

COUNCILBIZ

Financial Report for the Financial
Year Ended 30 June 2012

CouncilBIZ

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Independent Auditor's Report to the Board Members of CouncilBIZ

We have audited the accompanying financial report of CouncilBIZ, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the statement of working capital for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Executive Officer's Statement as set out on pages 5 to 32.

Board's Responsibility for the Financial Report

The Board of CouncilBIZ is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 2008, Local Government (Accounting) Regulations and the CouncilBIZ Constitution, and for such internal control as the Board determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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



Basis for Qualified Opinion

We draw attention to Note 6 to the financial report, which describes that included in Trade and Other Receivables were amounts totalling \$791,425 which were outstanding for 90 days or longer. This represents 72% of the total outstanding Trade and Other Receivables. As at the date of our audit report, management were still in the process of recovering these balances. We were unable to confirm or verify by alternative means, the existence and collectability of Trade and Other Receivables included in the statement of financial position totalling \$791,425 as at 30 June 2012.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of CouncilBIZ presents fairly, in all material respects, the entity's financial position as at 30 June 2012 and its financial performance for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 2008, Local Government (Accounting) Regulations and the CouncilBIZ Constitution.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Julie Crisp
Partner
Chartered Accountants
Darwin, 1 November 2012



CouncilBIZ

Executive Officer's Statement

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 2008, 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 2012; and
- (b) are in accordance with the accounting and other records of CouncilBIZ.



IT Director

Darwin, 1st November 2012

CouncilBIZ

Statement of Comprehensive Income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
OPERATING REVENUES			
Investment Revenue	3(a)	30,961	42,369
Service fee and other operating revenues	3(b)	3,262,276	5,214,504
Grants	3(c)	-	157,500
TOTAL OPERATING REVENUES		3,293,237	5,414,373
OPERATING EXPENSES			
Employee costs	4(a)	1,132,122	1,080,727
Finance costs	4(b)	20	282
Depreciation and amortisation expenses	4(c)	99,232	78,299
Contract expenditure	4(d)	1,055,751	1,365,343
Other operating expenses	4(e)	1,079,417	2,080,250
TOTAL OPERATING EXPENSES		3,366,542	4,604,901
(DEFICIT)/SURPLUS FOR THE YEAR		(73,305)	809,472
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		(73,305)	809,472

Notes to the financial statements are included on pages 11 to 32

CouncilBIZ

Statement of Financial Position as at 30 June 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	808,955	1,326,314
Trade and other receivables	6	1,094,643	326,587
Accrued revenue	7	111,152	949,464
Prepayments	7	122,929	71,384
TOTAL CURRENT ASSETS		2,137,679	2,673,749
NON-CURRENT ASSETS			
Property, plant and equipment	8	219,853	269,494
Intangibles	8	142,246	104,219
Other	7	5,410	5,530
TOTAL NON-CURRENT ASSETS		367,509	379,243
TOTAL ASSETS		2,505,188	3,052,992
CURRENT LIABILITIES			
Trade and other payables	9	1,011,776	1,507,109
Provisions	9	56,090	39,370
TOTAL CURRENT LIABILITIES		1,067,866	1,546,479
NON-CURRENT LIABILITIES			
Provisions	9	10,798	6,684
TOTAL NON-CURRENT LIABILITIES		10,798	6,684
TOTAL LIABILITIES		1,078,664	1,553,163
NET ASSETS		1,426,524	1,499,829
EQUITY			
Contributed equity	10	400,000	400,000
Accumulated surplus		1,026,524	1,099,829
TOTAL EQUITY		1,426,524	1,499,829

