Part 3 Financial accountability

Financial Statements for year ended 30 June 2008

Board members' declaration

The members of the Board of NT Build declare that, in their opinion:

1. The financial statements and notes, as set out on pages 34 to 56:

   a) comply with the Australian Accounting Standards and other mandatory financial reporting requirements in Australia and the *Construction Industry Long Service Leave and Benefits Act*, and

   b) give a true and fair view of the Board's financial position as at 30 June 2008 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the members of the Board's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board and is signed for and on behalf of the Board of NT Build.

Board member: BARRY CHAMBERS

Board member: DICK GUIT

Dated: 31 October 2008

Independent auditor's report

AUDITOR-GENERAL

INDEPENDENT AUDITOR'S REPORT TO THE BOARD
NT BUILD
YEAR ENDED 30 JUNE 2008

Page 1 of 2

I have audited the accompanying financial report of NT Build, which comprises the income statement, balance sheet, statement of changes in equity and statement of cash flows and accompanying notes to the financial statements for the year ended 30 June 2008.

The Responsibility of the Board for the Financial Report

The Board of NT Build is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Qualification

The statutory obligation to notify NT Build of the commencement of a project rests with the developer. NT Build has implemented a number of mechanisms to help monitor compliance and identify leviable projects and consequently those liable to pay the levy, including monitoring projects where building permits under the Building Act are issued. It is noted that not all types of construction work carried out in the Territory requires a building permit.

Due to the nature of the approval process within the Northern Territory construction industry, there exists some uncertainty regarding the ability of NT Build to identify all construction and maintenance projects that fall within the scope of the Construction Industry Long Service Leave and Benefits Act. As such, I am unable to satisfy myself as to the completeness of the $8,173,283 disclosed as 'Contributions from levy payers' in the income statement.

Level 12 Northern Territory House 22 Mitchell Street Darwin NT 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

AUDITOR-GENERAL

Qualified Audit Opinion

In my opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report presents fairly, in all material respects, the financial position of NT Build as of 30 June 2008, 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).

F McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory

19 November 2008

Level 12 Northern Territory House 22 Mitchell Street Darwin NT 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

Income statement
for the year ended 30 June 2008

	Note	2008	2007
REVENUE		**$**	**$**
Contributions from levy payers		8,173,283	5,253,545
Income from Investments	2	(713,669)	270,628
TOTAL REVENUE FROM ORDINARY ACTIVITIES		7,459,615	5,524,173
EXPENSES FROM ORDINARY ACTIVITIES			
Depreciation and Amortisation	**3(a)**	72879	72879
Fees and allowances	**3(b)**	22,449	31,628
Long service leave benefit payments	**11**	198,841	151,879
Long service scheme expense - current	**11**	2,161,000	2,860,000
Long service scheme expense - prior year	**11**	-	2,600,000
Occupancy costs		80,165	76,936
Employee expenses		578,243	506,362
Other expenses from ordinary activities		316,642	415,429
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		3,430,219	6,715,113
Net Surplus (Deficit)		4,029,396	(1,190,940)
Net Assets (Liabilities) available for accrued benefits at beginning of the year		1,169,370	2,360,310
Net Assets (Liabilities) available for accrued benefits at end of the year		5,198,766	1,169,370

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet
as at 30 June 2008

	Note	2008 $	2007 $
ASSETS			
Current assets			
Cash and cash equivalents	4	3,210,058	941,579
Trade and other receiveables	6	2,522,506	1,532,772
Other financial assets - investments	7	7,432,383	4,326,563
TOTAL CURRENT ASSETS		13,164,947	6,800,914
Non-current assets			
Property, plant & equipment	8	159,035	231,915
TOTAL NON-CURRENT ASSETS		159,035	231,915
Total assets		13,323,982	7,032,829
LIABILITIES			
Current liabilities			
Trade and other payables	9	207,350	106,592
Provision for scheme liabilities	11	195,000	450,000
Financial liabilities	10	-	-
TOTAL CURRENT LIABILITIES		402,350	556,592
Non-current liabilities			
Provision for scheme liabilities	11	7,426,000	5,010,000
TOTAL NON-CURRENT LIABILITIES		7,426,000	5,010,000
Total liabilities		7,828,350	5,566,592
Net assets		5,495,633	1,466,237
EQUITY			
Implementation Funding		269,867	296,867
Retained surplus		5,198,766	1,169,370
Total equity		5,495,633	1,466,237

