Part 3 Financial accountability

Financial Statements for year ended 30 June 2012

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 41 to 76:

    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 2012 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 entity 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: TONY STUBBIN

Board member: DICK GUIT

Dated: 13 September 2012

Independent auditor's report

Auditor-General

Independent Auditor's Report to the Board
NT Build
Year Ended 30 June 2012

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I have audited the accompanying financial report of NT Build which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, 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 other explanatory information, and the certification of the financial statements by the Board.

The Board's responsibility 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, and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that I 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.

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

Basis for Qualification Opinion

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 require 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 $12,031,220 disclosed as 'Contributions from levy payers' in the comprehensive operating statement.

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

Auditor-General

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Qualified Opinion

In my opinion, except for the effects on the financial report of the matter referred to in the Basis of Qualification paragraph, the financial report presents fairly, in all material respects, the financial position of the NT Build which as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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

18 September 2012

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

Statement of comprehensive income

for the year ended 30 June 2012

	Note	2012	2011
INCOME		**$**	**$**
Contributions from levy payers		12 031 120	9 939 428
Other income - net	**2**	1 558 425	2 377 836
TOTAL INCOME		13 589 545	12 317 264
EXPENSES			
Depreciation and Amortisation	**3(a)**	3 072	3 224
Fees and allowances	**3(b)**	49 731	40 317
Long service leave benefit payments		574 129	465 169
Long service scheme expense - current	**10**	7 630 000	3 499 000
Occupancy costs		93 703	99 969
Employee expenses		710 551	736 626
Other expenses		612 053	528 730
TOTAL EXPENSES		9 673 239	5 373 035
NET SURPLUS		3 916 306	6 944 229
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3 916 306	6 944 229

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of financial position

as at 30 June 2012

	Note	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	**4**	27 150 123	21 441 405
Trade and other receivables	**6**	6 045 618	2 317 680
Other financial assets - investments	**7**	20 283 218	18 132 532
TOTAL CURRENT ASSETS		53 478 959	41 891 617
Non-current assets			
Property, plant & equipment	**8**	11 529	14 601
TOTAL NON-CURRENT ASSETS		11 529	14 601
TOTAL ASSETS		53 490 488	41 906 218
LIABILITIES			
Current liabilities			
Trade and other payables	**9**	159 290	121 326
Provision for scheme liabilities	**10**	575 000	500 000
TOTAL CURRENT LIABILITIES		734 290	621 326
Non-current liabilities			
Provision for scheme liabilities	**10**	27 962 000	20 407 000
TOTAL NON-CURRENT LIABILITIES		27 962 000	20 407 000
TOTAL LIABILITIES		28 696 290	21 028 326
NET ASSETS		24 794 198	20 877 892
EQUITY			
Implementation Funding	**12**	296 867	296 867
Retained surplus		24 497 331	20 581 025
TOTAL EQUITY		24 794 198	20 877 892

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of changes in equity

for the year ended 30 June 2012

	Retained Surplus $	Implementation Funding $	Total $
At 30 June 2010	13 636 796	296 867	13 933 663
Total comprehensive income for the year	6 944 229	-	6 944 229
At 30 June 2011	20 581 025	296 867	20 877 892
Total comprehensive income for the year	3 916 306	-	3 916 306
At 30 June 2012	24 497 331	296 867	24 794 198

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

Statement of cash flows
for the year ended 30 June 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions from levy payers		8 548 525	9 428 864
Payments to suppliers and employees		(2 002 201)	(1 814 250)
Interest received		1 162 395	885 382
Interest paid		-	-
Net Cash from/(used in) operating activities	**5(b)**	7 708 719	8 499 996
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		(2 000 000)	(4 700 000)
Net Cash from/(used in) investing activities		(2 000 000)	(4 700 000)
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash		5 708 719	3 799 996
Cash at the beginning of the financial year		21 441 405	17 641 409
CASH AT THE END OF THE FINANCIAL YEAR	**5(a)**	27 150 124	21 441 405

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to and forming part of the financial statements
for the year ended 30 June 2012

Note 1 CORPORATE INFORMATION

The financial statements of NT Build for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the board members on 13 September 2012 covers NT Build as an individual entity.

The financial statements are presented in the Australian currency.