Notes to the financial statements are included on pages 11 to 32

CouncilBIZ

Statement of Working Capital for the year ended 30 June 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	808,955	1,326,314
Trade and other receivables	6	1,094,643	326,587
Accrued revenue	7	111,152	949,464
Prepayments	7	122,929	71,384
TOTAL CURRENT ASSETS		2,137,679	2,673,749
LESS CURRENT LIABILITIES			
Trade and other payables	9	1,011,776	1,507,109
Provisions	9	56,090	39,370
TOTAL CURRENT LIABILITIES		1,067,866	1,546,479
NET CURRENT ASSETS (working capital)		1,069,813	1,127,270
CURRENT RATIO (this is the ratio of current assets to current liabilities)		2.00	1.73

Notes to the financial statements are included on pages 11 to 32

CouncilBIZ

Statement of Changes in Equity for the year ended 30 June 2012

	Note	2012 \$	2011 \$
ACCUMULATED SURPLUS			
Balance at beginning of reporting year		1,099,829	290,357
(Deficit)/Surplus for the year		(73,305)	809,472
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(73,305)	809,472
Balance at end of the reporting year		1,026,524	1,099,829
CONTRIBUTED EQUITY			
Balance at beginning of reporting year		400,000	400,000
Contributions made during the year		-	-
Balance at end of reporting year	10	400,000	400,000
TOTAL EQUITY AT END OF THE REPORTING YEAR		1,426,524	1,499,829

Notes to the financial statements are included on pages 11 to 32

CouncilBIZ

Statement of Cash Flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts:</u>			
Receipts from user charges and fees		3,694,347	6,536,439
Interest received		30,961	42,369
Grants		-	-
<u>Payments:</u>			
Payments to employees		(1,081,698)	1,061,146
Payments for materials and contracts		(3,073,331)	4,829,344
Payment of interest		(20)	283
Other operating payments		-	-
Net cash provided by operating activities	11(b)	(429,741)	688,035
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments:</u>			
Purchase of assets		(87,618)	(157,988)
Other payments		-	-
Net cash used in investing activities		(87,618)	(157,988)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts:</u>			
Contributions received		-	-
Net cash provided by financing activities		-	-
Net increase in cash held		(517,359)	530,047
Cash at beginning of reporting year		1,326,314	796,267
Cash at end of reporting year	11(a)	808,955	1,326,314

Notes to the financial statements are included on pages 11 to 32

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies

This note sets out the principal accounting policies adopted in the preparation of the financial statements by CouncilBIZ, a not-for-profit-entity, as set out below. These policies have been consistently applied to all the years presented, 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 2008.

Its members are made up of

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

CouncilBIZ principal activities are to provide support to the Northern Territory Shire Councils in information technology.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies (cont.)

Critical accounting judgements and key sources of estimation uncertainty

In the application of CouncilBIZ's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Key sources of estimation uncertainty include general economic factors.

Basis of accounting

Statement of compliance

The financial statements are general purpose financial statements, which have been prepared to comply with applicable Australian Accounting Standards and Interpretations, the requirements of the Local Government Act and Regulations and other mandatory professional reporting requirements.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by the Executive Officer on the of September 2012.

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies (cont.)

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the CouncilBIZ financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9: Financial Instruments, AASB 2010-7 Amendments to Australian Accountings Standards arising from AASB 9	1 January 2013	30 June 2014
• AASB 10: Consolidated Financial Statements	1 January 2013	30 June 2014
• AASB 11: Joint Arrangements	1 January 2013	30 June 2014
• AASB 12: Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
• AASB 13: Fair Value Measurements, AASB 2011-8 Amendments to Australian Accountings Standards Arising from AASB 13 and AASB 2012-1 Amendments to Australian Accountings Standards – Fair Value Measurement - Reduced Disclosure Requirements	1 January 2013	30 June 2014
• AASB 119 (2011): Employee Benefits, AASB 2011-10 Amendments to Australian Accountings Standards arising from AASB 119 and AASB 2010-7 Amendments to Australian Accountings Standards arising Reduced Disclosure Requirements	1 January 2013	30 June 2014
• AASB 127 (2011): Separate Financial Statements	1 January 2013	30 June 2014
• AASB 128 (2011): Investments in Associates and Joint Ventures	1 January 2013	30 June 2014
• INT 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	30 June 2014
• AASB 2010-8: Deferred Tax: Recovery of Underlying Assets (AASB 112)	1 January 2012	30 June 2013
• AASB 2010-10 Severe Hyperinflation and Removal of Fixed Dates (AASB 1)	1 January 2013	30 June 2014
• AASB 2011-3: Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	1 July 2012	30 June 2013
• AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2013	30 June 2014
• AASB 2011-9: Presentation of Items of OCI (AASB 101)	1 July 2012	30 June 2013
• AASB 2011-13: Amendments to Australian Accounting Standard – Improvements to AABS 1049	1 July 2012	30 June 2013
• AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from reduced disclosure requirements	1 July 2013	30 June 2014