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity
for the year ended 30 June 2008

	Note	Retained Surplus $	Other Reserves $	Total $
As at 30 June 2006		2,360,310	296,867	2,657,177
Net assets available to pay at the end of the financial year		(1,190,940)	-	(1,190,940)
At 30 June 2007		1,169,370	296,867	1,466,237
Net assets available to pay at the end of the financial year		4,029,396	-	4,029,396
At 30 June 2008		5,198,766	296,867	5,495,633

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

for the year ended 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities:			
Contributions from levy payers		7,183,549	4,380,914
Payments to suppliers and employees		(1,095,582)	(1,201,056)
Interest received		80,512	164,024
Interest paid		-	(4,905)
Net Cash provided by/(used in) operating activities	**5(b)**	6,168,479	3,338,977
Cash flows from investing activities:			
Purchase of property, plant and equipment		-	(6,952)
Purchase of investments		(3,900,000)	(4,200,000)
Net cash provided by/(used in) investing activities		(3,900,000)	(4,206,952)
Cash flows from financing activities:			
Repayment of borrowings		-	(300,000)
Net cash provided by/(used in) financing activities		-	(300,000)
Net increase/(decrease) in cash		2,268,479	(1,167,975)
Cash at the beginning of the financial year		941,579	2,109,554
Cash at the end of the financial year	**5(a)**	3,210,058	941,579

The above cash flow statement should be read in conjunction with the accompanying notes.

Note 1 STATEMENT OF ACCOUNTING POLICIES

(a) The reporting entity

NT Build has its principal office at Charlton Court, Woolner, NT 0820. The entity was established in 2005 under the Northern Territory *Construction Industry Long Service Leave and Benefits Act* and it administers this Act which provides a portable long service benefits scheme to building and construction workers in NT.

(b) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board.

The accounts have been prepared on an accruals basis and are based on historical cost convention and have not been adjusted to take into account changing money values or current valuations of non-current assets and their impact on the operating results.

(c) Property, plant and equipment

Property, plant and equipment is initially valued at cost in accordance with AASB 116. Where an item of property, plant and equipment is acquired for no or nominal consideration, the item's fair value at acquisition date is deemed as its cost. Subsequent to initial recognition, each class is carried at cost or fair value, where applicable, less any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by the Board to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of remaining service potential from the assets employment.

(d) Depreciation

Depreciation of plant and equipment is provided on a straight line basis over the estimated useful life of the asset. Leasehold improvements are depreciated over the shorter of either the unexpired period of lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Leasehold improvements	20%
Furniture and fixtures	10%
Field and office equipment	20%
Computer equipment	33.30%
Computer software	33.30%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

(e) Leases

The Board is not a party to any finance lease. Existing operating leases relate to leasing premises at Charlton Court, Woolner. Operating leases are expensed in the periods in which they are incurred.

(f) Income tax

As a public authority constituted under a law of the Northern Territory the income of the Board is exempt from income tax under section 50-25 of the Income Tax Assessment Act 1997 and no charge for income tax expense is required.

(g) Revenue

Revenue is recognised, at the fair value of consideration, when the Board has control of the goods or the right to receive it, and it is probable that the economic benefits will flow to the Board and the amount of revenue can be measured reliably.

Operating revenue represents revenue from long service levy income and investment income, which are recognised as they accrue.

Gains and losses on investments are calculated as the difference between the net market value at sale, or at the year end, and the net market value at the previous valuation point. This includes both realised gains and losses and unrealised gains and losses.

(h) Long service levy

The long service levy rate is 0.5% of the cost of building and construction work costing $200,000 or more.

The levy does not apply to work:

- On single detached dwellings, including related private garages, carports, sheds or the like:
- For which the total contract price for the construction work is less than $200,000 in value; or
- Undertaken for not for profit organisations in respect of voluntary labour and donated materials.

