

# **COUNCILBIZ**

Financial Report for the Financial  
Year Ended 30 June 2010

# CouncilBiz

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## **Independent Auditor's Report to the members of CouncilBIZ**

We have audited the accompanying financial statements of CouncilBIZ, which comprise the statement of financial position as at 30 June 2010 and 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 ended on that date, notes comprising a summary of significant accounting policies and other explanatory information as set out on pages 6 to 34.

### *The Responsibility of the Board of Directors for the Financial Statements*

The board of directors of the entity are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 2008, Local Government (Accounting) Regulations and the CouncilBIZ Constitution. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 of directors, as well as evaluating the overall presentation of the financial statements.

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

*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

*Auditor's Opinion*

In our opinion, the financial statements of CouncilBIZ presents fairly, in all material respects, CouncilBIZ's financial position as at 30 June 2010, and of its financial performance, its cash flows and its changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 2008, Local Government (Accounting) Regulations 2008 and the CouncilBIZ Constitution.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Julie Crisp  
Partner

Chartered Accountants  
Darwin, 29 October 2010

# CouncilBiz

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## Executive Officer's Statement

I, David Air, 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 2008 and the CouncilBiz Constitution so as to present fairly the financial position of CouncilBiz and its results for the year ended 30 June 2010; and
- (b) are in accordance with the accounting and other records of CouncilBiz.



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Executive Officer

Darwin, 28 October 2010

## Statement of Comprehensive Income For the year ended 30 June 2010

	Note	Actual 2010 \$	Actual 2009 \$
<b>OPERATING REVENUES</b>			
Investment Revenue	3(a)	3,341	6,141
Grants	3(c)	231,712	782,288
Service fee and other operating revenues	3(b)	9,650,596	5,683,584
<b>TOTAL OPERATING REVENUES</b>		<b>9,885,649</b>	<b>6,472,013</b>
<b>OPERATING EXPENSES</b>			
Employee costs	4(a)	3,720,516	1,685,786
Finance costs	4(b)	9,319	2,602
Depreciation and amortisation expenses	4(c)	61,838	15,711
Contract expenditure	4(d)	4,354,627	2,979,257
Other operating expenses	4(e)	1,606,151	1,631,497
<b>TOTAL OPERATING EXPENSES</b>		<b>9,752,451</b>	<b>6,314,853</b>
<b>SURPLUS FOR THE YEAR</b>		<b>133,198</b>	<b>157,160</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>133,198</b>	<b>157,160</b>

Notes to the financial statements are included on pages 11 to 34

# CouncilBiz

## Statement of Financial Position as at 30 June 2010

	Note	Actual 2010 \$	Actual 2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	796,267	424,584
Trade and other receivables	6	890,282	2,230,730
Accrued revenue	7	1,325,982	-
Prepayments	7	19,344	27,410
<b>TOTAL CURRENT ASSETS</b>		<b>3,031,875</b>	<b>2,682,724</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	183,988	151,235
Intangibles	8	110,036	130,313
Other	7	17,197	121
<b>TOTAL NON-CURRENT ASSETS</b>		<b>311,221</b>	<b>281,669</b>
<b>TOTAL ASSETS</b>		<b>3,343,096</b>	<b>2,964,393</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,544,657	2,274,832
Provisions	9	108,081	132,401
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,652,738</b>	<b>2,407,233</b>
<b>TOTAL LIABILITIES</b>		<b>2,652,738</b>	<b>2,407,233</b>
<b>NET ASSETS</b>		<b>690,358</b>	<b>557,160</b>
<b>EQUITY</b>			
Contributed equity	10	400,000	400,000
Accumulated surplus		290,358	157,160
<b>TOTAL EQUITY</b>		<b>690,358</b>	<b>557,160</b>

Notes to the financial statements are included on pages 11 to 34

# CouncilBiz

## Statement of Working Capital For the year ended 30 June 2010

	Note	Actual 2010 \$	Actual 2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	796,267	424,584
Trade and other receivables	6	890,282	2,230,730
Other	7	1,345,326	27,410
<b>TOTAL CURRENT ASSETS</b>		<b>3,031,875</b>	<b>2,682,724</b>
<b>LESS CURRENT LIABILITIES</b>			
<u>Current</u>			
Trade and other payables	9	2,544,657	2,138,120
Provisions	9	108,081	269,113
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,652,738</b>	<b>2,407,233</b>
<b>NET CURRENT ASSETS (working capital)</b>		<b>379,137</b>	<b>275,491</b>
<b>CURRENT RATIO</b> (this is the ratio of current assets to current liabilities)		<b>1.14</b>	<b>1.11</b>