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies (cont.)

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) *Revenue recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenue when CouncilBIZ obtains control over, or the right to receive, the assets; it is probable that future economic benefits comprising the asset will flow to CouncilBIZ; and the amount can be reliably measured.

Control over granted and contributed assets is normally obtained upon their receipt (or acquittal) or upon notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants, contributions and donations recognised as revenue during the reporting period were obtained on the condition that they be expended in a particular manner, or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in these notes.

(ii) 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.

(iii) Interest revenue

Interest is recognised as it accrues when it is probable that the future economic benefits will flow to CouncilBIZ and it can be measured reliably.

(iv) Service fee revenue

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

(b) *Cash and cash equivalents*

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

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies (cont.)

(c) *Financial assets*

CouncilBIZ classifies financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

(i) *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loan and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(ii) *Impairment of financial assets*

Financial assets are assessed for indicators for impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited as other income. Changes in the carrying amount of the allowance account are recognised in profit and loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) *Derecognition of financial assets*

CouncilBIZ derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If CouncilBIZ neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, CouncilBIZ recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If CouncilBIZ retains substantially all the risks and rewards of ownership of a transferred financial asset, CouncilBIZ continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(d) *Property, plant and equipment*

(i) *Recognition of property, plant and equipment (including structural assets)*

Property, plant and equipment is recognised at cost when control of the asset passes to CouncilBIZ. Cost includes expenditure that is directly attributable to the acquisition. Cost related to property, plant and equipment gifted, donated or granted to CouncilBIZ is the fair value of the asset, plus costs directly attributable to the acquisition.

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies (cont.)

(d) *Property, plant and equipment (cont.)*

(ii) Depreciation

All property, plant and equipment is systematically depreciated over its useful life in a manner which reflects the consumption of the service potential embodied in those assets from the time that the item of property plant and equipment is available for use.

Depreciation is provided for on a straight line method using lives which are reviewed each reporting period. Major depreciation periods are:

Plant and equipment / Motor vehicles / Furniture and fittings / Infrastructure	3 to 11 years
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(iii) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(e) *Intangible assets*

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. 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 annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(f) *Financial liabilities*

Other financial liabilities

Other financial liabilities including trade and other payables are measured at fair value net of transaction costs.

(g) *Employee benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within 12 months

Provisions in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

Employee benefits not expected to be settled within 12 months

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash flows to be made by CouncilBIZ in respect of services provided by the employees up to reporting date.

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of accounting policies (cont.)

(g) *Employee benefits (cont.)*

Superannuation

CouncilBIZ contributes in respect of its employees to a defined contribution superannuation plan (Local Government Superannuation Scheme) established in respect of certain municipalities in South Australia and the Northern Territory.

(h) *Components of functions*

Note 2(a) provides information of revenues and expenditure of each of the major functions of CouncilBIZ.

(i) *Taxation*

CouncilBIZ is tax exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

(j) *Provisions*

Provisions are recognised when CouncilBIZ has a present obligation (legal or constructive) as a result of a past event; it is probable that CouncilBIZ will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST, the net amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, is classified as operating cash flows.

