Part 3 Financial accountability

Financial Statements for year ended 30 June 2010

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 37 to 62:

    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 2010 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: 14 October 2010

Independent auditor's report

Auditor-General

Independent Auditor's Report to the Board

NT Build
Year Ended 30 June 2010

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I have audited the accompanying financial report of NT Build, which comprises the comprehensive operating statement, statement of financial position, statement of changes in equity and statement of cash flows and accompanying notes to the financial statements for the year ended 2010.

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 $8,332,922 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 Fax: 08 8999 7144

Auditor-General

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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 2010, 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

29 October 2010

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

Comprehensive operating statement

for the year ended 30 June 2010

	Note	2010	2009
INCOME		**$**	**$**
Contributions from levy payers		8 332 922	11 848 410
Other income	**2**	1 773 292	(712 393)
TOTAL INCOME		10 106 214	11 136 017
EXPENSES			
Depreciation and Amortisation	**3(a)**	66 728	70 606
Fees and allowances	**3(b)**	16 286	40 075
Long service leave benefit payments		535 673	319 252
Long service scheme expense - current	**10**	3 805 000	5 982 000
Occupancy costs		58 080	75 578
Employee expenses		594 163	494 368
Other expenses		405 450	340 943
TOTAL EXPENSES		5 481 380	7 322 822
NET SURPLUS (DEFICIT)		4 624 834	3 813 196
OTHER COMPREHENSIVE INCOME			
Changes in Accounting Policies		-	-
Correction of Prior Period Errors		-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-
COMPREHENSIVE RESULT		4 624 834	3 813 196

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

Statement of financial position
as at 30 June 2010

	Note	2010 $	2009 $
ASSETS			
Current assets			
Cash and cash equivalents	**4**	17 641 409	15 074 369
Trade and other receivables	**6**	1 542 387	1 517 640
Other financial assets - investments	**7**	12 204 809	6 303 654
TOTAL CURRENT ASSETS		31 388 605	22 895 663
Non-current assets			
Property, plant & equipment	**8**	17 824	88 429
TOTAL NON-CURRENT ASSETS		17 824	88 429
TOTAL ASSETS		31 406 429	22 984 092
LIABILITIES			
Current liabilities			
Trade and other payables	**9**	64 766	72 263
Provision for scheme liabilities	**10**	500 000	240 000
TOTAL CURRENT LIABILITIES		564 766	312 263
Non-current liabilities			
Provision for scheme liabilities	**10**	16 908 000	13 363 000
TOTAL NON-CURRENT LIABILITIES		16 908 000	13 363 000
TOTAL LIABILITIES		17 472 766	13 675 263
NET ASSETS		13 933 663	9 308 829
EQUITY			
Implementation Funding		296 867	296 867
Retained surplus		13 636 796	9 011 962
TOTAL EQUITY		13 933 663	9 308 829

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2010

	Note	Retained Surplus $	Implementation Funding $	Total $
As at 30 June 2008		5 198 766	296 867	5 495 633
Comprehensive income		3 813 196	-	3 813 196
At 30 June 2009		9 011 962	296 867	9 308 829
Comprehensive income		4 624 834	-	4 624 834
At 30 June 2010		13 636 796	296 867	13 933 663

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 2010

	Note	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions from levy payers		8 465 144	12 853 279
Payments to suppliers and employees		(1 612 421)	(1 405 303)
Interest received		647 892	416 335
Interest paid		-	-
Net Cash from/(used in) operating activities	**5(b)**	7 500 615	11 864 311
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds - sale of property, plant and equipment		1 000	-
Payment for investments		(4 934 575)	-
Net Cash from/(used in) investing activities		(4 933 575)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash		2 567 040	11 864 311
Cash at the beginning of the financial year		15 074 369	3 210 058
CASH AT THE END OF THE FINANCIAL YEAR	**5(a)**	17 641 409	15 074 369

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

Notes to and forming part of the financial statements
for the year ended 30 June 2010

Note 1 CORPORATE INFORMATION

The financial statements of NT Build for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the board members on 11 October 2010 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements. 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 organisation 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, equal to or greater than $5000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the $5000 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 Agency 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.

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.

(c) Leased assets

Leases under which the Board 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.

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.

(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 means 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.
- after 30 June 2011, regardless of completion date, the levy rate of 0.5% applies.

(g) 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.

