

**COUNCILBIZ**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2014**

# COUNCILBIZ

## GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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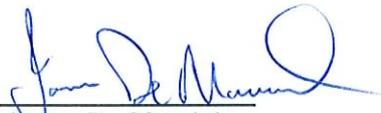
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**COUNCILBIZ**

**EXECUTIVE OFFICER'S STATEMENT  
FOR THE YEAR ENDED  
30 JUNE 2014**

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 2012, 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 2014; and
- (b) are in accordance with the accounting and other records of CouncilBIZ.



Jason De Mamiel

General Manager

Darwin, 14 October 2014

## INDEPENDENT AUDITOR'S REPORT

To the members of CouncilBIZ.

### Report on the Financial Statements

We have audited the accompanying financial statements of CouncilBIZ, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of working capital, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the executive officer's statement.

#### *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 (including the Australian Accounting Interpretations), the Northern Territory Local Government Act 2012, the Northern Territory Local Government (Accounting) Regulations 2012 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 about 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 audit opinion.

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

*Opinion*

In our opinion, the financial report presents fairly, in all material respects, the financial position of CouncilBIZ as of 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Northern Territory Local Government Act 2012, the Northern Territory Local Government (Accounting) Regulations 2012 and the CouncilBIZ Constitution.



**BDO Audit (NT)**



**C J Sciacca**  
**Chartered Accountant**  
Audit Partner

Darwin: 15 October 2014

**COUNCILBIZ**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Operating Revenues</b>			
Investment revenue	3(a)	17,276	10,416
Service fee and other operating revenues	3(b)	3,506,655	2,884,829
<b>Total operating revenues</b>		<u>3,523,931</u>	<u>2,895,245</u>
<b>Operating Expenses</b>			
Employee costs	4(a)	1,165,378	1,182,835
Depreciation and amortisation	4(b)	346,459	128,855
Contract expenditure	4(c)	871,705	1,219,384
Other operating expenses	4(d)	461,950	255,267
<b>Total operating expenses</b>		<u>2,845,492</u>	<u>2,786,341</u>
Gain/(Loss) on disposal of property, plant and equipment	3(c)	(127,012)	24,768
<b>Surplus for the year</b>		<u>551,427</u>	<u>133,672</u>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<u><u>551,427</u></u>	<u><u>133,672</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  
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	1,597,332	937,329
Trade and Other Receivables	6	531,244	370,746
Accrued Revenue	7	2,090	1,450
Prepayments	7	311,568	85,792
<b>Total Current Assets</b>		<u>2,442,234</u>	<u>1,395,317</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	537,259	350,203
Intangibles	8	1,196	158,035
Other	7	8,799	8,799
<b>Total Non-Current Assets</b>		<u>547,254</u>	<u>517,037</u>
<b>Total Assets</b>		<u>2,989,488</u>	<u>1,912,354</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	220,622	276,248
Unearned Income	9	557,814	-
Provision for Employee Entitlements	9	83,711	64,084
<b>Total Current Liabilities</b>		<u>862,147</u>	<u>340,332</u>
<b>Non-Current Liabilities</b>			
Provision for Employee Entitlements	9	15,718	11,826
<b>Total Non-Current Liabilities</b>		<u>15,718</u>	<u>11,826</u>
<b>Total Liabilities</b>		<u>877,865</u>	<u>352,158</u>
<b>NET ASSETS</b>		<u>2,111,623</u>	<u>1,560,196</u>
<b>EQUITY</b>			
Contributed Equity	10	400,000	400,000
Accumulated Funds	10	1,711,623	1,160,196
<b>Total Equity</b>		<u>2,111,623</u>	<u>1,560,196</u>

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

**COUNCILBIZ**

**STATEMENT OF WORKING CAPITAL  
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	5	1,597,332	937,329
Trade and Other Receivables	6	531,244	370,746
Accrued Revenue	7	2,090	1,450
Prepayments	7	311,568	85,792
<b>Total Current Assets</b>		<u>2,442,234</u>	<u>1,395,317</u>
<b>Current Liabilities</b>			
Trade and Other Payables	9	220,622	276,248
Unearned Income	9	557,814	-
Provision for Employee Entitlements	9	83,711	64,084
<b>Total Current Liabilities</b>		<u>862,147</u>	<u>340,332</u>
 <b>NET CURRENT ASSETS (working capital)</b>		 <u><u>1,580,087</u></u>	 <u><u>1,054,985</u></u>
 <b>CURRENT RATIO (ratio of current assets to current liabilities)</b>		 <u><u>2.83</u></u>	 <u><u>4.10</u></u>