(l) *Rounding of amounts*

Unless otherwise indicated, amounts in the financial statements have not been rounded and are presented in Australian dollars.

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

2(a) Components of functions

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

	GENERAL PUBLIC SERVICES	
	2012 \$	2011 \$
OPERATING REVENUES		
User charges and fees	3,249,149	5,182,502
Investment revenue	30,961	42,369
Other operating revenues	13,127	32,002
Grants – NT recurrent	-	157,500
Grants – Commonwealth recurrent	-	-
TOTAL REVENUES	3,293,237	5,414,373
OPERATING EXPENSES		
Employee costs	1,132,122	1,080,727
Materials and contracts	1,055,751	1,365,343
Finance costs	20	282
Depreciation and amortisation expenses	99,232	78,299
Other operating expenses	1,079,417	2,080,250
TOTAL EXPENSES	3,366,542	4,604,901
TOTAL	(73,305)	809,472
ASSETS (Non-current)	362,099	373,713

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

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.

	2012	2011
	\$	\$
3. Operating revenues		
(a) Investment revenue		
Interest on bank deposits	30,961	42,369
Total interest on bank deposits	<u>30,961</u>	<u>42,369</u>
(b) Service fee and other operating revenues		
Service fee income	3,249,149	5,182,502
Other	13,127	32,002
Total service fee and other operating revenue	<u>3,262,276</u>	<u>5,214,504</u>
(c) Grants		
<u>Northern Territory current grants</u>		
Special purpose grant – NT Government	-	157,500
Total Northern Territory current grants	-	157,500
Total grants	<u>-</u>	<u>157,500</u>

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
4. Operating expenses		
(a) Employee costs		
Salaries and wages	809,970	748,271
Contract labour	8,332	33,022
Employee leave benefits	204,946	181,863
Superannuation	87,329	77,685
Fringe benefits tax	1,699	448
Training costs (excluding salaries)	8,322	12,024
Other	11,524	27,414
Total operating employee costs	1,132,122	1,080,727
(b) Finance costs		
Interest on ATO payables	20	282
Total finance costs	20	282
(c) Depreciation and amortisation expenses		
Infrastructure	27,999	7,273
Plant and equipment	12,233	12,233
Furniture and fittings	15,168	15,168
Motor vehicles	15,043	15,043
Intangibles	28,789	28,582
Total depreciation and amortisation expenses	99,232	78,299

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
4. Operating expenses (cont.)		
(d) Contract expenditure		
Operating lease expense computing	-	(10,850)
Operating lease expense vehicles	-	(361)
Operating lease expense property	70,891	69,344
Software license maintenance and development	598,748	855,450
Server management	386,112	451,760
Total contract expenditure	1,055,751	1,365,343
(e) Other operating expenses		
Accounting fees	-	1,400
Audit fees	13,654	11,364
Advertising expense	-	556
Allowance for doubtful debts	-	-
Travel, accommodation and airfares	58,624	58,472
Consulting fees	203,646	(6,508)
Legal expenses	-	9,328
Material expenses	36,817	47,466
Insurance	19,375	25,983
Electricity and heating	4,468	4,437
Communication expenses	447,315	1,566,777
Motor vehicle costs	10,812	9,191
Other	284,706	351,784
Total other operating expenses	1,079,417	2,080,250

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
5. Cash and cash equivalents		
Cash		
Cash at bank – Operational general	793,709	1,311,120
Cash at bank – Trust general	14,796	14,744
Petty cash	450	450
Total cash	808,955	1,326,314
Restricted cash and cash equivalents		
<u>Purpose</u>		
External restrictions		
- Included in revenue		
Special purpose unexpended grant	-	92,927
Total external restrictions	-	92,927
Internal restrictions		
- Included in liabilities		
Employee leave benefits	66,888	46,054
Total internal restrictions	66,888	46,054
Total unrestricted	742,067	1,187,333
Total cash and cash equivalents available	808,955	1,326,314