(i) Employee long service leave

(*i) Long Service Leave Benefits Expense*

Employees and contractors who are registered with the Board accrue 13 weeks (3 months) long service leave after 10 years' service in the building and construction industry for service after 1 July 2005. Workers receive credit of 1 year's service for each 260 days worked.

Leave may be claimed after the employee or contractor has been credited with a total of 65 days of long service leave for the first time or they have been credited with 32.5 days of additional long service credits after the employee or contractor was credited with 65 days of long service leave.

(ii) Accrued Long Service Leave Benefits Liability

The provision for accrued long service leave benefits is determined as the present value of all future payments which arise from the service of all eligible workers up to the balance date. The stated amount has been calculated by the Board's actuary using an actuarial valuation method that takes into account assumptions or rates of departure from the industry, mortality rates, increases in wages and rates of return on investment. The current portion of the liability is calculated as an expectation of benefits likely to be paid over the next twelve months based on experience of benefit payments from industry trends.

(j) Accounting for Goods and Service Tax

Revenues, expenses are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Board as a purchaser that is not recoverable from Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

- receivables and payables are stated with the amount of GST included; and

- the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the ATO is classified as operating cash flows.

(k) Trade and other payables

These amounts represent unpaid liabilities for goods received by and services provided to the entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 days of recognition.

(l) Cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, deposits at call and money market investments which are readily convertible into cash.

(m) Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible 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 (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Board will not be able to collect all amounts due according to the original terms.

(n) Investments and other financial assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Board commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Held for trading

Investments held for trading are measured at fair value with gains or losses recognised in the income statement. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge. Investments held for trading are classified as current assets on the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board has the positive intention and ability to hold-to-maturity and are measured at amortised cost subsequent to initial recognition using the effective interest method. If the Board were to sell other than an insignificant amount of held-to-maturity investments, the whole category is then reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised as a separate component of equity (available-for-sale investments revaluation reserve). Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the income statement, is removed from equity and recognised in the income statement.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through the income statement. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the income statement where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the income statement.

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. The realisation value or fair value of the investment represents the amounts available on cash withdrawal after making allowance for the application redemption transaction charge payable on realisation.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable within 366 days of balance sheet date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited to the income statement immediately and amortised using the effective interest method.

(o) Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined by publicly available information such as quoted market prices or by calculating the net present value of future anticipated cash flows. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

In addition to an allowance account for specific provisions against individually significant financial assets the Board also makes a collective allowance on portfolios of similar assets, that are individually insignificant, for impairment losses that have been incurred but not yet identified. On confirmation that the financial asset will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms and the collective impairment provision is estimated for any such group where credit risk characteristics of the group of financial assets has deteriorated. Factors such as any deterioration in country risk, industry performance, technological obsolescence as well as identified structural weaknesses or deterioration in cash flows are taken into consideration and the amount of the provision is based on the historical loss pattern within each group, adjusted to reflect current economic change.

Impairment losses on assets measured at amortised cost using the effective interest rate method are calculated by comparing the carrying value of the asset with the present value of estimated future cash flows at the original effective interest rate. Losses are recognised in ‘Provisions for losses on loans and advances and impairment of investment securities’ in the income statement and interest on the impaired asset continues to be recognised as part of the unwinding of the discount.

(p) Fair values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price and the quoted market price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(q) Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Board’s assessment of the impact of these new standards and interpretations is set out below.

(i) Revised AASB101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101

A revised AASB101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect the amounts recognised in the financial statements. If the entity has made prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

continued: Notes to and forming part of the financial statements - 30 June 2008

			2008 $	2007 $
Note	**2**	**INCOME FROM INVESTMENTS**		
		Interest received - Bank deposits	51,108	142,342
		Investment income	173,147	17,685
		Movement in equity investments	(954,875)	106,603
		Total income from investments	(730,620)	266,630
		Other income	16,951	3,998
		Total revenue	(713,669)	270,628
Note	**3**	**EXPENSES**		
	3(a)	Depreciation and amortisation of non-current assets		
		- buildings	59,410	59,410
		- property, plant and equipment	13,469	13,469
		Total depreciation and amortisation	72,879	72,879
	3(b)	Fees and Allowances		
		- board members' fees	22,449	31,628
		- other allowances	-	-
		Total fees and allowances	22,449	31,628
	3(c)	Auditor's Remuneration		
		Remuneration of the auditor for:		
		- audit of the financial reports	14,000	12,950
		- other services	-	-
		Total auditor's remuneration	14,000	12,950