(h) Employee 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.

(i) Accounting for Goods and Service Tax

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

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Trade and other payables

Liabilities for accounts payable and other amounts payable 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 Board. Accounts payable are normally settled within 30 days.

(k) Cash and cash equivalents

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

(l) 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 Board will not be able to collect all amounts due according to the original terms.

(m) 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 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. Investments held for trading are classified as current assets in the statement of financial position.

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.

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.

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. 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 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.

(n) 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.

(o) 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 the group for similar financial instruments.

(p) 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 101 Presentation of Financial Statements (September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Comprehensive Operating Statement and Statement of Changes in Equity. Other Comprehensive Income is now disclosed in the Comprehensive Operating Statement and the Statement of Changes in Equity discloses owner changes in equity separately from non-owner changes in equity.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]. The amendments largely clarify the required accounting treatment where previous practice had varied, although some new or changed requirements are introduced. Topics include below market interest-rate government loans, accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale. The Standard does not impact the Financial Statements.

(q) Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Board's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, Amends the requirements for classification and measurement of financial assets.

Effective for annual reporting period beginning on or after 1 January 2013.

This amends the requirements for classification and measurement of financial assets. Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.

(ii) AA*SB Interpretation 19 (issued December 2009), Financial Instruments*

Effective for annual reporting period beginning on or after 1 July 2010.

This discusses extinguishing Financial Liabilities with Equity Instruments, Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss. There will be no impact as the entity has not undertaken any debt for equity swaps.

continued: Notes to and forming part of the financial statements - 30 June 2010

(iii) AASB 124 (issued December 2009) Related Party Disclosures

Effective for annual reporting periods commencing on or after 1 January 2011.

This pertains to simplification of disclosure requirements for government related entities and clarifies the definition of a related party. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various disclosures currently required by government entities about related party transactions with other entities that are controlled, or significantly influenced by the same government entity will no longer be required if it is costly to gather and of less value to users.

(iv) AASB 117, Leases, Land can be classified as a finance lease for very long leases where the significant risks and rewards are effectively transferred, despite there being no transfer of title.

Effective for annual reporting periods commencing on or after 1 January 2010.

This explains that land can be classified as a finance lease for very long leases where the significant risks and rewards are effectively transferred, despite there being no transfer of title. Initial adoption of this amendment will have no impact as the entity has no leases for the land.

(v) IFRS 7, Financial Instruments: Disclosures

Effective for annual reporting periods commencing on or after 1 January 2011.

This disclosure deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. There will be no impact on initial adoption to amounts recognised in the financial statement as the amendment result in fewer disclosure only.

			2010 $	2009 $
Note	**2**	**OTHER INCOME**		
		Interest received - Bank deposits	790 348	416 543
		Investment income	245 331	759 359
		Movement in equity investments	696 856	(1 903 974)
		Total income from investments	1 732 535	(728 072)
		Sundry income	40 757	15 678
		Total other income	1 773 292	(712 393)
Note	**3**	**EXPENSES**		
	3(a)	Depreciation and amortisation of non-current assets		
		- leasehold improvements	59 410	59 411
		- plant and equipment	7 317	11 195
		Total depreciation and amortisation	66 727	70 606
	3(b)	Fees and Allowances		
		- board members' fees	16 286	40 075
		- other allowances	-	-
		Total fees and allowances	16 286	40 075
	3(c)	Auditor's Remuneration		
		Remuneration of the auditor for:		
		- audit of the financial reports	14 000	14 000
		- other services	-	-
		Total auditor's remuneration	14 000	14 000

continued: Notes to and forming part of the financial statements - 30 June 2010

			2010	2009
			$	$
Note	4	**CASH AND CASH EQUIVALENTS**		
		Cash on hand	200	200
		Cash deposits with banks	1 622 582	2 550 636
		Short term money market deposits	16 018 627	12 523 533
		Total cash and cash equivalents	17 641 409	15 074 396

Effective interest rate on short term deposits is 4.00%

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:

	2010	2009
Cash on hand	200	200
Cash deposits with banks	1 622 582	2 550 636
Short term money market deposits	16 018 627	12 523 533
Balance per statement of cash flows	17 641 409	15 074 396