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. NT Build is a not-for-profit entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements. The financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra agency transactions and balances have been eliminated. Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

(b) Property, plant and equipment

Acquisitions

All items of property, plant and equipment with a cost, or other value, 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, equal to or greater than $5,000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the $5,000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Items of property, plant and equipment, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

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 the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

Impairment of Non financial Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, NT Build determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Statement of Comprehensive Income. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

(c) Leases

Leases under which NT Build assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

Finance leases are capitalised. A leased asset and a lease liability equal to the present value of the minimum lease payments are recognised at the inception of the lease. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

(d) 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.

(e) Revenue

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- 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.

- Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(f) Long service levy

Effective from 1 July 2009 the Northern Territory Government introduced the following two legislative amendments affecting the calculation of the long service levy on construction projects undertaken in the Territory.

1. *The introduction of a two tier levy regime on construction projects with construction costs in excess of $1 billion*.

This amendment means the ‘standard’ prescribed levy rate which applies to all eligible construction projects under the scheme, is applied to the first $1 billion and a project’s specific levy rate, determined by the responsible Minister and based on actuarial advice, is applied to the project costs that exceed the $1 billion threshold.

2. *The temporary reduction in the levy amount for a period of two years.*

This meant for construction projects that start:

- before 1 July 2009, regardless of completion date, the levy rate of 0.5% applies.
- on or after 1 July 2009 but before 1 July 2011, regardless of completion date, the levy rate of 0.4% applies.

However, effective from 15 June 2011, the Northern Territory Government approved on an ongoing basis the continued reduction in the levy amount at the 0.4% rate.

Effective from 1 April 2012, the Northern Territory Government reduced the levy rate from 0.4% to 0.3%. The levy rate reduction was a result of the recommendation made by the Scheme Actuary following the statutory triennial review of the Scheme.

The new reduced levy rate is applicable to new construction projects starting from 1 April 2012. The 0.4 % levy rate will continue to be applied to projects started before 1 April 2012, regardless of their completion date.

(g) Employee benefit provisions

(*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
Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(h) Accounting for Goods and Service Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to NT Build prior to the year end and which are unpaid. Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to NT Build. Accounts payable are normally settled within 30-60 days.

(j) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, 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 and bank overdrafts.

(k) 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. 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 (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the NT Build 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 90 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.

From time to time, the entity elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

(l) 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 NT Build 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 profit or loss. 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. Assets in this category are classified as current assets in the statement of financial position if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

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.

continued: Notes to and forming part of the financial statements - 30 June 20112

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 of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income.

On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment. Interest on corporate bonds classified as available-for-sale is calculated using the effective interest rate method and is recognised in finance income in profit or loss.

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

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business at the end of the reporting period. 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.

Loans and receivables

Non-current loans and receivables include loans due from trade and other receivables repayable within 366 days of the end of the reporting period. 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.

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in profit or loss.

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(m) Impairment of financial assets

At the end of each reporting period the entity 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.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(n) 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 the end of the reporting period. 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 NT Build for similar financial instruments.

(o) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 14. Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

(p) Comparatives

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(q) Adoption of new and revised accounting standards

The form of the NT Build financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated. The Standards and Interpretations and their impacts are:

- *AASB 124 Related Party Disclosures (December 2009), AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]*

The Standards amend the requirements of the previous version of AASB 124 to clarify the definition of a related party, provide a partial exemption from related party disclosure requirements for government-related entities and include an explicit requirement to disclose commitments involving related parties. The Standards do not impact the financial statements.

- *AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]*

The Standards are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and New Zealand's Financial Reporting Standards Board. AASB 2011-1 amends a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonization between Australian and New Zealand Standards. The Standard relocates and deletes various Australian-specific guidance and disclosures from other Standards and aligns the wording used to that adopted in IFRSs. Relocated Australian-specific disclosures are now contained in AASB 1054. The Standards do not impact the financial statements.

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Interpretation 13]

The Standard amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity (AASB 101) and financial instrument disclosures (AASB 7). The Standard does not impact the financial statements.

- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard does not impact the financial statements.

- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]

The Standard makes amendments to AASB 7 Financial Instruments: Disclosures resulting from the IASB's comprehensive review of off balance sheet activities. The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Standard does not impact the financial statements.

- AASB 2010-9 Amendments to Australian Accounting Standards - Severe Hyperinflation

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting Standards financial statements or to present Australian-Accounting Standards financial statements for the first time. This standard is not expected to impact the financial statements.

- AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters

This standard makes amendment to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 20120). The amendments brought in by this Standard ultimately affect AASB1 : First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. This standard is not expected to impact the financial statements.

- AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]

The Standard extends relief from consolidation to not-for-profit entities in particular circumstances, by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity and the ultimate or intermediate parent entity are not-for-profit entities that comply with Australian Accounting Standards. The Standard does not impact the financial statements.

- AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement

Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments to Interpretation 114 has not had any effect on the entity’s financial statements.

(r) Australian Accounting Standards and Interpretations Issued but not yet Effective

The following new and amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2012. They have not been adopted in preparing the financial statements for the year ended 30 June 2012 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date and the Board assessed the impact of these new standards and interpretations as set out below.

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 (issued December 2009 and amended December 2010) Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The entity has not yet made an assessment of the impact of these amendments. The entity does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.
AASB 2010-8 (issued December 2010) Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. However, this presumption cannot be rebutted for the land portion of investment property which is not depreciable.	Periods commencing on or after 1 January 2012	The entity does not have any investment property measured using the fair value model. There will, therefore, be no impact on the financial statements when these amendments are first adopted.7

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	**Summary**	**Effective for annual reporting periods beginning on or after**	**Impact on financial statements**
AASB 10 (issued August 2011) Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee. Introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.
AASB 10 (issued August 2011) Consolidated Financial Statements	Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable. This may result in possibly fewer instances of control. Additional guidance included to determine when decision making authority over an entity has been delegated by a principal to an agent. Factors to consider include: • Scope of decision making authority • Rights held by other parties, e.g. kick-out rights • Remuneration and whether commensurate with services provided • Decision maker's exposure to variability of returns from other interests held in the investee.	Annual reporting periods commencing on or after 1 January 2013	The entity does not issue any consolidated financial statements and therefore, there will be no impact on the financial statements when this standard is first adopted.
AASB 11 (issued August 2011)	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 13 (issued September 2011) Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	Annual reporting periods commencing on or after 1 January 2013	The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013. When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.
AASB 2011-9 (issued September 2011) Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 12 (issued August 2011)	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 119 Employee Benefits	The amendments eliminate 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.	Annual reporting periods commencing on or after 1 January 2013 and requires retrospective application with certain exceptions.	It is anticipated that the entity will adopt the amendments to AASB 119 in the period ending 30 June 2013. However, the Board has not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.
AASB 2011-2 (issued May 2011) Amendments Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	The amendments are for entities applying the Tier 2 requirements when preparing general purpose financial statements - amends AASB 1054 to include reduced disclosure requirements previously included in AASB 101 Presentation of Financial Statements	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2011-2.
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	This standard makes amendments to Australian Accounting Standard AASB 1049 Whole of Government and General Government Sector Financial Reporting in relation to the definition of the ABS GFS Manual, relief from adopting the latest version of the ABS GFS Manual and related disclosures.	Annual reporting periods commencing on or after 1 July 2012	It is anticipated that there will be no impact on the financial statements when these amendments to AASB 1049 are first adopted.

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures in removing the individual key management personnel (KMP) disclosures from AASB 124.	Annual reporting periods commencing on or after 1 July 2013	It is anticipated that there will therefore be no impact on the financial statements when these amendments to AASB 124 are first adopted.
AASB 2011-11 (issued September 2011) Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	For entities applying the Tier 2 requirements when preparing general purpose financial statements - makes amendments to AASB 119 Employee Benefits (September 2011) to incorporate reduced disclosure requirements	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2011-11.
AASB 2012-1(issued March 2012) Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements	For entities applying the Tier 2 requirements when preparing general purpose financial statements - makes amendments to various standards to incorporate reduced disclosure requirements for fair value disclosures as a result of the issue of AASB 13 Fair Value Measurement	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2012-1.
AASB 2011-6 (issued July 2011) Amendments to Australian Accounting Standards – Extending Relief from Consolidation, Equity Method and Proportionate	Extends relief from preparing consolidated financial statements to entities applying the Reduced Disclosure Requirements wanting to apply the consolidation exemption in paragraph 10 of AASB 127 (or exemption from equity accounting or proportionate consolidation under equivalent paragraphs in AASB 128 and AASB 131) where the ultimate parent entity prepares consolidated financial statements using the Reduced Disclosure requirements, rather than using full IFRS.	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2011-6.

