Part 3: Financial Accountability

Part 3 Financial accountability

Financial Statements for year ended 30 June 2020

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Independent auditor's report to the NT Build Board

Auditor-General

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NT Build

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Opinion

I have audited the accompanying Financial Report of NT Build which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Financial Report, including a summary of significant accounting policies and other explanatory information, and Board Members' Declaration.

In my opinion the accompanying Financial Report of NT Build has been prepared in accordance with Australian Accounting Standards, giving a true and fair view of the financial position of NT Build as at 30 June 2020, and of its financial performance and its cash flows for the year then ended.

Basis for Opinion

I conducted the audit in accordance with *Australian Auditing Standards*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of my report.

I am independent of NT Build in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the Financial Report in Australia. I have fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter

I draw attention to Note 13(b) to the financial statements which describes the uncertainty related to the Long Service Leave liability valuation as carried out on 14 August 2020. My opinion is not qualified in respect of this matter.

Responsibilities of the Board for the Financial Report

The Board of NT Build is responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the Board determines is necessary to enable the preparation of the Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Board is responsible for assessing NT Build's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate NT Build or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the financial reporting processes of NT Build.

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Auditor-General

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Auditor's Responsibilities for the audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 NT Build's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NT Build's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however, future events or conditions may cause NT Build to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

7 October 2020

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Board members' declaration

The members of the NT Build board declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the Northern Territory *Construction Industry Long Service Leave and Benefits Act 2005* and:

    a. comply with Accounting Standards, as stated in basis of preparation in Note 1 to the financial statements, and

    b. give a true and fair view of the financial position and performance of NT Build.

2. In the opinion of the members of the Board, there are reasonable grounds to believe that NT Build 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 signed for and on behalf of the Board of NT Build.

Board Member .... Board Member ....

Dated this 6th day of 10 2020

Statement of Profit or Loss and other comprehensive income

for the year ended 30 June 2020

	Note	2020 $	2019 $
Contributions from levy payers		**21,613,652**	1,378,466
Other income	4	**2,120,399**	14,465,507
Employee benefits expense		**(1,002,702)**	(1,025,641)
Depreciation and amortisation expense		**(152,530)**	(82,113)
Fees and allowances		**(39,848)**	(39,334)
Long service leave benefits payments		**(10,767,452)**	(17,973,093)
Long service leave scheme revaluation - current		**7,524,000**	4,220,000
Occupancy costs		**(25,774)**	(95,381)
Other expenses		**(461,940)**	(468,365)
Finance expenses		**(12,660)**	-
Net surplus/(deficit) for the year		**18,795,145**	380,046
Total comprehensive income for the year		**18,795,145**	380,046

NT Build has initially applied AASB 15, AASB 16 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 15, AASB 117, AASB 1004 and related interpretations.

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,011,704**	945,373
Trade and other receivables	7	**19,589,296**	279,187
Other financial assets	8	**76,290,793**	84,206,723
TOTAL CURRENT ASSETS		**96,891,793**	85,431,283
NON-CURRENT ASSETS			
Property, plant and equipment	9	**691,471**	8,661
Intangible assets	10	**79,535**	159,070
TOTAL NON-CURRENT ASSETS		**771,006**	167,731
TOTAL ASSETS		**97,662,799**	85,599,014
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**281,572**	179,818
Lease liabilities	12	**76,640**	-
Short-term provisions	13	**10,900,000**	9,800,000
Other financial liabilities	14	**11,140**	2,051
TOTAL CURRENT LIABILITIES		**11,269,352**	9,981,869
NON-CURRENT LIABILITIES			
Lease liabilities	12	**605,157**	-
Long-term provisions	13	**43,528,000**	52,152,000
TOTAL NON-CURRENT LIABILITIES		**44,133,157**	52,152,000
TOTAL LIABILITIES		**55,402,509**	62,133,869
NET ASSETS		**42,260,290**	23,465,145
EQUITY			
Reserves	15	**296,867**	296,867
Retained earnings		**41,963,423**	23,168,278
		42,260,290	23,465,145
TOTAL EQUITY		**42,260,290**	23,465,145

NT Build has initially applied AASB 15, AASB 16 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 15, AASB 117, AASB 1004 and related interpretations.

