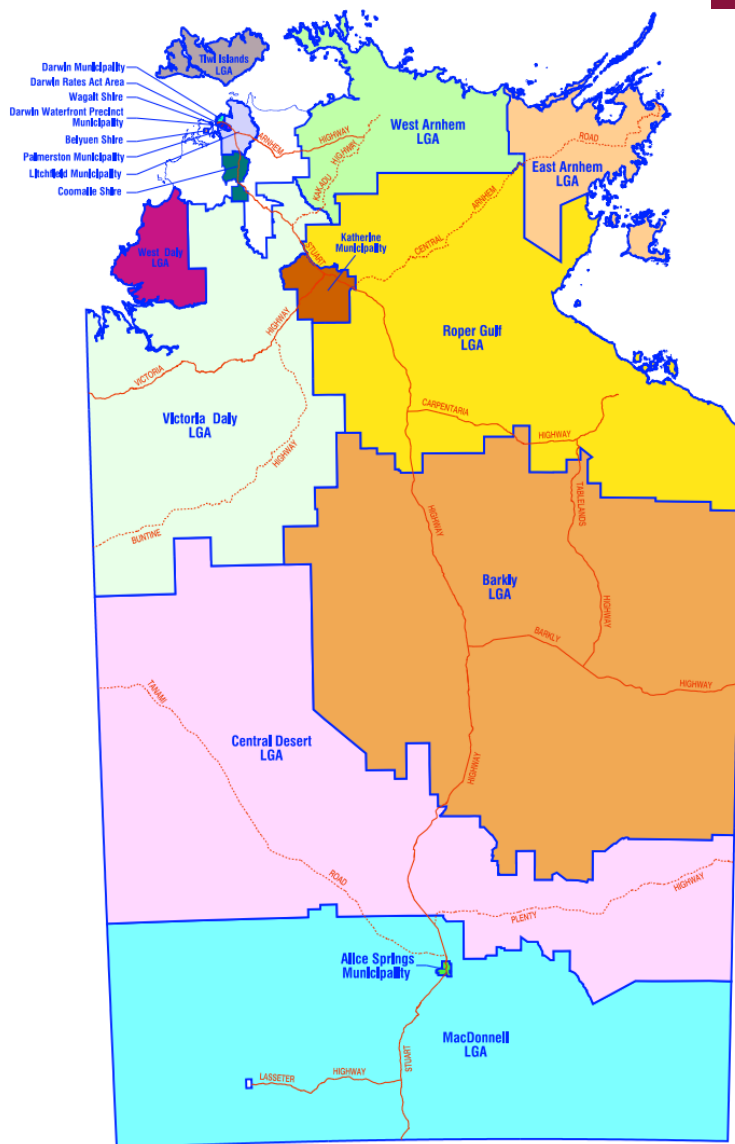


councilBIZ

2014/2015 Annual Report



CouncilBIZ Annual Report 2014-15

CouncilBIZ is a Local Government Subsidiary as defined by the *Local Government Act* with the following members:

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

Each member nominates one person to be their representative at Board meetings of CouncilBIZ.

The Board held meetings in August, November December, April and June.

The Board employs a General Manager, and the organisation has a staffing complement of fourteen. The organisation operates from leased premises at 14 Shepherd Street, Darwin.

CouncilBIZ Infrastructure

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

Delivering our core services of messaging, document management, and financial ERP systems, our infrastructure is built around IBM PureFlex Systems. The PureFlex chassis and associated x240 compute node blade servers “...combine compute, storage, networking, virtualization and management into a single POWER-based or hybrid system, optimized for cloud, to deliver infrastructure-as-a-service (IaaS) right out of the box.” Integrated ethernet and storage modules simplify configuration making the system affordable and scalable.

Further supplementing this foundation, the addition of independent x3650 standalone servers has created a virtualisation cluster of 8 physical servers and a pool of resources surpassing 3.5 Terabytes of physical memory and 55 Terabytes of Production storage. Ample resourcing has allowed CouncilBIZ to redesign our server delivery with an emphasis on siloed systems to protect our members.