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2011-7 (issued August 2011)	This standard mainly introduces amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	Annual periods commencing on or after 1 January 2013	There will be no impact on the financial statements when this standard is first adopted as the entity does not consolidate its financial statements and does not have any joint arrangements.
AASB 2011-8 (issued September 2011)	This standard mainly introduces editorial changes to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 &132]	Annual periods commencing on or after 1 January 2013	There will be no impact on the financial statements when this standard is first adopted.
AASB 2011-10 (issued September 2011)	This standard mainly introduces editorial changes to Australian Accounting Standard arising from AASB 119 (September 2011)	Annual periods commencing on or after 1 January 2013	There will be no impact on the financial statements when this standard is first adopted.
AASB 1053: Application of Tiers of Australian Accounting Standards	This standard establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements : • Tier 1: Australian Accounting Standards; and • Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements. Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.	Annual periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 1053.

(s) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires the making of judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgements and estimates are:

• *Employee Benefits – Note 1(g) and Note 10:*

Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.

• *Allowance for Impairment Losses – Note 1(k), 6: Receivables*

The provision of impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

• *Depreciation and Amortisation – Note 1(b), Note 8: Property, Plant and Equipment*

NT Build determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation 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.

continued: Notes to and forming part of the financial statements - 30 June 2012

			2012 $	2011 $
Note	**2**	**OTHER INCOME - net**		
		Interest received - Bank deposits	1 321 472	1 084 658
		Investment income	1 087 243	733 768
		Movement in equity investments	(985 197)	455 182
		Total income from investments	1 423 518	2 273 608
		Sundry income	134 907	104 228
		Total other income	1 558 425	2 377 836

			2012 $	2011 $
Note	**3**	**EXPENSES**		
	3(a)	Depreciation and amortisation of non-current assets		
		- leasehold improvements	-	-
		- plant and equipment	3 072	3 224
		Total depreciation and amortisation	3 072	3 224
	3(b)	Fees and Allowances		
		- board members' fees	49 731	40 317
		- other allowances	-	-
		Total fees and allowances	49 731	40 317
	3(c)	Auditor's Remuneration		
		Remuneration of the auditor for:		
		- audit of the financial reports	14 350	14 800
		- other services	-	-
		Total auditor's remuneration	14 350	14 800

			2012	2011
			$	**$**
Note	**4**	**CASH AND CASH EQUIVALENTS**		
		Cash on hand	200	200
		Cash deposits with banks	1 727 439	3 598 274
		Short term money market deposits	25 422 484	17 842 931
		Total cash and cash equivalents	27 150 123	21 441 405

Effective interest rate on short term deposits is 5.72%

Note 5 RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

	2012	2011
	$	**$**
Cash on hand	200	200
Cash deposits with banks	1 727 439	3 598 274
Short term money market deposits	25 422 484	17 842 931
Balance per statement of cash flows	27 150 123	21 441 405

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

Net Surplus	3 916 306	6 944 229
Non-cash flows in net surplus		
Depreciation and amortisation	3 072	3 224
Movement in market value of investments	985 197	(455 182)
Manager fee rebate	(48 640)	(38 773)
Distribution income capitalised	(1 087 243)	(733 770)
Scheme liability expenses	7 630 000	3 499 000
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(3 727 937)	(775 292)
Increase/(decrease) in trade and other payables	37 965	56 560
Cash flows from operations	7 708 719	8 499 996

continued: Notes to and forming part of the financial statements - 30 June 2012

			2012	2011
			$	**$**
Note	**6**	**TRADE AND OTHER RECEIVABLES**		
		CURRENT		
		Levy debtors	2 081 926	1 164 594
		Less: Allowance for impairment losses	-	-
			2 081 926	1 164 594
		Other debtors	5 901	2 569
			5 901	2 569
		Accrued industry contributions	3 456 984	808 787
		Accrued interest	500 807	341 730
		Total trade and other receivables	6 045 618	2 317 680

a) Past due but not impaired

As of 30 June 2012, trade receivables of $1 137 195 (2011: $743 505) 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:

	2012	2011
	$	**$**
Not past due	944 731	421 089
Past due [30] days	1 846	39 808
Past due [30-60] days	501 333	-
Past due [>60] days	25 100	71 939
Instalments	608 916	631 758
Total	2 081 926	1 164 594