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the year ended 30 June 2020

2020

	Retained Earnings	Implementation Funding	Total
	$	$	$
Balance at 1 July 2019	**23,168,278**	**296,867**	**23,465,145**
Surplus for the year	**18,795,145**	**-**	**18,795,145**
Balance at 30 June 2020	**41,963,423**	**296,867**	**42,260,290**

2019

	Retained Earnings	Implementation Funding	Total
	$	$	$
Balance at 1 July 2018	22,788,232	296,867	23,085,099
Surplus for the year	380,046	-	380,046
Balance at 30 June 2019	23,168,278	296,867	23,465,145

NT Build has initially applied AASB 15, AASB 16 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 15, AASB 117, AASB 1004 and related interpretations.

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Levies received and other income		**10,235,658**	17,985,896
Payments to employees		**(1,003,833)**	(946,433)
Interest received		**8,177**	43,719
Long service leave payments		**(10,747,806)**	(17,929,537)
Payments for goods and services		**(436,199)**	(791,305)
Net cash provided by/(used in) operating activities	21	**(1,944,003)**	(1,637,660)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of listed managed funds		**(3,902,996)**	(4,000,000)
Proceeeds from sale of listed managed funds		**6,000,000**	3,200,000
Net cash provided by/(used in) investing activities		**2,097,004**	(800,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		**(86,669)**	-
Net cash provided by/(used in) financing activities		**(86,669)**	-
Net increase/(decrease) in cash and cash equivalents held		**66,332**	(2,437,660)
Cash and cash equivalents at beginning of year		**945,372**	3,383,032
Cash and cash equivalents at end of financial year	6	**1,011,704**	945,372

NT Build has initially applied AASB 15, AASB 16 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 15, AASB 117, AASB 1004 and related interpretations.

The accompanying notes form part of these financial statements.

Notes to the financial statements
for the year ended 30 June 2020

Reporting Entity

The financial report covers NT Build as an individual entity. The financial report was authorised for issue in accordance with a resolution of the board members on 6 October 2020.

NT Build has its principal office at Charlton Court, Woolner, Northern Territory. The entity was established in 2005 under the Northern Territory *Construction Industry Long Service Leave and Benefits Act 2005* and it administers this Act which provides a portable long service benefits scheme to building and construction workers in the Northern Territory and is a not-for-profit entity for reporting purposes under Australian Accounting Standards.

The functional and presentation currency of NT Build is Australian dollars and rounded to the nearest dollar.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Northern Territory Construction Industry Long Service Leave and Benefits Act 2005.*

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2. Change in Accounting Policy

Leases - Adoption of AASB 16

NT Build has adopted AASB 16 *Leases* using the modified retrospective method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

NT Build as a lessee

Under AASB 117, NT Build assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to NT Build or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

NT Build has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, NT Build has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Northern Territory Treasury Corporation's instutional bond rate as the incremental borrowing rate at 1 July 2019;

continued: Notes to the financial statements - 30 June 2020

2. Change in Accounting Policy (continued)

Leases - Adoption of AASB 16 (continued)

- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NT Build leases buildings and motor vehicles. These lease contracts are typically for 5 years, however buildings include extension options.

NT Build has recognised right-of-use assets of $670,136 and lease liabilities of $670,136 at 1 July 2019, for leases previously classified as operating leases.

Payments for short-term leases and low value leases have been expensed on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low value assets are assets with a fair value of $10,000 or less when new and not subject to a sublease arrangement.

The right-of-use assets are subject to remeasurement principles consistant with lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

	$
Operating lease commitments at 30 June 2019 financial statements	259,769
Operating leases excluded under AASB 16	(76,078)
Extension options reasonably certain to be exercised not included in the commitments note	647,900
Short-term leases included in commitments note	(8,566)
Leases for low value assets included in commitments note	(56,004)
Effect of discounting	(96,886)
Lease liabilities recognised at 1 July 2019	670,135

3. Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration NT Build expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

3. Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Revenue from contracts with customers (continued)

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of NT Build have any financing terms.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of NT Build are:

Long service leave levies

Levies are measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Other income

Other income is recognised on an accruals basis when NT Build is entitled to it.