			2008	2007
			$	**$**
Note	**4**	**CASH AND CASH EQUIVALENTS**		
		Cash on hand	200	200
		Cash deposits with banks	380,455	941,379
		Short term money market deposits	2,829,403	-
		Total cash and cash equivalents	3,210,058	941,579

Note 5 RECONCILIATION OF CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents at the end of the financial period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2008	2007
Cash on hand	200	200
Cash deposits with banks	380,455	941,379
Short term money market deposits	2,829,403	-
Balance per statement of cash flows	3,210,058	941,579

(b) Reconciliation of cash flow from operations with Net Surplus (Deficit)

	2008	2007
Net Surplus (Deficit)	4,029,396	(1,190,940)
Depreciation and amortisation	72,879	72,878
Movement in Market Value of Investments	794,181	(106,603)
Scheme liability expenses	2,161,000	5,460,000
Changes in assets and liabilities		
(Increase)/decrease in trade & term debtors	(989,734)	(892,591)
Increase/(decrease) in trade creditors and accruals	100,757	(3,768)
Cash flows from operations	6,168,479	3,338,976

(c) Loan facilities

	2008	2007
Loan facilities with NT Treasury	1,500,000	1,500,000
Amount utilised	-	-
Unused loan facility	1,500,000	1,500,000

			2008	2007
			$	$
Note	**6**	**TRADE AND OTHER RECEIVABLES**		
		CURRENT		
		Levy debtors	2,053,397	591,530
		Provision for doubtful debts	-	-
			2,053,397	591,530
		Other debtors	82,615	37,728
			82,615	37,728
		Accrued industry contributions	386,494	903,514
		Total Current Receivables	2,522,506	1,532,772

a) Past due but not impaired

As of 30 June 2008, trade receivables of $28,598 (2007-$82,823) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2008	2007
	$	$
Not past due	1,046,766	219,775
Past due [30] days	5,000	19,329
Past due [30-60] days	2,500	30,389
Past due [>60] days	21,098	33,104
Instalments	978,033	288,933
Total	2,053,397	591,530

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Board does not hold any collateral in relation to these receivables.

b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 7 OTHER FINANCIAL ASSESTS - INVESTMENTS

MLC (NCIT) Moderate Trust	7,432,383	4,326,563
Total other financial assets - investments	7,432,383	4,326,563

The Actual asset allocation of the investment portfolio at the balance date was:

- Australian Shares	32%	32%
- Global Shares	33%	34%
- Bonds	31%	30%
- Property Securities	4%	4%

Fair value

For equity securities, fair value is determined by reference to closing bid prices on the Australian Stock Exchange.

	2008 $	2007 $
Note 8 PROPERTY, PLANT & EQUIPMENT		
(a) LAND AND BUILDINGS		
Leasehold		
Leasehold improvements		
At cost	297,052	297,052
Less accumulated depreciation	(178,231)	(118,820)
	118,821	178,232
Plant and Equipment		
Plant and equipment		
At cost	44,645	44,645
Less accumulated depreciation	(28,248)	(18,782)
	16,397	25,863
Furniture and fittings		
At cost	30,720	30,720
Less accumulated depreciation	(6,902)	(4,447)
	23,818	26,273
Software		
At cost	4,642	4,642
Less accumulated depreciation	(4,642)	(3,095)
	-	1,547
Total Property, Plant and Equipment	159,035	231,915

Note 8 PROPERTY, PLANT & EQUIPMENT (Cont'd)

(b) Movements in carrying values

Movements in the carrying values of each class of property, plant and equipment between the beginning and end of the financial year:

	Leasehold Improvements	Plant & equipment	Furniture & fittings	Software	Total
	$	$	$	$	$
At 1 July 2006	237,642	35,330	21,776	3,094	297,842
Additions	-	-	6,952	-	6,952
Disposals	-	-	-	-	-
Depreciation and Amortisation	(59,410)	(9,467)	(2,455)	(1,547)	(72,879)
At 30 June 2007	178,232	25,863	26,273	1,547	231,915
At 1 July 2007	178,232	25,863	26,273	1,547	231,915
Additions	-	-	-	-	
Disposals	-	-	-	-	-
Depreciation and Amortisation	(59,411)	(9,467)	(2,455)	(1,547)	(72,880)
At 30 June 2008	118,822	16,397	23,819	-	159,035

As a result of the continued volatility in the financial markets, the Board's investment in the MLPC (NCIT) Moderate Trust decreased after the end of the 2007-08 year. At 30 September 2008, the value of the investment was $6,945,547.00

			2008 $	2007 $
Note	**9**	**TRADE AND OTHER PAYABLES**		
		CURRENT		
		Trade creditors	34,299	77,384
		Other creditors and accruals - other entities	173,051	29,208
		Total trade and other payables	207,350	106,592
Note	**10**	**FINANCIAL LIABILITIES**		
		CURRENT		
		Loan from NT Treasury	-	-

The loan, with a variable interest rate of 7.97% per annum (2007: 6.1667%), is part of a draw down facility arranged by the NT Treasury to help fund the Board's working capital requirements. The upper limit of the drawdown facility is $1.5 million.

			2008 $	2007 $
Note	**11**	**PROVISIONS FOR SCHEME LIABILITIES**		
		CURRENT		
		Scheme liabilities	195,000	450,000
		NON-CURRENT		
		Scheme liabilities - current year	7,621,000	2,860,000
		Scheme liabilities - prior year	-	2,600,000
		Less: Current portion of scheme liabilities	(195,000)	(450,000)
			7,426,000	5,010,000

(a) The NT Build Long Service Leave liability valuation was carried out on 4 August 2008 by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2008.

In performing the valuation the following assumptions were made by the actuary:

- 25% of service credits will be abandoned;
- the average period until payment will be 9 years
- a discount rate of 6.5% and a salary growth rate of 4.5%.

The discount rate was determined based on the prevailing Commonwealth bond rate at 30 June 2008, as required by AASB 119, Employee Benefits. The salary growth rate of 4.5% per annum is consistent with NT Treasury's expectations for future salary growth in the Territory, and is consistent with external forecasts.

Note 12 RELATED PARTY TRANSACTIONS

(i) Board members

The names of the members of the Board who held office during the year are Mr Barry Chambers (Chairperson), Mr Joe Gallagher, Mr Dick Guit, Mr Graham Kemp, Mr Alan Paton and Mr Tony Stubbin.

As a Northern Territory Public Sector employee, Mr Stubbin does not receive remuneration payment in respect of his role as a Board member.

(ii) Attendance of meetings

Name	Eligible Meetings*	Meetings Attended
Barry Chambers	26	26
Joe Gallagher	26	24
Dick Guit	26	26
Graham Kemp	26	21
Alan Paton	26	25
Tony Stubbin	26	20

*Includes scheduled and out of session Board meetings

Note 13 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Board is exposed to risks that arise from its use of financial instruments. This note describes the Board's 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 the Board's 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.

The Board hold the following financial instruments:

	2008 $	2007 $
Financial assets		
Cash assets	3,210,058	941,579
Receivables	2,522,506	1,532,771
Available-for-sale financial assets	7,432,383	4,326,563
	13,164,947	6,800,913
Financial liabilities		
Payables	207,350	106,592
	207,350	106,592

The Board has overall responsibility for the determination of risk management objectives and polices and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team.

The Board's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Board where such impacts may be material.

The Board receives monthly reports from the Registrar through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Board's 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 the Board incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to the Board's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

There is no concentration of credit risk with respect to current receivables as the Board has a large number of diverse customers.

The receivables of the Board arise out of a statutory obligation on various entities undertaking building and construction work costing $200,000 or more. As a result the Board cannot implement any credit policies beforehand to ensure that individual risk on each customer is minimised.