*The Statement of Working Capital should be read in conjunction with the accompanying notes.*

COUNCILBIZ

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed Equity \$	Accumulated Surplus \$	Total \$
<b>Accumulated Funds</b>			
Balance at 1 July 2013	400,000	1,026,524	1,426,524
Surplus for the year	-	133,672	133,672
Other comprehensive income for the year	-	-	-
Balance at 30 June 2013	<u>400,000</u>	<u>1,160,196</u>	<u>1,560,196</u>
Surplus for the year	-	551,427	551,427
Other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2014</b>	<u><u>400,000</u></u>	<u><u>1,711,623</u></u>	<u><u>2,111,623</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 2014**

	Note	2013 \$	2012 \$
<b>Cash flow from operating activities</b>			
Receipts from user charges and fees		2,913,241	3,734,528
Receipts from grants		206,500	-
Interest received		17,276	10,416
Payments to employees		(1,141,859)	(1,113,337)
Payments for materials and contracts		(831,467)	(2,253,007)
<b>Net cash provided by operating activities</b>	11(b)	<b>1,163,691</b>	378,600
<b>Cash flow from investing activity</b>			
Proceeds from sale of property, plant and equipment		74,395	42,227
Purchase of assets		(578,083)	(292,453)
<b>Net cash used from investing activity</b>		<b>(503,688)</b>	(250,226)
Net increase in cash held		660,003	128,374
Cash at the beginning of the financial year		937,329	808,955
<b>Cash at the end of the financial year</b>	11(a)	<b>1,597,332</b>	937,329

*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 2014

#### 1. SUMMARY OF ACCOUNTING POLICIES

This principal accounting policies adopted in the preparation of the financial statements of CouncilBIZ, a not-for-profit-entity, as set out below. 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
- Barkly Regional Council
- Central Desert Regional Council
- East Arnhem Regional Council
- MacDonnell Regional Council
- Roper Gulf Regional Council
- Tiwi Islands Regional Council
- Victoria Daly Regional Council
- West Arnhem Regional Council
- West Daly Regional Council

The principal activity of CouncilBIZ is to provide information technology support to the Northern Territory Regional Councils.

##### **New, revised or amending Accounting Standards and Interpretations adopted**

CouncilBIZ has adopted all of the new, revised accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or revised accounting standards or interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of CouncilBIZ from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy. The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of CouncilBIZ.

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

The following accounting standard and interpretation is most relevant to the entity:

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

CouncilBIZ has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value issued.

*AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

CouncilBIZ has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

*AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

CouncilBIZ has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

*AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

CouncilBIZ has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

**Basis of preparation**

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

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(l).

**(a) Revenue recognition**

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

(i) Services fee revenue

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

(ii) Interest

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

(iii) Sale of property, plant and equipment

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

(iv) Grants

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

**(b) Income tax**

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

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

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

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

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

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

**(d) Cash and cash equivalents**

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

**(e) Trade and other receivables**

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

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

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

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

Plant and equipment / Motor Vehicles / Furniture and fittings / Infrastructure      3 to 11 years

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

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

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

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

**(g) Intangibles**

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

**(h) 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.

**(i) Employee benefits**

*Wages and Salaries and Annual Leave*

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

*Long service leave*

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

**(j) 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(k) Financial Instruments

*Recognition*

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

*Financial Assets*

*Loans and Receivables*

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

*Financial Liabilities*

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

*Impairment*

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

(l) 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 \$537,259 as at 30 June 2014 (\$350,203 in 2013).

*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 2014 (nil in 2013).

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

*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 \$15,718 as at 30 June 2014 (\$11,826 in 2013).

**(m) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted for the annual reporting period ended 30 June 2014. The entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the entity, are set out below.

*AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. CouncilBIZ will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by CouncilBIZ.

*AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014.

The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on CouncilBIZ.

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014.

The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by CouncilBIZ.

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

*AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on CouncilBIZ.

*Annual Improvements to IFRSs 2010-2012 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on CouncilBIZ.