(b) Income Tax

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

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

3. Summary of Significant Accounting Policies (continued)

(d) Property, plant and equipment

Classes of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment. Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model. 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 ncessary for it to capable of operating in the manner intended by the NT Build Board, equal to or greater than $5,000 are recognised in the year of acquisition and depreciated as outline below. Items of property, plant and equipment below the $5,000 threshold are expensed in the year of acquisition.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to NT Build, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	10%
Office Equipment	20%
Computer Equipment	33.3%
Computer Software	33.3%
Leasehold improvements	20%
Right-of-Use - Buildings	9%
Right-of-Use - Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received from disposal with its carrying amount and is taken to profit or loss.

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevent right-of-use assets at the time of inital recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

(e) Intangible Assets

Software development

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

3. Summary of Significant Accounting Policies (continued)

(e) Intangible Assets (continued)

Software development (continued)

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 5 years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The amortisation rate used for this class of asset is 20%.

(f) Financial instruments

Financial instruments are recognised initially on the date that NT Build becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, NT Build classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless NT Build changes its business

3. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)
model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

NT Build's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

NT Build has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. NT Build has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

3. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)
Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, NT Build considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on NT Build's historical experience and informed credit assessment and including forward looking information.

NT Build uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

NT Build uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to NT Build in full, without recourse to NT Build to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to NT Build in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. NT Build has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where NT Build renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

3. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial liabilities

NT Build measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of NT Build comprise trade payables and lease liabilities.

(g) Impairment of non-financial assets

At the end of each reporting period NT Build determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

(i) Comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(ii) Right-of-use asset

At the lease commencement, NT Build recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where NT Build believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

3. Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(iii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in NT Build's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

NT Build has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. NT Build recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Long Service Leave Benefits Provisions

(i) Long Service Leave Benefits Expense

Employees and contractors who are registered with NT Build accrue 65 days (13 weeks) long service leave after they have been credited with 2,200 qualifying service days (equivalent to 10 years) in the building and construction industry for service after 1 July 2005. Workers receive credit of 6.5 days long service leave for each 220 days

Leave may be claimed after the employee or contractor has been credited with a total 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 and contractors to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using approppriate asset based rate at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated cash outflow.

(k) Long service levy

A two tier levy regime is applied for the calculation of the long service levy on all eligible construction projects undertaken in the Northern Territory.

continued: Notes to the financial statements - 30 June 2020

3. Summary of Significant Accounting Policies (continued)

(k) Long service levy (continued)

1. A 'standard' prescribed levy rate is applied to the first $1 billion of the projects construction costs. The following 'standard' levy rates apply:

- 0.1% on projects started from 7/4/2014 - regardless of completion date;

- 0.3% on projects started from 1/4/2012 to 6/4/2014 - regardless of completion date;

- 0.4% on projects started from 1/7/2009 to 31/3/2012 - regardless of completion date; and

- 0.5% on projects started from 1/7/2005 to 30/06/2009 - regardless of completion date.

The levy rates listed above are applicable for all eligible construction projects of at least:

- $1 million or more in value for projects that commenced on or after 7/4/2014; or

- $200,000 or more in value for projects that commenced between 1 July 2005 and 6 April 2014, regardless of completion rate.

2. A project specific levy rate, determined by the responsible Minister and informed by actuarial advice, is applied to the projects that exceed the $1 billion threshold.

(l) Going concern

The financial report has been prepared on a going concern basis. The Board continued to proactively monitor the financial solvency of the Scheme through the use of regular actuarial advice (including the annual liability valuation and triennial review mechanism) and the review of its investment and accunting policies.

The Scheme has recorded a net surplus of $18,795,145 as at the end of this current reporting period.

While the Scheme currently has a moderate surplus net asset position, it is predicted to gradually decline over the following years as growth in liabilities continue to accrue at a greater rate than expected income. The underlying concern expressed by the actuary in his 2020 triennial actuarial review report dated March 2020, that the current levy rate of 0.1% is well below the break-even rate, remains.

Notwithstanding the concerns, the Board remains satisfied that adequate governance practices and review mechanisms are in place for the ongoing monitoring of the financial sustainability of the Scheme.

(m) Adoption of new and revised accounting standards

NT Build has adopted all standards which became effective for the first time at 30 June 2020. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of NT Build. Refer to Note 2 for details of the changes due to standards adopted.