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

	2012 \$	2011 \$
6. Trade and other receivables		
<u>Purpose</u>		
User charges and fees	1,057,412	308,180
Goods and services tax receivable	37,231	18,407
Total	1,094,643	326,587
Less: Allowance for doubtful debts	-	-
Total unrestricted trade and other receivables	1,094,643	326,587
 Allowance for doubtful debt		
Opening balance	-	13,972
Add: Additional doubtful debts recognised	-	-
Less: Doubtful debts reversed	-	13,972
Closing balance	-	-
 Total trade and other receivables	1,094,643	326,587
Total trade and other receivables consist of:		
Current trade and other receivables	1,094,643	326,587
Total trade and other receivables	1,094,643	326,587
 (i) The average credit period on user charges and fees is 30 days. No interest is charged on receivables.		
 Ageing of past due but not impaired		
31 – 90 days	34,185	68,548
91 + days	791,425	15,327
Total ageing of past due but not impaired	825,610	83,875

In determining the recoverability of a trade receivable, CouncilBIZ considers any change in the credit quality of the trade receivable from the date credit was initially granted up to reporting date.

As at 30 June 2012 trade and other receivables of \$791,425 remained outstanding for 90 days and longer and represents 72% of the total outstanding trade and other receivables. These trade and other receivables related to Telstra invoices for services that have been on-charged to the Shire's. The Telstra invoices are being reviewed by CouncilBIZ to confirm the amounts owing to Telstra and on-charged to the Shire's are valid and accurate. Whilst management considers these amounts outstanding to be recoverable the non-recovery of the trade and other receivables could have a serious impact on the cash flow situation and the continued service delivery of CouncilBIZ.

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
7. Other assets		
Unrestricted other assets		
<i>Other:</i>		
Accrued revenue	111,152	949,464
Prepayments	122,929	71,384
Other	5,410	5,530
Total unrestricted other assets	<u>239,491</u>	<u>1,026,378</u>
Total other assets	<u>239,491</u>	<u>1,026,378</u>
<i>Total other assets consist of:</i>		
Other assets current	234,081	1,020,848
Other assets non-current	5,410	5,530
Total other assets	<u>239,491</u>	<u>1,026,378</u>

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

8. Property, plant and equipment and intangibles

	2011						2012					
	At Cost	Accumulated Depreciation / Amortisation	Carrying Amount	Asset Purchase	Transfers	Asset Disposal (cost)	Asset Disposal (depreciation / amortisation)	Depreciation / Amortisation Expense	At Cost	Accumulated Depreciation / Amortisation	Carrying Amount	
UNRESTRICTED												
Infrastructure	115,581	(7,282)	108,299	20,802	36,087	-	-	(27,999)	172,470	(35,281)	137,189	
Furniture and Fittings	75,840	(24,859)	50,981	-	-	-	-	(15,168)	75,840	(40,027)	35,813	
Plant and Equipment	61,165	(26,935)	34,230	-	-	-	-	(12,233)	61,165	(39,168)	21,997	
Motor Vehicles	75,214	(35,317)	39,897	-	-	-	-	(15,043)	75,214	(50,360)	24,854	
Work in progress	36,087	-	36,087	-	(36,087)	-	-	-	-	-	-	
Total property, plant and equipment	363,887	(94,393)	269,494	20,802	-	-	-	(70,443)	384,689	(164,836)	219,853	
Intangibles	142,909	(61,455)	81,454	66,816	22,765	-	-	(28,789)	232,490	(90,244)	142,246	
Work in progress	22,765	-	22,765	-	(22,765)	-	-	-	-	-	-	
Total intangibles	165,674	(61,455)	104,219	66,816	-	-	-	(28,789)	232,490	(90,244)	142,246	
TOTAL UNRESTRICTED	529,561	(155,848)	373,713	154,434	-	-	-	(128,021)	849,669	(345,324)	504,345	

