing expenses	11,803	-
Total other operating expenses	<u>619,888</u>	<u>537,992</u>
5. Cash and cash equivalents		
Cash at bank	1,530,269	1,494,028
Petty cash	500	500
Total cash and cash equivalents	<u>1,530,769</u>	<u>1,494,528</u>
6. Trade and other receivables		
Trade and other receivables	-	15,713
Total trade and other receivables	<u>-</u>	<u>15,713</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
7. Other assets		
Current		
Accrued revenue	2,586	4,475
Prepayments	226,450	227,494
Total other current assets	<u>229,036</u>	<u>231,969</u>
Non-current		
Other	-	8,148
Total other non-current assets	<u>-</u>	<u>8,148</u>
8. Property, Plant and Equipment and Intangibles		
Infrastructure		
Cost	709,376	1,439,407
Accumulated Depreciation	(449,465)	(1,054,365)
	<u>259,911</u>	<u>385,042</u>
Furniture and fittings		
Cost	182,715	58,336
Accumulated Depreciation	(53,067)	(44,128)
	<u>129,648</u>	<u>14,208</u>
Plant and Equipment		
Cost	1,928	1,928
Accumulated Depreciation	(1,928)	(1,928)
	<u>-</u>	<u>-</u>
Intangibles		
Cost	914,987	694,868
Accumulated amortisation	(453,187)	(271,611)
	<u>461,800</u>	<u>423,257</u>
Total Property, Plant and Equipment and Intangibles	<u>851,359</u>	<u>822,507</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

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

	2019 \$			CARRYING AMOUNT MOVEMENTS DURING THE YEAR \$						2020 \$		
	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	(1,054,365)	385,042	-	-	(730,032)	-	730,032	(125,132)	709,376	(449,465)	259,911
Furniture and Fittings	58,336	(44,127)	14,209	131,000	-	(6,621)	-	2,966	(11,905)	182,715	(53,067)	129,648
Plant and Equipment	1,928	(1,928)	-	-	-	-	-	-	-	1,928	(1,928)	-
Total Property, plant and equipment a	1,499,671	(1,100,421)	399,251	131,000	-	(736,653)	-	732,998	(137,037)	894,019	(504,460)	389,559
Intangibles	694,867	(271,611)	423,256	220,120	-	-	-	-	(181,576)	914,987	(453,187)	461,800
Total Intangibles	694,867	(271,611)	423,256	220,120	-	-	-	-	(181,576)	914,987	(453,187)	461,800
TOTAL UNRESTRICTED	2,194,539	(1,372,032)	822,507	351,120	-	(736,653)	-	732,998	(318,613)	1,809,007	(957,647)	851,359

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

9 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 2(a). The following policies apply subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of CouncilBiz if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where CouncilBiz is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

9 Leases (Cont'd)

When CouncilBiz revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Right-of-use- assets

	2020
	\$
As 1 July 2019	-
Additions	576,631
Amortisation	(38,442)
As 30 June 2020	<u>538,189</u>

Lease Liabilities

As 1 July 2019	-
Additions	576,631
Interest expense	18,594
Lease payments	-
As 30 June 2020	<u>595,225</u>

	2020
	\$
Short-term lease expense	57,025
Low value lease expense	-
	<u>57,025</u>

CouncilBiz entered into a new agreement related to office lease on 1 October 2019 and were granted rent free period for 10 months. The previous lease agreement ended 31 August 2019 and lease payments made after that were on monthly basis therefore recognized as short term lease expense.

At 30 June 2020	Up to 3 Months \$	Between 3 and 12 Months \$	Between 1 and 2 year \$	Between 2 and 5 years \$	Over 5 years \$
Lease liabilities	<u>6,238</u>	<u>39,575</u>	<u>55,013</u>	<u>181,663</u>	<u>312,736</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
10 Trade and other payables and provisions		
Trade and other payables	35,581	14,264
Accrued expenses	74,594	77,442
Total trade and other payables	<u>110,175</u>	<u>91,706</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)	191,533	183,042
Long service leave (current)	39,142	43,979
Total current provisions for Employee Entitlement	<u>230,675</u>	<u>227,021</u>
Long service leave (non-current)	52,804	58,379
Total provisions	<u>283,479</u>	<u>285,400</u>

11 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	1,033,074	1,078,102
Total Reserves	<u>2,160,474</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.

12 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:

	2020	2019
	\$	\$
Cash on hand and at bank	1,530,769	1,494,528
Balance per Statement of Cash Flows	<u>1,530,769</u>	<u>1,494,528</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
(b) Reconciliation of surplus for the year to net cash flows provided by operating activities		
Deficit for the year	(35,285)	(9,743)
Add back non-cash items:		
Depreciation and amortisation expense	357,055	265,067
Loss on disposal of Property and equipment	3,654	-
Finance cost	18,594	-
Net cash provided by operating activities before change in assets and liabilities	<u>344,018</u>	<u>255,324</u>
Change in assets and liabilities during the reporting year:		
Movement in trade and other receivables	15,713	58,128
Movement in other assets	2,933	(10,994)
Movement in trade and other payables	18,470	(112,327)
Movement in provisions	(1,921)	46,411
Net cash provided by operating activities	<u><u>379,213</u></u>	<u><u>236,542</u></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.

13 Commitments for expenditure - operating lease

(a) Operating lease

Committed at the reporting date but not recognised as a liability

Within one year	57,025	21,029
One to five years	-	-
	<u>57,025</u>	<u>21,029</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 2020

14 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:

	2020 \$	2019 \$
Financial assets		
Cash and cash equivalents	1,530,769	1,494,528
Trade and other receivables	-	15,713
	<u>1,530,768</u>	<u>1,510,241</u>
Financial liabilities		
Trade and other payables	110,175	91,706
	<u>110,175</u>	<u>91,706</u>

CouncilBIZ had no financial instruments that are carried at fair value as at 30 June 2020 and 2019.

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 2020

14. Financial risk management (cont.)

	2020	2019
	\$	\$
Cash and cash equivalents	1,530,769	1,494,528
Trade and other receivables	-	15,713
	<u>1,530,769</u>	<u>1,510,241</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 - 2020

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Non-interest bearing						
Trade and other payables	110,175	110,175	110,175	-	-	-
TOTAL	<u>110,175</u>	<u>110,175</u>	<u>110,175</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	-	-	-	-	-	-
TOTAL	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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>

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

15 Contingent Liabilities  
CouncilBIZ had no contingent liabilities as at 30 June 2020 (nil in 2019).

16 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:

	2020	2019
	\$	\$
- short-term employee benefits	179,784	226,586
	179,784	226,586

The short-term employee benefits relate to the remuneration of the General Manager's contract. CouncilBiz current General Manager is under a consultancy arrangement and no employee cost is paid.

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.

	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Related Party Members	3,211,900	-	-	14,706

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.