The maximum exposure to credit risk for trade receivables at balance date by type of customer is as follows:

	2008	2007
	$	$
Instalment	978,033	288,933
Non-Instalment	1,075,364	302,597
	2,053,397	591,530

The Board's most significant customer accounts for 51.6% of trade receivables at 30 June 2008.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cashflows, and the availability of funding through an adequate amount of committed credit facilities. The Board manages liquidity risk by continuously monitoring forecast and actual cashflows. Surplus funds are generally invested in instruments that are tradeable in highly liquid markets.

continued: Notes to and forming part of the financial statements - 30 June 2008

Financing arrangements

The following financing facilities were available at balance date:

	2008	2007
	$	$
Credit stand-by arrangements		
Total facilities:		
Loan from NT Treasury	1,500,000	1,500,000
Used at balance date:		
Loan from NT Treasury	-	-
Unused at balance date:		
Loan from NT Treasury	1,500,000	1,500,000

The stand by facility, with a variable interest rate of 7.97% per annum, is part of a draw down facility arranged by the NT Treasury to help fund the Board's working capital requirements. The upper limit of the drawdown facility is $1.5 million.

Maturity Analysis - 2008

Financial Liabilities	**Rate**	**Carrying Amount**	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivaties							
Trade Creditors		207,350	207,350	207,350	-	-	-
Finance lease liabilities		-	-	-	-	-	-
Bank overdrafts		-	-	-	-	-	-
TOTAL		207,350	207,350	207,350	-	-	

continued: Notes to and forming part of the financial statements - 30 June 2008

continued: Maturity Analysis - 2008

Financial Assets	**Rate**	**Carrying Amount**	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	**$**	**$**	**$**	**$**	**$**
Non-derivaties							
Trade Debtors		2,522,506	2,522,506	2,522,506	-	-	-
Investments	-8.6%	7,432,383	7,432,383	7,432,383	-	-	-
TOTAL		9,954,889	9,954,889	9,954,889	-	-	-

Maturity Analysis - 2007

As a result of the continued volatility in the financial markets, the Board's investment in the MLPC (NCIT) Moderate Trust decreased after the end of the 2007-08 year. At 30 September 2008, the value of the investment was $6,945,547.00.

Financial Liabilities	**Rate**	**Carrying Amount**	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	**$**	**$**	**$**	**$**	**$**
Non-derivaties							
Trade Creditors		106,592	106,592	106,592	-	-	-
Finance lease liabilities		-	-	-	-	-	-
Bank overdrafts		-	-	-	-	-	-
TOTAL		106,592	106,592	106,592	-	-	-

Financial Assets	**Rate**	**Carrying Amount**	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	**$**	**$**	**$**	**$**	**$**
Non-derivaties							-
Trade Debtors		1,532,772	1,532,772	1,532,772	-	-	-
Investments	16.6%	4,326,563	4,326,563	4,326,563	-	-	-
TOTAL		5,859,335	5,859,335	5,859,335	-	-	-

(d) Market Risk

Market risk arises from the use of interest bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

Sensitivity Analysis

As the Board's investments with MLC are in the form of units in a unit trust, it is not possible to perform an effective sensitivity analysis as it is not possible to identify the proportion of the shares held by the trust which relate directly to the Board. The movement in the price of the units is a combination of the underlying shares invested and the overheads accruing to the trust.

Note 14 CAPITAL AND LEASING COMMITMENTS

	2008	2007
Operating Lease Commitments	**$**	**$**
Payable:		
One year or less	66,494	67,166
Later than one year and not later than five years	98,750	134,359
Later than five years	-	-
Total operating lease commitments payable	165,245	201,524

Non cancellable operating lease commitments include:

- Leases of computer equipment and motor vehicles with various terms, with rental payable monthly in advance.

Note 15 EVENTS SUBSEQUENT TO REPORTING DATE

As a result of the continued volatility in the financial markets, the Board's investment in the MLC (NCIT) Moderate Trust decreased after the end of the 2007-08 year. At 30 September 2008, the value of the investment was $6,945,547.00