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

9. Trade and other payables and provisions	2012 \$	2011 \$
<u>Trade and other payables:</u>		
Goods and services	472,158	172,983
Goods and services tax payable	25,050	58,765
PAYG Withholding	15,682	22,223
Income received in advance	250,157	311,216
Accrued expenses	239,439	931,326
Accrued wages	8,413	8,700
Unexpended grant liability	-	-
Other	877	1,896
Total trade and other payables	1,011,776	1,507,109
<i>Total trade and other payables consist of:</i>		
Current trade and other payables	1,011,776	1,507,109
Total trade and other payables	1,011,776	1,507,109
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.		
<u>Provisions:</u>		
Annual leave – current	56,090	39,370
Long service leave – non-current	10,798	6,684
Total provisions	66,888	46,054
<i>Total provisions consist of:</i>		
Current provisions	56,090	39,370
Non-current provisions	10,798	6,684
Total provisions	66,888	46,054

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

10. Contributed equity

	2012	2011
	\$	\$
An initial funding contribution from members was made to CouncilBIZ on 1 July 2008. This initial funding contribution has been classified as contributed equity in the CouncilBIZ statement of financial position and statement of changes in equity.		
Barkly Shire Council	50,000	50,000
Central Desert Shire Council	50,000	50,000
East Arnhem Shire Council	50,000	50,000
MacDonnell Shire Council	50,000	50,000
Roper Gulf Shire Council	50,000	50,000
Tiwi Islands Shire Council	50,000	50,000
Victoria Daly Shire Council	50,000	50,000
West Arnhem Shire Council	50,000	50,000
	<u>400,000</u>	<u>400,000</u>

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

11. Statement of cash flows reconciliation

	2012	2011
	\$	\$
(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:		
Cash on hand and at bank	808,955	1,326,314
Balance per Statement of Cash Flows	808,955	1,326,314
(b) Reconciliation of surplus for the year to net cash flows provided by operating activities		
(Deficit) / Surplus for the year	(73,305)	809,472
Add back non-cash items:		
Depreciation and amortisation expense	99,232	78,299
Allowance for doubtful debts	-	-
Net cash provided by operating activities before change in assets and liabilities	25,927	887,771
Change in assets and liabilities during the reporting year:		
(Increase)/Decrease in trade and other receivables	(768,056)	563,695
(Increase)/Decrease in other assets	786,887	336,145
Increase/(Decrease) in trade and other payables	265,460	(953,814)
Increase/(Decrease) in provisions	20,834	(62,027)
Increase/(Decrease) in other liabilities	(760,793)	(83,735)
Net cash provided by operating activities	429,741	688,035

(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 in place any financing facilities or arrangements.

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

12. Commitments for expenditure	2012	2011
	\$	\$
(a) Operating leases		
Commitments under non-cancellable operating leases	396,473	796,322
<u>Leasing arrangements</u>		
Operating leases relate to the provision of IT support services to CouncilBIZ and the Shire Councils and office accommodation of CouncilBIZ at 13 Sheppard Street, Darwin. The IT support services agreement is between CouncilBIZ and CSG Services Pty Ltd.		
Not longer than 1 year	396,473	399,849
Longer than 1 year and not longer than 5 years	-	396,473
Total commitments	396,473	796,322

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

13. Financial instruments

(a) Financial risk management objectives

CouncilBIZ has given the Executive Officer the power to invest funds of CouncilBIZ. CouncilBIZ's objective is to minimise financial risk by investing only in short term deposits at call deposits with local banks. Before any investments are made banks are contacted by the Finance Manager to obtain available rates, the Finance Manager will present the information to the Executive Officer, who will then approve the investment to be made. Monthly reports on investments are prepared and given out at CouncilBIZ meetings.

(b) Liquidity and interest rate risk

CouncilBIZ controls interest rate risk by only investing in short term deposits with local banks.