(n) Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2019-20.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on NT Build.

continued: Notes to the financial statements - 30 June 2020

3. Summary of Significant Accounting Policies (continued)

(o) Critical accounting estimates and judgements

NT Build make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Long service leave benefits - Note 3(j), Note 13(a): Provisions

Non-current liabilities in respect of long service leave benefits are measured as the present value of estimated future cash outflows based on the appropriate asset based rate, estimates of future salary and wage levels and employee periods of service. The accuracy of provisions is the key estimate included in these financial statements as noted in Note 13(a).

Allowance for impairment losses - Note 7 - Trade and other receivables

The value of the provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the aging of receivables, historical collection rate and specific knowledge of the individual debtors financial position.

4. Other Income

	2020	**2019**
	$	**$**
Other Income		
- Interest received	**8,177**	37,577
- Investment income	**4,458,773**	7,338,726
- Movement in equity investments	**(6,014,884)**	(2,256,409)
- Manager fee rebate	**195,955**	203,371
- Reciprocal income	**3,472,378**	9,142,242
	2,120,399	14,465,507

5. Expenses

	2020	**2019**
	$	**$**
Depreciation and Amortisation:		
- Depreciation and amortisation expense	**152,530**	82,113
Remuneration of auditor:		
- auditing the financial report	**24,000**	24,000
Fees and allowances		
- board member fees	**39,848**	39,334

continued: Notes to the financial statements - 30 June 2020

6. Cash and Cash Equivalents

	2020 $	2019 $
Cash on hand	**200**	200
Cash at bank	**1,011,504**	945,173
	1,011,704	945,373

7. Trade and Other Receivables

	2020 $	2019 $
CURRENT		
Trade receivables	**65,032**	245,802
Accrued levy income	**19,499,000**	-
Prepayments	**25,264**	33,385
	19,589,296	279,187

(a) Accrued levy income

Under section 33(4) of the *Construction Industry Long Service Leave and Benefits Act 2005*, the Minister is to determine the levy percentage on construction projects in excess of $1 billion.

During the current financial year a project of such value had been completed. In the previous year, as the project had yet to be completed and the levy rate had not been determined, the levy income receivable was unable to be accurately calculated and was simply disclosed as a contingent asset.

The actuarial report recommending the percentage to be determined by the Minister for the excess levy amount was tabled in the Legislative Assembly on 23 June 2020, enabling the final levy payment of $19.499 million (calculated to be 0.11799% of the excess cost of the construction work) to be calculated.

The Minister's determination of the applicable levy rate was subsequently notified in the Government Gazette on 15 July 2020.

(b) Impairment of receivables

NT Build applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses incorporate forward looking information.

8. Other Financial Assets

(a) Financial assets at fair value through profit or loss

	2020 $	2019 $
CURRENT		
MLC (NCIT) Moderate Trust	**76,290,793**	84,206,723
	76,290,793	84,206,723

8. Other Financial Assets (continued)

(b) Breakdown of investment split

	2020 %	2019 %
- Australian shares	**28**	27
- Global shares	**36**	36
- Bonds	**34**	34
- Property Securities	**2**	3
Total	**100**	100

9. Property, plant and equipment

	2020	2019
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**30,223**	30,223
Accumulated depreciation	**(30,223)**	(30,223)
Total furniture, fixtures and fittings	**-**	-
Office equipment		
At cost	**12,181**	12,181
Accumulated depreciation	**(12,181)**	(12,181)
Total office equipment	**-**	-
Computer equipment		
At cost	**4,642**	4,642
Accumulated depreciation	**(4,642)**	(4,642)
Total computer equipment	**-**	-
Leasehold Improvements		
At cost	**309,944**	309,944
Accumulated amortisation	**(303,862)**	(301,283)
Total leasehold improvements	**6,082**	8,661
Total plant and equipment	**6,082**	8,661
Right-of-Use - Buildings		
Under lease	**639,295**	-
Accumulated depreciation	**(58,118)**	-
Total Right-of-Use - Buildings	**581,177**	-
Right-of-Use - Motor Vehicles		
Under lease	**116,511**	-
Accumulated depreciation	**(12,299)**	-
Total Right-of-Use - Motor Vehicles	**104,212**	-
Total right-of-use	**685,389**	-

continued: Notes to the financial statements - 30 June 2020

9. Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

	Leasehold Improvements	Right-of-Use - Buildings	Right-of-Use - Motor Vehicles	Total
	$	$	$	$
Year ended 30 June 2020				
Balance at the beginning of year	**8,661**	-	-	**8,661**
Recognition of right-of-use assets on inital adoption of AASB 16	-	**639,295**	**30,814**	**670,109**
Additions - right of use asset	-	-	**85,697**	**85,697**
Depreciation	**(2,579)**	-	-	**(2,579)**
Amortisation - right of use asset	-	**(58,118)**	**(12,299)**	**(70,417)**
Balance at the end of the year	**6,082**	**581,177**	**104,212**	**691,471**