Redundant 10 GB Brocade Top of Rack switching optimises the data networks within the core and provides fault tolerance. Multiple storage options, including IBM Flashsystems,

and Storwize V7000 easy Tier technology, provide significant opportunities for growth and unprecedented speed for our virtual environment.

Sitting on top of the base infrastructure, application delivery is accomplished via the latest Citrix XenDesktop 7.6 Farm. Citrix Machine Creation Services leveraging VMWare allow for “single-click” provisioning of XenApp servers custom built for each Council. Administrators can therefore proactively react to client requirements and changes to the business. The end user experience is further enhanced by presenting our farm through an active/passive cluster of Storefront webservers and Netscaler gateway appliances ensuring consistent delivery of the farm 24 hours a day both internally and externally to the corporate LAN.

All in all, CouncilBIZ’ network is a highly scalable, flexible, and redundant system which should continue to serve us well for the next several years.

CouncilBIZ Services

Utilising the array of infrastructure that CouncilBIZ provides for its members, CouncilBIZ hosts the Technology One financial, property and asset management suite of software, InfoXpert document management, InfoCouncil agenda management, the full suite of Microsoft Office productivity software, and Civica’s Authority package, for use by the members.

Helpdesk services are offered for both general network support and assistance with the hosted software.

For West Daly Regional Council, a new member from the start of the financial year, CouncilBIZ carries out financial processing of accounts payable, receivable, rates, general ledger transactions, payroll and asset registers.

The following table details the direct service fees contributed by each member:

Barkley	190,286.52
Central Desert	370,498.41
East Arnhem	313,197.13
MacDonnell	353,746.33
Roger Gulf	505,258.80
Tiwi Islands	253,561.34
Victoria Daly	404,729.17
West Arnhem	276,178.09
West Daly	150,000.00

CouncilBIZ Annual Accounts 2014-15

COUNCILBIZ
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2015

COUNCILBIZ
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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COUNCILBIZ

**EXECUTIVE OFFICER'S STATEMENT
FOR THE YEAR ENDED
30 JUNE 2015**

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 2015; and
- (b) are in accordance with the accounting and other records of CouncilBIZ.



Michael Freeman
General Manager
Darwin: 12 January 2016

INDEPENDENT AUDITOR'S REPORT

To the members of CouncilBIZ.

We have audited the accompanying financial statements of CouncilBIZ, which comprises the statement of financial position as at 30 June 2015, 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.

Independence

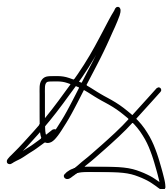
In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of CouncilBIZ as of 30 June 2015, 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.

A handwritten signature in black ink that reads "BDO". The letters are bold and slightly slanted to the right.

BDO Audit (NT)

A handwritten signature in black ink, appearing to be "C J Sciacca". The signature is stylized with a large, sweeping initial 'C' and 'S'.

C J Sciacca
Chartered Accountant
Audit Partner

Darwin: 13 January 2016

COUNCILBIZ

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Operating Revenues			
Investment revenue	3(a)	39,630	17,276
Service fee and other operating revenues	3(b)	3,492,186	3,506,655
Total operating revenues		3,531,816	3,523,931
Operating Expenses			
Employee costs	4(a)	1,568,240	1,165,378
Depreciation and amortisation	4(b)	274,055	346,459
Contract expenditure	4(c)	845,411	871,705
Other operating expenses	4(d)	478,194	461,950
Total operating expenses		3,165,900	2,845,492
Gain/(Loss) on disposal of property, plant and equipment	3(c)	-	(127,012)
Surplus for the year		365,916	551,427
Other comprehensive income		-	-
Total Comprehensive Income		365,916	551,427