Notes to the financial statements are included on pages 11 to 34



# CouncilBiz

## Statement of Changes in Equity For the year ended 30 June 2010

	Note	Actual 2010 \$	Actual 2009 \$
<b>ACCUMULATED SURPLUS</b>			
Balance at beginning of reporting year		157,160	-
Surplus for the year		133,198	157,160
Other comprehensive income for the year		-	-
Total comprehensive income for the year		133,198	157,160
Balance at end of the reporting year		290,358	157,160
<b>CONTRIBUTED EQUITY</b>			
Balance at beginning of reporting year		400,000	-
Contributions made during the year		-	400,000
Balance at end of reporting year	10	400,000	400,000
<b>TOTAL EQUITY AT END OF THE REPORTING YEAR</b>		<b>690,358</b>	<b>557,160</b>

Notes to the financial statements are included on pages 11 to 34

# CouncilBiz

## Statement of Cash Flows for the year ended 30 June 2010

	Note	Actual 2010 \$	Actual 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts:</u>			
Receipts from user charges and fees		10,047,507	3,452,853
Interest received		3,341	6,141
Grants		252,500	782,288
<u>Payments:</u>			
Payments to employees		3,744,836	1,553,385
Payments for materials and contracts		4,354,627	731,836
Payment of interest		9,319	2,602
Other operating payments		1,748,569	1,631,496
Net cash provided by operating activities	11(b)	445,997	321,963
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Payments:</u>			
Purchase of assets		(74,314)	(297,259)
Other payments		-	(120)
Net cash used in investing activities		(74,314)	(297,379)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts:</u>			
Contributions received		-	400,000
Net cash provided by financing activities		-	400,000
Net increase in cash held		371,683	424,584
Cash at beginning of reporting year		424,584	-
Cash at end of reporting year	11(a)	796,267	424,584

Notes to the financial statements are included on pages 11 to 34

## Notes to the Financial Statements for the year ended 30 June 2010

### 1. Summary of accounting policies

This note sets out the principal accounting policies adopted in the preparation of the financial statements by CouncilBiz, 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 areas of administration, records management, information technology and financial services.

CouncilBiz was incorporated on 1 July 2008 and accordingly this is the first year comparative figures have been presented.

#### *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.

## Notes to the Financial Statements for the year ended 30 June 2010

### 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 28th of October 2010

##### *Adoption of new and revised accounting standards*

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

##### Standards affecting presentation and disclosure

AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

## Notes to the Financial Statements for the year ended 30 June 2010

### 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
<ul style="list-style-type: none"> <li>AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 &amp; 139]</li> </ul>	1 January 2010	30 June 2011
<ul style="list-style-type: none"> <li>AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]</li> </ul>	1 January 2010	30 June 2011
<ul style="list-style-type: none"> <li>AASB 2009-9: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.</li> </ul>	1 January 2010	30 June 2011
<ul style="list-style-type: none"> <li>AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]</li> </ul>	1 February 2010	30 June 2011
<ul style="list-style-type: none"> <li>AASB 9: Financial Instruments</li> </ul>	1 January 2013	30 June 2014
<ul style="list-style-type: none"> <li>AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12]</li> </ul>	1 January 2013	30 June 2014
<ul style="list-style-type: none"> <li>AASB 124 (Revised): Related Party Disclosures (December 2009)</li> </ul>	1 January 2011	30 June 2012
<ul style="list-style-type: none"> <li>AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</li> </ul>	1 January 2011	30 June 2012
<ul style="list-style-type: none"> <li>AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]</li> </ul>	1 July 2010	30 June 2011
<ul style="list-style-type: none"> <li>AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</li> </ul>	1 January 2011	30 June 2012