CouncilBIZ's exposure to interest rate risk consists of:

	<i>Actual 2012 Variable interest rate current</i>		<i>Actual 2012 Non interest bearing</i>	<i>Actual 2012 Total</i>	<i>Actual 2011 Variable interest rate current</i>		<i>Actual 2011 Non interest bearing</i>	<i>Actual 2011 Total</i>
			<i>1-5 years</i>				<i>1-5 years</i>	
	\$	%	\$	\$	\$	%	\$	\$

Financial assets

<i>Cash at bank</i>	808,955	3.15	-	808,955	1,326,314	3.15	-	1,326,314
<i>Receivables – other</i>		-	1,094,643	1,094,643		-	326,587	326,587
TOTAL FINANCIAL ASSETS	808,955	-	1,094,643	1,903,598	1,326,314	-	326,587	1,652,901

Financial liabilities

<i>Trade Payables</i>	-	-	472,158	472,158	-	-	172,983	172,983
<i>GST payable</i>	-	-	25,050	25,050	-	-	58,765	58,765
<i>PAYG Withholding</i>	-	-	15,682	15,682	-	-	22,223	22,223
<i>Accrued expenses</i>	-	-	239,439	239,439	-	-	931,326	931,326
<i>Other</i>	-	-	251,034	251,034	-	-	313,112	313,112
TOTAL FINANCIAL LIABILITIES	-	-	1,003,363	1,003,363	-	-	1,498,409	1,498,409

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

13. Financial instruments (cont.)

(c) Credit risk

Credit risk represents the loss that would be recognised if counter parties fail to perform as contracted. The maximum credit risk on financial assets of CouncilBIZ is the carrying amount, net of any provisions for doubtful debts.

CouncilBIZ does not have any significant credit risk exposure to any counter party or group of counter parties. CouncilBIZ does not have any interest bearing loans.

(d) Net fair value

The carrying amount of financial assets and liabilities recorded in the financial statements represent their respective net fair value.

(e) Market risk

CouncilBIZ's activities expose it primarily to risk of recoverability of outstanding trade debts. The risk is controlled by CouncilBIZ as it has legal authority to recover the outstanding debts of members through its constitution.

(f) Capital risk

CouncilBIZ manages its capital to ensure that it will be able to continue as a going concern. CouncilBIZ capital management strategy remains unchanged from 2009. Capital structure consists entirely of the equity of CouncilBIZ (comprising contributions and retained earnings).

14. Employee benefits

	2012	2011
	\$	\$
The aggregate employee benefit liability recognised and included in the financial statements is as follows:		
Provision for employee benefits:		
Current provisions (note 9)	56,090	39,370
Non-current provisions (note 9)	10,798	6,684
Accrued wages and salaries	8,413	8,700
	75,301	54,754
Number of employees at the end of the financial year	14	14

15. Additional CouncilBIZ Information

Postal Address:

CouncilBIZ
GPO Box 4246
Darwin NT 0801

Principal Administration Office:

CouncilBIZ
Unit 3, 14 Shepherd Street
Darwin, NT 0800
Tel: (08) 8944 4444
Fax: (08) 8944 4400
Email: councilbiz@nt.gov.au

CouncilBIZ

Notes to the Financial Statements for the year ended 30 June 2012

16. Special schedules

1. Comparison of original estimates with actual

	Budget	Core	Difference	Other	Entity
	2012	Actual		Actual	Actual
		2012		2012	2012
Expenditure					
General public services	3,011,866	2,959,236	(52,630)	407,305	3,366,540
Total expenditure	3,011,866	2,959,236	(52,630)	407,305	3,366,540
Income					
General public services	3,236,866	3,281,419	44,553	11,818	3,293,237
Total Income	3,236,866	3,281,419	44,553	11,818	3,293,237
Capital expenditure					
General public services	225,000	57,264	(74,371)	30,353	87,617
Total capital expenditure	225,000	57,264	(74,371)	30,353	87,617

17. Events subsequent to balance date

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.