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 2015**

	Note	2015	2014 Restated *	As at 1 July 2013 Restated *
		\$	\$	\$
ASSETS				
Current Assets				
Cash and Cash Equivalents	5	2,189,811	1,597,332	937,329
Trade and Other Receivables	6	62,783	531,244	370,746
Accrued Revenue	7	-	2,090	1,450
Prepayments	7	261,526	311,568	85,792
Total Current Assets		<u>2,514,120</u>	<u>2,442,234</u>	<u>1,395,317</u>
Non-Current Assets				
Property, Plant and Equipment	8	440,632	537,259	350,203
Intangibles	8	-	1,196	158,035
Other Assets	7	8,799	8,799	8,799
Total Non-Current Assets		<u>449,431</u>	<u>547,254</u>	<u>517,037</u>
Total Assets		<u>2,963,551</u>	<u>2,989,488</u>	<u>1,912,354</u>
LIABILITIES				
Current Liabilities				
Trade and Other Payables	9	386,299	220,622	276,248
Unearned Income	9	-	557,814	-
Provision for Employee Entitlements	9	76,335	83,711	64,084
Total Current Liabilities		<u>462,634</u>	<u>862,147</u>	<u>340,332</u>
Non-Current Liabilities				
Provision for Employee Entitlements	9	23,378	15,718	11,826
Total Non-Current Liabilities		<u>23,378</u>	<u>15,718</u>	<u>11,826</u>
Total Liabilities		<u>486,012</u>	<u>877,865</u>	<u>352,158</u>
NET ASSETS		<u>2,477,539</u>	<u>2,111,623</u>	<u>1,560,196</u>
EQUITY				
Accumulated Funds		<u>2,477,539</u>	<u>2,111,623</u>	<u>1,560,196</u>
Total Equity		<u>2,477,539</u>	<u>2,111,623</u>	<u>1,560,196</u>

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 2 (a)

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

COUNCILBIZ

STATEMENT OF WORKING CAPITAL AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash and Cash Equivalents	5	2,189,811	1,597,332
Trade and Other Receivables	6	62,783	531,244
Accrued Revenue	7	-	2,090
Prepayments	7	261,526	311,568
Total Current Assets		<u>2,514,120</u>	<u>2,442,234</u>
Current Liabilities			
Trade and Other Payables	9	386,299	220,622
Unearned Income	9	-	557,814
Provision for Employee Entitlements	9	76,335	83,711
Total Current Liabilities		<u>462,634</u>	<u>862,147</u>
NET CURRENT ASSETS (working capital)		<u>2,051,486</u>	<u>1,580,087</u>
CURRENT RATIO (ratio of current assets to current liabilities)		<u>5.43</u>	<u>2.83</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 2015

	Contributed Equity \$	Accumulated Surplus \$	Total \$
Accumulated Funds			
Balance at 30 June 2013	400,000	1,160,196	1,560,196
Correction of error *	(400,000)	400,000	-
Restated balance at 1 July 2013	-	1,560,196	1,560,196
Surplus for the year	-	551,427	551,427
Other comprehensive income for the year	-	-	-
Balance at 30 June 2014	-	2,111,623	2,111,623
Surplus for the year	-	365,916	365,916
Other comprehensive income for the year	-	-	-
Balance at 30 June 2015	-	2,477,539	2,477,539

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 2 (a)

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 2015

	Note	2015 \$	2014 \$
Cash flow from operating activities			
Receipts from user charges and fees		4,012,779	2,913,241
Receipts from grants		-	206,500
Interest received		39,630	17,276
Payments to employees		(1,567,956)	(1,141,859)
Payments for materials and contracts		(1,715,742)	(831,467)
Net cash provided by operating activities	10(b)	768,711	1,163,691
Cash flow from investing activity			
Proceeds from sale of property, plant and equipment		997	74,395
Purchase of assets		(177,229)	(578,083)
Net cash used from investing activity		(176,232)	(503,688)
Net increase in cash and cash equivalents		592,479	660,003
Cash and cash equivalents at the beginning of the financial year		1,597,332	937,329
Cash and cash equivalents at the end of the financial year	10(a)	2,189,811	1,597,332

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 2015

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(b).