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 ASSETS - INVESTMENTS

	2012	2011
	$	$
MLC (NCIT) Moderate Trust	20 283 218	18 132 532

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

	2012	2011
- Australian Shares	32%	31%
- Global Shares	34%	34%
- Bonds	30%	31%
- Property Securities	4%	4%

Fair value

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

continued: Notes to and forming part of the financial statements - 30 June 2012

	2012 $	2011 $
Note 8 PROPERTY, PLANT & EQUIPMENT		
(a) LAND AND BUILDINGS		
Leasehold		
Leasehold improvements		
At cost	297 052	297 052
Less accumulated depreciation	(297 052)	(297 052)
	-	-
Plant and Equipment		
Plant and equipment		
At cost	18 796	18 796
Less accumulated depreciation	(18 796)	(18 796)
	-	-
Furniture and fittings		
At cost	30 720	30 720
Less accumulated depreciation	(19 191)	(16 119)
	11 529	14 601
Total Property, Plant and Equipment	11 529	14 601

continued: Notes to and forming part of the financial statements - 30 June 2012

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	Total
	$	$	$	$
At 1 July 2010	-	151	17 673	17 824
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation and Amortisation		(151)	(3 072)	(3 223)
At 30 June 2011	-	-	14 601	14 601
At 1 July 2011	-	-	14 601	14 601
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation and Amortisation		(151)	(3 072)	(3 072)
At 30 June 2012	-	-	11 529	11 529

continued: Notes to and forming part of the financial statements - 30 June 2012

			2012 $	2011 $
Note	**9**	**TRADE AND OTHER PAYABLES**		
		CURRENT		
		Trade creditors	111 892	71 631
		Other creditors and accruals - other entities	47 398	49 695
		Total trade and other payables	159 290	121 326
Note	**10**	**PROVISIONS FOR SCHEME LIABILITIES**		
		CURRENT		
		Scheme liabilities	575 000	500 000
		NON-CURRENT		
		Scheme liabilities - current year	28 537 000	20 907 000
		Less: Current portion of scheme liabilities	(575 000)	(500 000)
		Total non-current provisions for scheme liabilities	27 962 000	20 407 000
		Reconciliation of movement in scheme liabilities		
		Balance at beginning of year	20 907 000	17 408 000
		Actuarial valuation adjustment recognised in the income statement	7 630 000	3 499 000
		Balance at end of year	28 537 000	20 907 000

(a) The NT Build Long Service Leave liability valuation was carried out on 13 August 2012 by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2012.

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 8 years
- a discount rate of 3.1% and a salary growth rate of 4.5%.

The discount rate was determined based on the prevailing Commonwealth bond rate at 30 June 2012, as required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets. 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 11 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 Dick Guit, Mr Graham Kemp, Mr Tony Stubbin, Mr Trevor Gauld, Mr Michael Haire and Mr Mick Huddy. Mr Gauld resigned with effect from 30 August 2011. Mr Haire was appointed on 10 November 2011.

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	18	16
Dick Guit	18	13
Graham Kemp	18	13
Tony Stubbin	18	17
Trevor Gauld	2	1
Mick Huddy	18	15
Michael Haire	9	7

*Includes scheduled and out of session Board meetings

Note 12 IMPLEMENTATION FUNDING

Movements during the year	**2012** **$**	**2011** **$**
Balance 1 July	296 867	296 867
Movement for the year	-	-
Balance 30 June	296 867	296 867

In 2005, when the NT Build office was established, OCPE provided the above funds for the ‘fitout’ of the NT Build offices. These funds were used to renovate the existing building and refurbish the office accordingly. The amount was transferred to NT Build from OCPE and treated as Equity transfer.

Note 13 FINANCIAL RISK MANAGEMENT

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

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the entity include cash and cash equivalents, trade and other receivables, investment at fair value through profit or loss (FVTPL) and trade and other payables. NT Build has limited exposure to financial risks as discussed below.

There have been no substantive changes in NT Build'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.

(a) Categorisation of Financial Instruments

The carrying amounts of the Board's financial assets and liabilities by category are disclosed in the table below.