*Annual Improvements to IFRSs 2011-2013 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on CouncilBIZ.

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**2(a) Components of functions**

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

	<b>GENERAL PUBLIC SERVICES</b>	
	<b>2014</b>	2013
	\$	\$
<b>OPERATING REVENUES</b>		
User Charges and fees	<b>3,300,155</b>	2,884,829
Grant received	<b>206,500</b>	
Investment revenue	<b>17,276</b>	10,416
Gain/(Loss) on disposal of property, plant and equipment	- <b>127,012</b>	24,768
<b>TOTAL REVENUES</b>	<b>3,396,919</b>	<b>2,920,013</b>
<b>OPERATING EXPENSES</b>		
Employee costs	<b>1,165,378</b>	1,182,835
Materials and contracts	<b>744,720</b>	1,219,384
Depreciation and amortisation expenses	<b>346,459</b>	128,855
Other operating expenses	<b>588,935</b>	255,267
<b>TOTAL EXPENSES</b>	<b>2,845,492</b>	2,786,341
<b>TOTAL</b>	<b>551,427</b>	133,672
<b>ASSETS (Non-current)</b>	<b>538,455</b>	508,238

**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.

	<b>2014</b>	2013
	\$	\$
<b>3. Operating revenues</b>		
<b>(a) Investment Revenue</b>		
Interest on Bank deposits	<u>17,276</u>	<u>10,416</u>
<b>Total interest on bank deposits</b>	<u>17,276</u>	<u>10,416</u>
<b>(b) Service fee and other operating revenues</b>		
Service fee income	<b>3,504,928</b>	2,871,356
Other	<u>1,727</u>	<u>13,473</u>
<b>Total Service fee and other operating revenue</b>	<u>3,506,655</u>	<u>2,884,829</u>
<b>(c) Gain/(Loss) on disposal of property, plant and equipment</b>		
Gain/(Loss) on disposal of property, plant and equipment	<u>(127,012)</u>	<u>24,768</u>
<b>Total Gain/(Loss) on disposal of property, plant and equipment</b>	<u>(127,012)</u>	<u>24,768</u>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>4. Operating expenses</b>		
<b>(a) Employee costs</b>		
Salaries and wages	899,659	888,081
Contract labour	-	6,336
Employee leave benefits	131,820	146,830
Superannuation	89,122	88,563
Fringe benefits tax	-	390
Training costs (excluding salaries)	21,780	26,782
Other	22,997	25,853
<b>Total operating employee costs</b>	<u>1,165,378</u>	<u>1,182,835</u>
<b>(b) Depreciation and amortisation expenses</b>		
Infrastructure	258,433	34,494
Plant and equipment	1,129	19,463
Furniture and fittings	13,069	15,168
Motor vehicles	3,476	7,224
Intangibles	70,352	52,506
<b>Total depreciation and amortisation expenses</b>	<u>346,459</u>	<u>128,855</u>
<b>(c) Contract expenditure</b>		
Operating lease expense computing	-	(672)
Operating lease expense property	126,985	83,382
Software license maintenance and development	306,075	798,739
Server management	438,645	337,935
<b>Total contract expenditure</b>	<u>871,705</u>	<u>1,219,384</u>
<b>(d) Other operating expenses</b>		
Audit fees	15,054	17,487
Advertising expense	560	1,604
Allowance for doubtful debts	-	19,755
Communication expenses*	62,078	(120,626)
Consulting fees	92,703	43,230
Insurance	19,481	18,656
Legal expenses	-	1,200
Material expenses	-	31,200
Motor vehicle costs	3,453	5,427
Travel, accommodation and airfares	16,108	21,923
Utilities	12,172	6,208
Other	240,341	209,623
<b>Total other operating expenses</b>	<u>461,950</u>	<u>255,687</u>

\* During 2013 CouncilBIZ have recovered amounts previously owing and paid to Telstra that were not valid.