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 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

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

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

CouncilBIZ has applied AASB 2012-3 from 1 July 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.

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

(No Suggestions) has applied AASB 2013-3 from 1 July 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.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

CouncilBIZ has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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').

These financial statements comprise CouncilBIZ financial statements as an individual entity. For the purposes of preparing the financial statements, the entity is a not-for-profit entity.

The financial statements are presented in Australian dollars, which is the functional and presentation currency. All amounts have been rounded off to the nearest dollar.

Historical cost convention

The financial statements have been prepared on a historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying CouncilBIZ accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(m).

(a) Revenue recognition

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

(i) Services fee revenue

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

(ii) Interest

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

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(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.

(c) Current and non-current classification

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

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

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

(d) Cash and cash equivalents

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

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(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. Collectability 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.

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.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(h) Impairment of non financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to CouncilBIZ prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Employee benefits

Wages and Salaries and Annual Leave

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

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the 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.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(k) Goods and services tax

Revenues, expenses are recognised net of Goods and Service Tax (GST) except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(l) Financial Instruments

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.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(m) Critical Accounting Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of useful lives of property and equipment

CouncilBIZ determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Net book value of property and equipment amounted to \$440,632 as at 30 June 2015 (\$537,259 in 2014).

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 2015 (nil in 2014).

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 \$23,378 as at 30 June 2015 (\$15,718 in 2014).

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

(n) 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 2015. 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

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. CouncilBIZ will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by CouncilBIZ.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES (cont.)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. CouncilBIZ will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by CouncilBIZ.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2(a) Correction of an error

During the financial year, a correction to a material error was posted to the opening Statement of Financial Position of 1 July 2013. This was in relation to funding contributions received from members on 1 July 2008 and recognised in the statement of financial position as contributed equity. As the constitution of CouncilBIZ does not make provision for equity contribution, the Board, in 2015, made a determination the nature of contribution should have been revenue contributions. The total amount of error requiring an adjustment was \$400,000.

The error resulted in a restatement of the following financial line items for the year ended 30 June 2014:

Impact on equity (increase/(decrease) in equity)

	30 June 2015	30 June 2014
	\$	\$
Contributed Equity	(400,000)	(400,000)
Accumulated Surplus	400,000	400,000
Net impact on equity	<u>-</u>	<u>-</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2 (b) 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(c).

	GENERAL PUBLIC SERVICES	
	2015 \$	2014 \$
OPERATING REVENUES		
User Charges and fees	3,113,987	3,300,155
Finance Processing fees	378,199	-
Grant received	-	206,500
Investment revenue	39,630	17,276
Gain/(Loss) on disposal of property, plant and equipment	-	(127,012)
TOTAL REVENUES	3,531,816	3,396,919
OPERATING EXPENSES		
Employee costs - Normal	1,207,721	1,165,378
Employee costs - Finance Processing	360,519	-
Materials and contracts	714,404	744,720
Depreciation and amortisation expenses	274,055	346,459
Other operating expenses	609,201	588,935
TOTAL EXPENSES	3,165,900	2,845,492
SURPLUS FOR THE YEAR	365,916	551,427
ASSETS (Non-current)	440,632	538,455

2 (c) Components of functions

The activities relating to CouncilBIZ functions reported on in Note 2(b) are as follows:

General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
3. Operating revenues		
(a) Investment Revenue		
Interest on Bank deposits	<u>39,630</u>	<u>17,276</u>
Total interest on bank deposits	<u>39,630</u>	<u>17,276</u>
(b) Service fee and other operating revenues		
Service fee income	3,492,186	3,504,928
Other revenue	<u>-</u>	<u>1,727</u>
Total Service fee and other operating revenue	<u>3,492,186</u>	<u>3,506,655</u>
(c) Gain/(Loss) on disposal of property, plant and equipment		
Gain/(Loss) on disposal of property, plant and equipment	<u>-</u>	<u>(127,012)</u>
Total Gain/(Loss) on disposal of property, plant and equipment	<u>-</u>	<u>(127,012)</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
4. Operating expenses		
(a) Employee costs		
Salaries and wages - Normal	932,362	899,659
Salaries and wages - Finance Processing	273,020	-
Employee leave benefits	178,352	131,820
Superannuation	123,158	89,122
Fringe benefits tax	1,250	-
Training costs (excluding salaries)	35,926	21,780
Other employee costs	24,172	22,997
Total operating employee costs	1,568,240	1,165,378
(b) Depreciation and amortisation expenses		
Infrastructure	260,801	258,433
Plant and equipment	897	1,129
Furniture and fittings	7,281	13,069
Motor vehicles	3,880	3,476
Intangibles	1,196	70,352
Total depreciation and amortisation expenses	274,055	346,459
(c) Contract expenditure		
Operating lease expense property	131,007	126,985
Software license maintenance and development	270,191	306,075
Server management	444,213	438,645
Total contract expenditure	845,411	871,705
(d) Other operating expenses		
Audit fees	12,550	15,054
Advertising expense	-	560
Allowance for doubtful debts	-	-
Communication expenses	42,459	62,078
Consulting fees	112,757	92,703
Insurance	20,273	19,481
Legal expenses	600	-
Motor vehicle costs	3,439	3,453
Travel, accommodation and airfares	20,251	16,108
Utilities	8,925	12,172
Other operating expenses	256,940	240,341
Total other operating expenses	478,194	461,950

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
5. Cash and cash equivalents		
Cash		
Cash at bank - Operational general	2,189,811	1,597,321
Petty cash	-	11
Total cash	<u>2,189,811</u>	<u>1,597,332</u>
6. Trade and other receivables		
Trade and other receivables	27,331	562,260
Goods and services tax receivable	35,452	(31,016)
Total unrestricted trade and other receivables	<u>62,783</u>	<u>531,244</u>
7. Other assets		
Current		
Accrued revenue	-	2,090
Prepayments	261,526	311,568
	<u>261,526</u>	<u>313,658</u>
Non-Current		
Other	8,799	8,799
	<u>8,799</u>	<u>8,799</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
8. Property, Plant and Equipment and Intangibles		
Property, Plant and Equipment		
Infrastructure		
Cost	1,780,345	665,465
Accumulated Depreciation	(1,377,312)	(157,347)
	<u>403,033</u>	<u>508,118</u>
Furniture and fittings		
Cost	58,336	37,937
Accumulated Depreciation	(33,977)	(26,695)
	<u>24,359</u>	<u>11,242</u>
Plant and Equipment		
Cost	1,928	3,350
Accumulated Depreciation	(731)	(1,374)
	<u>1,197</u>	<u>1,976</u>
Motor Vehicles		
Cost	19,399	19,399
Accumulated Depreciation	(7,356)	(3,476)
	<u>12,043</u>	<u>15,923</u>
Property, Plant and Equipment	<u>440,632</u>	<u>537,259</u>
Intangibles		
Cost	7,109	7,109
Accumulated Depreciation	(7,109)	(5,913)
	<u>-</u>	<u>1,196</u>

COUNCILBIZ

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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

	2014						2015					
	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
UNRESTRICTED												
Infrastructure	665,464	(157,346)	508,118	155,716	-	-	-	-	(260,801)	821,180	(418,147)	403,033
Furniture and Fittings	37,938	(26,696)	11,242	20,399	-	-	-	-	(7,281)	58,337	(33,977)	24,360
Plant and Equipment	3,351	(1,375)	1,976	1,114	-	(2,537)	-	1,540	(897)	1,928	(732)	1,196
Motor Vehicles	19,399	(3,476)	15,923	-	-	-	-	-	(3,880)	19,399	(7,356)	12,043
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-
Total Property, plant and equipment	726,152	(188,893)	537,259	177,229	-	(2,537)	-	1,540	(272,859)	900,844	(460,212)	440,632
Intangibles	7,109	(5,913)	1,196	-	-	-	-	-	(1,196)	7,109	(7,109)	-
Total Intangibles	7,109	(5,913)	1,196	-	-	-	-	-	(1,196)	7,109	(7,109)	-
TOTAL UNRESTRICTED	733,261	(194,806)	538,455	177,229	-	(2,537)	-	1,540	(274,055)	907,953	(467,321)	440,632