## Notes to the Financial Statements for the year ended 30 June 2010

### 1. Summary of accounting policies (cont.)

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"><li>• AASB 2010-1: Amendments to Australian Accounting Standards - Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters</li></ul>	1 July 2010	30 June 2011
<ul style="list-style-type: none"><li>• AASB 1053: Application of Tiers of Australian Accounting Standards</li></ul>	1 July 2013	30 June 2014
<ul style="list-style-type: none"><li>• AASB 2010-2: Amendments to Australian Accounting Standards arising from reduced disclosure requirements</li></ul>	1 July 2013	30 June 2014
<ul style="list-style-type: none"><li>• AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 &amp; AASB 139]</li></ul>	1 July 2010	30 June 2011
<ul style="list-style-type: none"><li>• AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]</li></ul>	1 January 2011	30 June 2012
<ul style="list-style-type: none"><li>• Interpretation 19: Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments</li></ul>	1 July 2010	30 June 2011

## Notes to the Financial Statements for the year ended 30 June 2010

### 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 2010

### 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 2010

### 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

##### *(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.

## Notes to the Financial Statements for the year ended 30 June 2010

### 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 cashflows 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 2010

### 2(a) Components of functions

2010 – 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	
	Actual 2010 \$	Actual 2009 \$
<b>OPERATING REVENUES</b>		
User charges and fees	9,645,909	5,645,924
Investment revenue	3,341	6,141
Other operating revenues	4,687	37,659
Grants – NT recurrent	95,000	705,000
Grants – Commonwealth recurrent	136,712	77,289
<b>TOTAL REVENUES</b>	<b>9,885,649</b>	<b>6,472,013</b>
<b>OPERATING EXPENSES</b>		
Employee costs	3,720,516	1,465,497
Materials and contracts	4,354,627	2,906,274
Finance costs	9,319	2,602
Depreciation and amortisation expenses	61,838	15,711
Other operating expenses	1,606,151	1,924,768
<b>TOTAL EXPENSES</b>	<b>9,752,451</b>	<b>6,314,852</b>
<b>TOTAL</b>	<b>133,198</b>	<b>157,160</b>
<b>ASSETS (Non-current)</b>	<b>294,024</b>	<b>281,548</b>

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

### 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.

	Actual 2010 \$	Actual 2009 \$
<b>3. Operating revenues</b>		
<b>(a) Investment revenue</b>		
Interest on bank deposits	3,341	6,141
<b>Total interest on bank deposits</b>	<b>3,341</b>	<b>6,141</b>
<b>(b) Service fee and other operating revenues</b>		
Service fee income	9,645,909	5,645,924
Other	4,687	37,660
<b>Total service fee and other operating revenue</b>	<b>9,650,596</b>	<b>5,683,584</b>
<b>(c) Grants</b>		
<u>Northern Territory current grants</u>		
Special purpose grant – ICT Modelling	95,000	-
Special purpose grant - Transition LGANT Staff	-	150,000
Operating - Additional Staff ShiresBIZ	-	555,000
<b>Total Northern Territory current grants</b>	<b>95,000</b>	<b>705,000</b>
<u>Commonwealth current grants</u>		
Specific purpose grant – FAHCSIA grant	136,712	77,288
<b>Total Commonwealth current grants</b>	<b>136,712</b>	<b>77,288</b>
<b>Total grants</b>	<b>231,712</b>	<b>782,288</b>

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

	Actual 2010 \$	Actual 2009 \$
<b>4. Operating expenses</b>		
<b>(a) Employee costs</b>		
Salaries and wages	1,894,373	989,711
Contract labour	1,063,535	165,556
Employee leave benefits	388,204	274,425
Superannuation	197,438	105,308
Fringe benefits tax	10,302	11,600
Training costs (excluding salaries)	26,445	21,116
Other	140,219	118,070
<b>Total operating employee costs</b>	<b>3,720,516</b>	<b>1,685,786</b>
<b>(b) Finance costs</b>		
Interest on ATO payables	9,319	2,602
<b>Total finance costs</b>	<b>9,319</b>	<b>2,602</b>
<b>(c) Depreciation and amortisation expenses</b>		
Infrastructure	9	-
Plant and equipment	11,560	3,142
Furniture and fittings	7,840	1,851
Motor vehicles	15,043	5,231
Intangibles	27,386	5,487
<b>Total depreciation and amortisation expenses</b>	<b>61,838</b>	<b>15,711</b>