	2012	2011
	$	$
Financial assets		
Cash and deposits	27 150 123	21 441 405
Loans and receivables	6 045 618	2 317 680
Investment	20 283 218	18 132 532
	53 478 959	41 891 617
Financial liabilities		
Payables	159 290	121 326
	159 290	121 326

The Board has overall responsibility for the determination of risk management objectives and policies 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 NT Build 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 NT Build'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 NT Build's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

NT Build has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the Board has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents NT Build's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The receivables of NT Build arise out of a statutory obligation on various entities undertaking building and construction work costing $200,000 or more. As a result NT Build 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 the end of the reporting period by type of customer is as follows:

	2012	**2011**
	$	**$**
Instalment	608 916	631 758
Non-Instalment	1 473 010	532 836
	2 081 926	1 164 594

The Board's most significant customer accounts for 60% of trade receivables at 30 June 2012 (2011: 45%).

continued: Notes to and forming part of the financial statements - 30 June 2012

(c) Liquidity Risk

Liquidity risk is the risk that NT Build will not be able to meet its financial obligations as they fall due. NT Build's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet is liabilities when they fall due.

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

Maturity Analysis - 2012

Financial Liabilities	**Rate**	**Carrying Amount**	**Contractual Cash flows**	**<6 mths**	**6-12 mths**	**1-3 years**	**>3 years**
		$	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Payables		159 290	159 290	159 290	-	-	-
TOTAL NON DERIVATIVES		159 290	159 290	159 290	-	-	-

Financial Assets	**Rate**	**Carrying Amount**	**Contractual Cash flows**	**<6 mths**	**6-12 mths**	**1-3 years**	**>3 years**
		$	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Cash and cash equivalents		27 150 123	27 150 123	27 150 123	-	-	-
Trade and other receivables		6 045 618	6 045 618	6 045 618	-	-	-
Investments	0.8%	20 283 218	20 283 218	20 283 218	-	-	-
TOTAL		53 478 959	53 478 959	53 478 959	-	-	-

Maturity Analysis - 2011

Financial Liabilities	Rate	Carrying Amount	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivatives							
Payables		121 326	121 326	121 326	-	-	-
TOTAL NON DERIVATIVES		121 326	121 326	121 326	-	-	-

Financial Assets	Rate	Carrying Amount	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivatives							
Cash and cash equivalents		21 441 405	21 441 405	21 441 405	-	-	-
Trade and other receivables		2 317 680	2 317 680	2 317 680	-	-	-
Investments	8.5%	18 132 532	18 132 532	18 132 532	-	-	-
TOTAL		41 891 617	41 891 617	41 891 617	-	-	-

(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

Other financial assets - Investments

As NT Build'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 NT Build. The movement in the price of the units is a combination of the underlying shares invested and the overheads accruing to the trust.

Short term deposits with the bank

The following table illustrates sensitivities to NT Build's exposure to changes in interest rates. The table indicates the impact on how the net surplus reported at the end of the reporting period would have been affected by changes in the relevant risk variable that NT Build considers reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2012	**$**	**$**
+/-1% movement in interest	+/-271 501	+/-271 501
Year ended 30 June 2011		
+/-1% movement in interest rates	+/-214 412	+/-214 412

Note 14 CAPITAL AND LEASING COMMITMENTS

	2012	2011
Operating Lease Commitments	**$**	**$**
Payable:		
One year or less	205 168	174 949
Later than one year and not later than five years	360 275	416 877
Later than five years	-	-
Total operating lease commitments payable	565 443	591 826

Non cancellable operating lease commitments include:

- Leases above include computer equipment, motor vehicles, building and shed with various terms, with rental payable monthly in advance.

Note 15 EVENTS SUBSEQUENT TO REPORTING DATE

(a) On 31 July 2012 the NT Government approved the reduction to the NT Build Levy Rate from 0.4% to 0.3% with a retrospective date of effective of 1 April 2012.

The 0.4% levy rate will continue to be applied to projects started before 1 April 2012, regardless of their completion date. However, new construction projects starting from 1 April 2012 will be levied at the reduced rate.

Owners of construction projects that commenced on or after 1 April 2012 and who have paid the levy at 0.4% will be eligible for a refund of any overpaid levy amount resulting from this decision. It is proposed that any eligible construction projects will have the refund processed when construction is completed and the known final cost is advised by the project owner through the usual reconciliation process.

(b) As a result of the volatility in the financial markets after the balance date, the Board's investment with MLC (NCIT) Moderate Trust registered a increase in its market value. At 31 August, the value of the investment had increased by $830,320.