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
<b>5. Cash and cash equivalents</b>	<b>\$</b>	<b>\$</b>
<b>Cash</b>		
Cash at bank - Operational general	<b>1,597,321</b>	922,428
Cash at bank - Trust general	-	14,847
Petty cash	<b>11</b>	<b>54</b>
<b>Total cash</b>	<b><u>1,597,332</u></b>	<b><u>937,329</u></b>
<b>6. Trade and other receivables</b>		
Trade and other receivables	<b>562,260</b>	346,962
Goods and services tax receivable	<b>(31,016)</b>	45,514
Less: Allowance for doubtful debts	-	(21,730)
<b>Total unrestricted trade and other receivables</b>	<b><u>531,244</u></b>	<b><u>370,746</u></b>
<b>7. Other assets</b>		
Accrued revenue	<b>2,090</b>	1,450
Prepayments	<b>311,568</b>	85,792
Other	<b>8,799</b>	8,799
<b>Total other assets</b>	<b><u>322,457</u></b>	<b><u>96,041</u></b>
<b>8. Property, Plant and Equipment and Intangibles</b>		
Infrastructure	<b>508,118</b>	246,545
Furniture and fittings	<b>11,242</b>	20,645
Plant and Equipment	<b>1,976</b>	82,842
Motor Vehicles	<b>15,923</b>	171
Intangibles	<b>1,196</b>	158,035
<b>Property, Plant and Equipment</b>	<b><u>538,455</u></b>	<b><u>508,238</u></b>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

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

	2013 \$			CARRYING AMOUNT MOVEMENTS DURING THE YEAR \$						2014 \$		
	At Cost	Accumulated Depreciation/ Amortisation	Carrying Amount	Asset Purchase	Asset Transfers (Cost)	Asset Disposal (Cost)	Asset Transfers (Accum Depr)	Asset Disposal (depreciation/ amortisation)	Depreciation/ Amortisation Expense	At Cost	Accumulated Depreciation/ Amortisation	Carrying Amount
<b>UNRESTRICTED</b>												
Infrastructure	172,470	(69,775)	102,695	491,034	262,551	(260,591)	(41,244)	212,106	(258,433)	<b>665,464</b>	<b>(157,346)</b>	<b>508,118</b>
Furniture and Fittings	75,840	(55,195)	20,645	4,977	-	(42,879)	-	41,568	(13,069)	<b>37,938</b>	<b>(26,696)</b>	<b>11,242</b>
Plant and Equipment	135,790	(52,948)	82,842	-	(118,701)	(13,738)	41,244	11,458	(1,129)	<b>3,351</b>	<b>(1,375)</b>	<b>1,976</b>
Motor Vehicles	24,071	(23,900)	171	19,399	-	(24,071)	-	23,900	(3,476)	<b>19,399</b>	<b>(3,476)</b>	<b>15,923</b>
Work in progress	143,850	-	143,850	-	(143,850)	-	-	-	-	-	-	-
<b>Total Property, plant and equipment</b>	<b>552,021</b>	<b>(201,818)</b>	<b>350,203</b>	<b>515,410</b>	<b>-</b>	<b>(341,279)</b>		<b>289,032</b>	<b>(276,107)</b>	<b>726,152</b>	<b>(188,893)</b>	<b>537,259</b>
Intangibles	300,785	(142,750)	158,035	62,673	-	(356,349)	-	207,189	(70,352)	<b>7,109</b>	<b>(5,913)</b>	<b>1,196</b>
<b>Total Intangibles</b>	<b>300,785</b>	<b>(142,750)</b>	<b>158,035</b>	<b>62,673</b>	<b>-</b>	<b>(356,349)</b>	<b>-</b>	<b>207,189</b>	<b>(70,352)</b>	<b>7,109</b>	<b>(5,913)</b>	<b>1,196</b>
<b>TOTAL UNRESTRICTED</b>	<b>852,806</b>	<b>(344,568)</b>	<b>508,238</b>	<b>578,083</b>	<b>-</b>	<b>(697,628)</b>	<b>-</b>	<b>496,221</b>	<b>(346,459)</b>	<b>733,261</b>	<b>(194,806)</b>	<b>538,455</b>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
<b>9. Trade and other payables and provisions</b>	<b>\$</b>	<b>\$</b>
<u>Trade and other payables:</u>		
Trade and other payables	177,069	132,123
PAYG Withholding	17,442	18,850
Income received in advance	557,814	-
Accrued expenses	9,830	87,779
Accrued wages	14,654	9,528
Other	1,627	27,968
<b>Total trade and other payables</b>	<b><u>778,436</u></b>	<b><u>276,248</u></b>

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

Employee Related Provisions:

Annual leave (current)	83,711	64,084
Long service leave (non-current)	15,718	11,826
<b>Total provisions</b>	<b><u>99,429</u></b>	<b><u>75,910</u></b>