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

	Actual 2010 \$	Actual 2009 \$
<b>4. Operating expenses (cont.)</b>		
<b>(d) Contract expenditure</b>		
Network communication and internet service	280,389	238,539
Operating lease expense computing	2,482,116	1,408,068
Operating lease expense vehicles	5,048	3,273
Operating lease expense property	202,235	176,157
Software license maintenance and development	437,947	237,489
Server maintenance	946,892	915,731
<b>Total contract expenditure</b>	<b>4,354,627</b>	<b>2,979,257</b>
<b>(e) Other operating expenses</b>		
Accounting fees	23,605	297,220
Audit fees	22,270	23,760
Advertising expense	16,646	11,298
Allowance for doubtful debts	13,972	-
Travel, accommodation and airfares	147,713	129,421
Consulting fees	503,232	485,895
Legal expenses	37,921	11,876
Material expenses	298,943	209,647
Insurance	395,801	301,823
Electricity and heating	18,852	14,822
Telephone	64,315	36,198
Motor vehicle costs	8,137	8,040
Other	54,744	101,497
<b>Total other operating expenses</b>	<b>1,606,151</b>	<b>1,631,497</b>

## Notes to the Financial Statements for the year ended 30 June 2010

	Actual 2010 \$	Actual 2009 \$
<b>5. Cash and cash equivalents</b>		
<b>CASH</b>		
Cash at bank – Operational general	781,074	421,262
Cash at bank – Trust general	14,743	2,821
Petty cash	450	501
<b>TOTAL CASH</b>	<b>796,267</b>	<b>424,584</b>
 <b>RESTRICTED CASH AND CASH EQUIVALENTS</b>		
<u>Purpose</u>		
<b>EXTERNAL RESTRICTIONS</b>		
- Included in liabilities		
Special purpose unexpended grant	157,500	136,712
<b>TOTAL EXTERNAL RESTRICTIONS</b>	<b>157,500</b>	<b>136,712</b>
 <b>INTERNAL RESTRICTIONS</b>		
- Included in liabilities		
Employee leave benefits	108,081	132,401
<b>TOTAL INTERNAL RESTRICTIONS</b>	<b>108,081</b>	<b>132,401</b>
 <b>TOTAL UNRESTRICTED</b>	<b>530,686</b>	<b>155,471</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AVAILABLE</b>	<b>796,267</b>	<b>424,584</b>

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

	Actual 2010 \$	Actual 2009 \$
<b>6. Trade and other receivables</b>		
<u>Purpose</u>		
User charges and fees	799,830	2,223,987
Goods and services tax receivable	104,424	6,743
Total	904,254	2,230,730
Less: Allowance for doubtful debts	13,972	-
<b>TOTAL UNRESTRICTED TRADE AND OTHER RECEIVABLES</b>	<b>890,282</b>	<b>2,230,730</b>
 <b>ALLOWANCE FOR DOUBTFUL DEBT</b>		
Opening balance	-	-
Add: Additional doubtful debts recognised	13,972	-
Closing balance	13,972	-
 <b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>890,282</b>	<b>2,230,730</b>
Total trade and other receivables consist of:		
Current trade and other receivables	890,282	2,230,730
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>890,282</b>	<b>2,230,730</b>
(i) The average credit period on user charges and fees is 30 days. No interest is charged on receivables.		
 <b>AGEING OF PAST DUE BUT NOT IMPAIRED</b>		
31 – 90 days	33,251	205,063
91 + days	40,875	30,746
<b>TOTAL AGEING OF PAST DUE BUT NOT IMPAIRED</b>	<b>74,126</b>	<b>235,809</b>

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.



# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

	Actual 2010 \$	Actual 2009 \$
<b>7. Other assets</b>		
<b>UNRESTRICTED OTHER ASSETS</b>		
<u>Other:</u>		
Accrued revenue	1,325,982	-
Prepayments - current	19,344	27,410
Other	17,197	121
<b>Total unrestricted other assets</b>	<b>1,362,523</b>	<b>27,531</b>
 <b>TOTAL OTHER ASSETS</b>	 <b>1,362,523</b>	 <b>27,531</b>
<i>Total other assets consist of:</i>		
Other assets current	1,345,326	27,410
Other assets non-current	17,197	121
<b>TOTAL OTHER ASSETS</b>	<b>1,362,523</b>	<b>27,531</b>

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

### 8. Property, plant and equipment and Intangibles

	CARRYING AMOUNT MOVEMENTS DURING THE YEAR										2010		
	\$										\$		
	2009					2010							
	At	At Fair	Accumulated	Carrying	Asset	Asset	Asset	Depreciation /	Write	Net	At	At Fair	Accumulated
Cost	Value	Depreciation /	Amount	Purchase	Disposal	Disposal	Amortisation	Downs	Revaluations	Cost	Value	Depreciation /	Amount
		Amortisation			(depreciation)/a	(Cost)	Expense					Amortisation	
					)								
UNRESTRICTED													
Infrastructure	-	-	-	16,445	-	-	(9)	-	-	16,445	-	(9)	16,436
Furniture & Fittings	38,430	-	36,579	37,410	-	-	(7,840)	-	-	75,840	-	(9,691)	66,149
Plant and Equipment	47,815	-	44,673	13,350	-	-	(11,560)	-	-	61,165	-	(14,702)	46,463
Motor Vehicles	75,214	-	69,983	-	-	-	(15,043)	-	-	75,214	-	(20,274)	54,940
Total property, plant and equipment	161,459	-	151,235	67,205	-	-	(34,452)	-	-	228,664	-	(44,676)	183,988
Intangibles	135,800	-	130,313	7,109	-	-	(27,386)	-	-	142,909	-	(32,873)	110,036
TOTAL	297,259	-	281,548	74,314	-	-	(61,838)	-	-	371,573	-	(77,549)	294,024
UNRESTRICTED													

## Notes to the Financial Statements for the year ended 30 June 2010

### 9. Trade and other payables and provisions

	Actual 2010 \$	Actual 2009 \$
<u>Trade and other payables:</u>		
Goods and services	1,071,723	1,605,913
Goods and services tax payable	113,838	74,544
PAYG Withholding	49,124	-
Income received in advance	395,617	13,172
Accrued expenses	749,443	401,692
Accrued wages	-	38,546
Unexpended grant liability	157,500	136,712
Other	7,412	4,253
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>2,544,657</b>	<b>2,274,832</b>
<i>Total trade and other payables consist of:</i>		
Current trade and other payables	2,544,657	2,274,832
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>2,544,657</b>	<b>2,274,832</b>
 <u>Provisions:</u>		
Annual leave – current	108,081	132,401
<b>TOTAL PROVISIONS</b>	<b>108,081</b>	<b>132,401</b>
<i>Total provisions consist of:</i>		
Current provisions	108,081	132,401
<b>TOTAL PROVISIONS</b>	<b>108,081</b>	<b>132,401</b>
 <b>MOVEMENTS IN PROVISIONS</b>		
<u>Annual leave</u>		
Opening balance	132,401	-
Add: Additional amounts recognised (service costs)	222,860	132,401
(Less): Payments (settlement costs)	(247,180)	-
Closing balance	108,081	132,401

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

### 10. Contributed equity

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.

	Actual 2010 \$	Actual 2009 \$
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>

## Notes to the Financial Statements for the year ended 30 June 2010

### 11. Statement of Cash Flows

	Actual 2010 \$	Actual 2009 \$
<b>(a) Reconciliation of cash</b>		
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	796,267	424,584
Balance per Statement of Cash Flows	796,267	424,584
<b>(b) Reconciliation of surplus for the year to net cash flows provided by operating activities</b>		
Surplus for the year	133,198	157,160
Add		
Depreciation and amortisation expense	61,838	15,711
Increase in provision for doubtful debts	13,972	-
Decrease in trade and other receivables	1,326,476	-
Decrease in other current assets	403,233	-
Increase in employee leave benefits	-	132,401
Increase in other provisions	-	136,712
Increase in trade and other payables	-	1,605,913
Increase in other current liabilities	369,554	532,206
	2,308,271	2,580,103
Less		
Increase in trade and other receivables	-	2,230,730
Decrease in employee leave benefits	24,320	-
Decrease in trade and other payables	494,895	-
Increase in other current assets	1,343,059	27,410
	1,862,274	2,258,140
<b>Net cash provided by operating activities</b>	<b>445,997</b>	<b>321,963</b>