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

	2010	2009
Net Surplus (Deficit)	4 624 834	3 813 196
Depreciation and amortisation	66 728	70 606
Movement in market value of investments	(696 586)	1 128 729
Manager fee rebate	(24 393)	-
Distribution income capitalised	(245 330)	-
Scheme liability expenses	3 805 000	5,982 000
Loss on disposal of plant and equipment	2 877	-
Changes in assets and liabilities		
(Increase)/decrease in trade & term debtors	(24 750)	1 004 867
Increase/(decrease) in trade creditors and accruals	(7 495)	(135,087)
Cash flows from operations	7 500 615	11 864 311

(c) Loan facilities

	2010	2009
Loan facilities with NT Treasury	1 500 000	1 500 000
Amount utilised	-	-
Unused loan facility	1 500,000	1 500 000

			2010	2009
			$	$
Note	**6**	**TRADE AND OTHER RECEIVABLES**		
		CURRENT		
		Levy debtors	742 626	426 818
		Provision for doubtful debts	-	-
			742 626	426,818
		Other debtors	46 439	28 793
			46 439	28 793
		Accrued industry contributions	753 322	1 062 029
		Total trade and other receivables	1 542 387	1 517 640

a) Past due but not impaired

As of 30 June 2010, trade receivables of $724 626 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:

	2010	2009
	$	$
Not past due	156 139	91 034
Past due [30] days	152 936	104 792
Past due [30-60] days	1 347	177 717
Past due [>60] days	50 363	27 498
Instalments	381 841	25 777
Total	742 626	426 818

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

	2010	2009
	$	$
MLC (NCIT) Moderate Trust	12 204 809	6 303 654
Total other financial assets - investments	12 204 809	6 303 654

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

	2010	2009
- Australian Shares	31%	32%
- Global Shares	34%	33%
- Bonds	31%	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.

	2010 $	2009 $
Note 8 PROPERTY, PLANT & EQUIPMENT		
(a) LAND AND BUILDINGS		
Leasehold		
Leasehold improvements		
At cost	297 052	297 052
Less accumulated depreciation	(297 052)	(237 642)
	-	59 410
Plant and Equipment		
Plant and equipment		
At cost	18 796	44 645
Less accumulated depreciation	(18 645)	(36 371)
	151	8 274
Furniture and fittings		
At cost	30 720	30 720
Less accumulated depreciation	(13 047)	(9 975)
	17 673	20 745
Software		
At cost	4 642	4 642
Less accumulated depreciation	(4 642)	(4 642)
	-	-
Total Property, Plant and Equipment	17 824	88 429

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 the 1 July 2008	118 822	16 397	23 819	-	159 035
Additions	-	-	-	-	
Disposals	-	-	-	-	-
Depreciation and Amortisation	(59 411)	(8 122)	(3 073)	-	(70 606)
At 30 June 2009	59 410	8 274	20 745	-	88 429
At the 1 July 2009	59 410	8 274	20 745	-	88 429
Additions	-	-	-	-	-
Disposals	-	(3 877)	-	-	(3 877)
Depreciation and Amortisation	(59 410)	(4 246)	(3 072)	-	(66 728)
At 30 June 2010	-	151	17 673	-	17 824

			2010	2009
			$	$
Note	**9**	**TRADE AND OTHER PAYABLES**		
		CURRENT		
		Trade creditors	30 365	28 812
		Other creditors and accruals - other entities	34 401	43 451
		Total trade and other payables	64 766	72 263
Note	**10**	**PROVISIONS FOR SCHEME LIABILITIES**		
		CURRENT		
		Scheme liabilities	500 000	240 000
		NON-CURRENT		
		Scheme liabilities - current year	17 408 000	13 603 000
		Scheme liabilities - prior year	-	-
		Less: Current portion of scheme liabilities	(500 000)	(240 000)
		Total provisions for scheme liabilities	16 908 000	13 363 000
		Reconciliation of movement in scheme liabilities		
		Balance at beginning of year	13 603 000	7 621 000
		Actuarial valuation adjustment recognised in the income statement	3 805 000	5 982 000
		Balance at end of year	17 408 000	13 603 000

(a) The NT Build Long Service Leave liability valuation was carried out on 20 August 2010 by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2010.

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 5.2% and a salary growth rate of 4.5%.

The discount rate was determined based on the prevailing Commonwealth bond rate at 30 June 2010, 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 Barry Chambers (Chairperson), Dick Guit, Graham Kemp, Tony Stubbin, Trevor Gauld and Mick Huddy. Bob Wade resigned from the board during the reporting period and Mick Huddy was appointed to take his place.