	2014	2013
<b>10. Contributed equity</b>	<b>\$</b>	<b>\$</b>

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 Regional Council	50,000	50,000
Central Desert Regional Council	50,000	50,000
East Arnhem Regional Council	50,000	50,000
MacDonnell Regional Council	50,000	50,000
Roper Gulf Regional Council	50,000	50,000
Tiwi Islands Regional Council	50,000	50,000
Victoria Daly Regional Council	50,000	50,000
West Arnhem Regional Council	50,000	50,000
<b>Total Contributed Equity</b>	<b><u>400,000</u></b>	<b><u>400,000</u></b>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**11. Statement of cash flows reconciliation**

**(a) Reconciliation of cash**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	<b>1,597,332</b>	937,329
Balance per Statement of Cash Flows	<b><u>1,597,332</u></b>	<u>937,329</u>

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

Surplus for the year	551,427	133,672
Add back non-cash items:		
Gain on disposal of property, plant and equipment	127,012	(24,768)
Depreciation and amortisation expense	346,459	128,855
Allowance for doubtful expense	-	21,730
Net cash provided by operating activities before change in assets and liabilities	<b><u>1,024,898</u></b>	<u>259,489</u>
Change in assets and liabilities during the reporting year:		
(Increase)/decrease in trade and other receivables	(160,498)	677,117
(Increase)/decrease in other assets	(226,416)	143,450
Increase/(decrease) in trade and other payables	44,946	(340,035)
Increase/(decrease) in provisions	23,519	9,022
Increase/(decrease) in unearned income	557,814	
Increase/(decrease) in other liabilities	(100,572)	(370,443)
Net cash provided by operating activities	<b><u>1,163,691</u></b>	<u>378,600</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.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>12. Commitments for expenditure</b>		
Operating leases (not longer than 1 year)		
Commitments under non-cancellable operating lease	<b><u>497,399</u></b>	<u>203,324</u>

Leasing arrangements

Operating leases relate to the provision of IT support services to CouncilBIZ and the Regional Councils and office accommodation of CouncilBIZ at 14 Shepherd Street, Darwin. The IT support services agreement is between CouncilBIZ and Area9 from January 2013 to January 2015.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

13. Financial risk management

(a)

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:

	2014	2013
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	1,597,332	937,329
Trade and other receivables	531,244	370,746
	<u>2,128,576</u>	<u>1,308,075</u>
<b>Financial liabilities</b>		
Trade and other payables	220,622	276,248
Unearned income	557,814	-
	<u>778,436</u>	<u>276,248</u>

CouncilBIZ had no financial instruments that are carried at fair value as 30 June 2014 and 2013.

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

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

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

13. Financial risk management (cont.)

**(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:

	2014	2013
	\$	\$
Cash and cash equivalents	1,597,332	937,329
Trade and other receivables	531,244	370,746
	<u>2,128,576</u>	<u>1,308,075</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.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

13. Financial risk management (cont.)

Maturity Analysis - 2014

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
<b>Non-interest bearing</b>						
Trade and other payables	220,622	220,622	220,622	-	-	-
Unearned income	557,814	557,814	557,814	-	-	-
<b>TOTAL</b>	<b>778,436</b>	<b>778,436</b>	<b>778,436</b>	<b>-</b>	<b>-</b>	<b>-</b>

Financial Assets	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
Trade and other receivables	531,244	531,244	531,244	-	-	-
<b>TOTAL</b>	<b>531,244</b>	<b>531,244</b>	<b>531,244</b>	<b>-</b>	<b>-</b>	<b>-</b>

Maturity Analysis - 2013

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
<b>Non-interest bearing</b>						
Trade and other payables	276,248	276,248	276,248	-	-	-
Unearned income	-	-	-	-	-	-
<b>TOTAL</b>	<b>276,248</b>	<b>276,248</b>	<b>276,248</b>	<b>-</b>	<b>-</b>	<b>-</b>

Financial Assets	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
Trade and other receivables	370,746	370,746	370,746	-	-	-
<b>TOTAL</b>	<b>370,746</b>	<b>370,746</b>	<b>370,746</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**14. Contingent Liabilities**

CouncilBIZ had no contingent liabilities as at 30 June 2014 (nil in 2013).

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

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

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