### (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 2010

	Actual 2010 \$	Actual 2009 \$
<b>12. Commitments for expenditure</b>		
(a) Operating leases		
Commitments under non-cancellable operating leases	-	3,210,448
<u>Leasing arrangements</u>		
Operating leases relate to provision of IT devices to CouncilBiz and the Shires and office accommodation of CouncilBiz at 21 Parap Road, Parap NT. The IT lease is between Northern Territory Government and Fujitsu Australia. CouncilBiz is not a party to the contract.		
Not longer than 1 year	-	2,961,046
Longer than 1 year and not longer than 5 years	-	249,402
<b>TOTAL COMMITMENTS</b>	-	3,210,448

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

	Actual 2010 \$ Grants	Actual 2010 \$ Contributions
<b>13. Conditions over grants and contributions</b>		
Grants and contributions that were obtained on the condition that they be expended on specified purposes or in a future period but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	136,712	-
<u>Less:</u>		-
Expended during the current reporting.	(136,712)	-
<u>Plus:</u>		-
Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions.	-	-
Unexpended at the close of the current reporting period and held as restricted assets.	157,500	-
Net increase in restricted assets in the current reporting period.	20,788	-

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

### 14. 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 investment is made banks are contacted by the Finance Manager to obtain available rates, the Finance Manager will present this 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) 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 2010 Variable interest rate current</i>		<i>Actual 2010 Non interest bearing</i>	<i>Actual 2010 Total</i>	<i>Actual 2009 Variable interest rate current</i>		<i>Actual 2009 Non interest bearing</i>	<i>Actual 2009 Total</i>
			<i>1-5 years</i>				<i>1-5 years</i>	
	\$	%	\$	\$	\$	%	\$	\$

#### Financial assets

<i>Cash at bank</i>	796,267	4.5	-	796,267	424,584	3		424,584
<i>Receivables – other</i>		4.5	890,282	890,282	6,743	3	2,223,987	2,230,730
<b>TOTAL FINANCIAL ASSETS</b>	<b>796,267</b>		<b>890,282</b>	<b>1,686,549</b>	<b>431,327</b>		<b>2,223,987</b>	<b>2,655,314</b>

#### Financial liabilities

<i>Trade Payables</i>			1,071,723	1,071,723			1,605,913	1,605,913
<i>GST payable</i>	113,838	4.5	-	113,838	74,544	3	-	74,544
<i>PAYG Withholding</i>	49,124	4.5	-	49,124	-		-	-
<i>Accrued expenses</i>	-		749,443	749,443	-		440,238	440,238
<i>Other</i>	-		560,529	560,529	-		154,137	154,137
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>162,962</b>		<b>2,381,695</b>	<b>2,544,657</b>	<b>74,544</b>		<b>2,200,288</b>	<b>2,274,832</b>



# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

### 14. 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).

### 15. Employee benefits

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

Provision for employee benefits:

	Actual 2010 \$	Actual 2009 \$
Current (note 9)	108,081	132,401
Accrued wages and salaries	-	38,546
	<u>108,081</u>	<u>170,947</u>
Number of employees at the end of the financial year	25	35

### 16. 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](mailto:councilbiz@nt.gov.au)

# CouncilBiz

## Notes to the Financial Statements for the year ended 30 June 2010

### 17. Special schedules

#### 1. Comparison of original estimates with actuals

	Budget	Core		Other	Entity
	2010	Actual	Difference	Actual	Actual
	2010	2010		2010	2010
<b>Expenditure</b>					
General public services	3,564,307	3,654,297	89,990	6,098,154	9,752,451
Total expenditure	3,564,307	3,654,297	89,990	6,098,154	9,752,451
<b>Income</b>					
General public services	3,564,307	3,819,187	254,880	6,066,462	9,885,649
Total Income	3,564,307	3,819,187	254,880	6,066,462	9,885,649
<b>Capital expenditure</b>					
General public services	-	889	889	73,426	74,314
Total capital expenditure	-	889	889	73,426	74,314