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
9. Trade and other payables and provisions		
<u>Trade and other payables:</u>		
Trade and other payables	332,027	177,069
PAYG Withholding	24,494	17,442
Income received in advance	0	557,814
Accrued expenses	7,530	9,830
Accrued wages	16,950	14,654
Other payables	5,298	1,627
Total trade and other payables	<u>386,299</u>	<u>778,436</u>

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

<u>Employee Related Provisions:</u>		
Annual leave (current)	76,335	83,711
Long service leave (non-current)	23,378	15,718
Total provisions	<u>99,713</u>	<u>99,429</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10. 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:

	2015	2014
	\$	\$
Cash on hand and at bank	<u>2,189,811</u>	<u>1,597,332</u>
Balance per Statement of Cash Flows	<u>2,189,811</u>	<u>1,597,332</u>

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

Surplus for the year	365,916	551,427
Add back non-cash items:		
Gain on disposal of property, plant and equipment	-	127,012
Depreciation and amortisation expense	274,055	346,459
Allowance for doubtful expense	<u>-</u>	<u>-</u>
Net cash provided by operating activities before change in assets and liabilities	<u>639,971</u>	<u>1,024,898</u>
Change in assets and liabilities during the reporting year:		
(Increase)/decrease in trade and other receivables	468,461	(160,498)
(Increase)/decrease in other assets	52,132	(226,416)
Increase/(decrease) in trade and other payables	154,958	44,946
Increase/(decrease) in provisions	284	23,519
Increase/(decrease) in unearned income	(557,814)	557,814
Increase/(decrease) in other liabilities	<u>10,719</u>	<u>(100,572)</u>
Net cash provided by operating activities	<u>768,711</u>	<u>1,163,691</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.

	2015	2014
	\$	\$
Operating leases (not longer than 1 year)		
Commitments under non-cancellable operating lease	<u>520,988</u>	<u>497,399</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 2015

12. Financial risk management

(a) General objectives, policies and processes

In common with all other businesses, CouncilBIZ is exposed to risks that arise from its use of financial instruments. This note describes CouncilBIZ objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in CouncilBIZ exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

CouncilBIZ hold the following financial instruments:

	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	2,189,811	1,597,332
Trade and other receivables	62,783	531,244
	<u>2,252,594</u>	<u>2,128,576</u>
Financial liabilities		
Trade and other payables	386,299	220,622
Unearned income	-	557,814
	<u>386,299</u>	<u>778,436</u>

CouncilBIZ had no financial instruments that are carried at fair value as 30 June 2015 and 2014.

The Executive Officer have overall responsibility for the determination of risk management objectives and policies 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.

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12. Financial risk management (cont.)

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

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in CouncilBIZ incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to CouncilBIZ outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2015	2014
	\$	\$
Cash and cash equivalents	2,189,811	1,597,332
Trade and other receivables	62,783	531,244
	<u>2,252,594</u>	<u>2,128,576</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 2015

12. Financial risk management (cont.)

Maturity Analysis - 2015

Financial Liabilities	Carrying Amount \$	Contractual Cash Flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-interest bearing						
Trade and other payables	386,299	386,299	386,299	-	-	-
Unearned income	-	-	-	-	-	-
Total	386,299	386,299	386,299	-	-	-

Financial Assets	Carrying Amount \$	Contractual Cash Flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Non-derivatives						
Trade and other receivables	62,783	62,783	62,783	-	-	-
Total	62,783	62,783	62,783	-	-	-

Maturity Analysis - 2014

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

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

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

13. Contingent Liabilities

CouncilBIZ had no contingent liabilities as at 30 June 2015 (nil in 2014).

14. 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.