The appointments of Mr Chambers, Mr Guit, Mr Kemp and Mr Stubbin all expired on 4 May 2010 and each were reappointed for a further five year term.

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	17	17	
Dick Guit	17	14	
Graham Kemp	17	15	
Tony Stubbin	17	16	
Trevor Gauld	17	12	
Bob Wade	12	9	Resigned 25/2/2010
Mick Huddy	0	1	Appointed 22/6/2010

*Includes scheduled and out of session Board meetings

Note 12 IMPLEMENTATION FUNDING

Movements during the year	**2010**	**2009**
	$	**$**
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, 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.

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 Board include cash and deposits, receivables, payables and finance leases. NT Build has limited exposure to financial risks as discussed below.

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.

(a) Categorisation of Financial Instruments

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

	2010 $	2009 $
Financial assets		
Cash and deposits	17 641 409	15 074 369
Loans and receivables	1 542 387	1 517 640
Available-for-sale financial assets	12 204 809	6 303 654
	31 388 605	22 895 663
Financial liabilities		
Payables	64 766	72 263
	64 766	72 263

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 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 policies 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.

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 the Board's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

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 the end of the reporting period by type of customer is as follows:

	2010	**2009**
	$	**$**
Instalment	381 841	25 777
Non-Instalment	360 785	401 041
	742 626	426 818

The Board's most significant customer accounts for 40% of trade receivables at 30 June 2010.

(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.

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Financing arrangements

The following financing facilities were available at the end of the reporting period:

	2010	2009
	$	$
Credit stand-by arrangements		
Total facilities:		
Loan from NT Treasury	1 500 000	1 500 000
Used at end of the reporting period:		
Loan from NT Treasury	-	-
Unused at end of the reporting period:		
Loan from NT Treasury	1 500 000	1 500 000

The stand by facility, with a variable interest rate of 3.47% 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. This facility expires on 15 July 2010.

Maturity Analysis - 2010

Financial Liabilities	**Rate**	**Carrying Amount**	**Contractual Cash flows**	**<6 mths**	**6-12 mths**	**1-3 years**	**>3 years**
		$	$	$	$	$	$
Non-derivatives							
Payables		64 766	64 766	64 766	-	-	-
Finance lease liabilities		-	-	-	-	-	-
Bank overdrafts		-	-	-	-	-	-
TOTAL		64 766	64 766	64 766	-	-	

continued: Notes to and forming part of the financial statements - 30 June 2010

continued: Maturity Analysis - 2010

Financial Assets	**Rate**	**Carrying Amount**	**Contractual Cash flows**	**<6 mths**	**6-12 mths**	**1-3 years**	**>3 years**
		$	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade Debtors		1 542 387	1 542 387	1 542 387	-	-	-
Investments	14%	12 204 809	12 204 809	12 204 809	-	-	-
TOTAL		13 747 196	13 747 196	13 747 196	-	-	-

Maturity Analysis - 2009

Financial Liabilities	**Rate**	**Carrying Amount**	**Contractual Cash flows**	**<6 mths**	**6-12 mths**	**1-3 years**	**>3 years**
		$	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade Creditors		72 263	72 263	72 263	-	-	-
Finance lease liabilities		-	-	-	-	-	-
Bank overdrafts		-	-	-	-	-	-
TOTAL		72 263	72 263	72 263	-	-	-

Financial Assets	**Rate**	**Carrying Amount**	**Contractual Cash flows**	**<6 mths**	**6-12 mths**	**1-3 years**	**>3 years**
		$	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade Debtors		1 517 640	1 517 640	1 517 640	-	-	-
Investments	-15%	6 303 654	6 303 654	6 303 654	-	-	-
TOTAL		7 821 294	7 821 294	7 821 294	-	-	-

(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

	2010	2009
Operating Lease Commitments	**$**	**$**
Payable:		
One year or less	148 740	70 021
Later than one year and not later than five years	469 817	100 991
Later than five years	-	-
Total operating lease commitments payable	618 557	171 012

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) There has not arisen in the interval between the end of the financial year and the date of this report any transactions or event of a material nature likely in the opinion of the Board, to affect significantly the operations of NT Build, the result of its operations, or the state of affairs of NT Build in subsequent financial years.