	Leasehold Improvements	Right-of-Use - Buildings	Right-of-Use - Motor Vehicles	Total
	$	$	$	$
Year ended 30 June 2019				
Balance at the beginning of year	11,239	-	-	11,239
Depreciation expense	(2,578)	-	-	(2,578)
Balance at the end of the year	8,661	-	-	8,661

10. Intangible Assets

	2020	2019
	$	$
Intangible assets		
Cost	**397,675**	397,675
Accumulated amortisation and impairment	**(318,140)**	(238,605)
Net carrying value	**79,535**	159,070
Total Intangibles	**79,535**	159,070

10. Intangible Assets (continued)

(a) Movements in carrying amounts of intangible assets

	Intangible assets $	Total $
Year ended 30 June 2020		
Balance at the beginning of the year	159,070	**159,070**
Additions		
Amortisation	(79,535)	**(79,535)**
Closing value at 30 June 2020	**79,535**	**79,535**

	Intangible assets $	Total $
Year ended 30 June 2019		
Balance at the beginning of the year	238,605	238,605
Amortisation	(79,535)	(79,535)
Closing value at 30 June 2019	159,070	159,070

11. Trade and Other Payables

	2020 $	2019 $
CURRENT		
Trade payables	**98,470**	24,590
Other payables	**183,102**	155,228
	281,572	179,818

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12. Lease liabilities

	2020 $	2019 $
Current	**76,640**	-
Non-current	**605,157**	-
	681,797	-

continued: Notes to the financial statements - 30 June 2020

13. Provisions

	2020 $	2019 $
Current	**10,900,000**	9,800,000
Non-current	**43,528,000**	52,152,000
	54,428,000	61,952,000

(a) Movement in carrying amounts

	2020 $	2019 $
Opening balance	**61,952,000**	66,172,000
Actuarial valuation adjustment - based on asset-based discount rate	**(7,524,000)**	(4,220,000)
	54,428,000	61,952,000

(b) Actuary valuation adjustment

The NT Build Long Service Leave liability valuation was carried out on 14 August 2020 by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2020.

For each future year the amounts of entitlement expected to be paid in service and on termination of membership have been determined by making a projection based on assumed rates of claiming benefits in service, rates of death, retirement, and resignation, and assumed escalation in the benefit rate. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the assumed discount rate.

The greatest unknowns in the liability valuation are the assumptions regarding member movements (exit rates and reactivation rates), and regarding the ability of the scheme to remain in contact with inactive members so as to pay available deregistration benefits. The current economic uncertainty is significant, and asset returns remain quite uncertain. Other elements such as the rate of claiming benefits in service are not as important. Further scheme experience over time will refine the member movement assumptions made and gradually reduce uncertainty in the valuation from this area, although the effect of uncertainty in asset returns will remain as a significant source of uncertainty on the current asset allocation.

13. Provisions (continued)

(c) Reconciliation of current year movement

The following reconciliation details the current year actuary movement based on the above assumptions.

	$ (million)
Liability previously determined excl. expenses as at June 2019	**55.3**
plus Interest on liability @ 6.0% for one year to 2020	**3.3**
less Expected payments during FY20 from accrued liability at 2019	**(5.1)**
Expected liability excluding expense at 2020 for pre-2019 service	**53.5**
Change to assumed future investment return	**5.5**
Change to valuation approach related to service recommendation	**(7.4)**
Change to other demograpic assumptions	**(6.6)**
Expected pre-2019 liability at 2020 on new valuation basis	**42.9**
plus Experience gains/losses	**-**
Benefit payments higher than projected	**(2.1)**
Benefit rate increase on 1/7/20 higher than expected	**1.2**
Other experience gains/losses	**0.4**
Liability at June 2020 for service to June 2019, excluding expenses	**42.2**
plus Liability for service accruals in FY20	**5.1**
Total liability excluding expenses at 30 June 2020	**47.3**
Liability for expenses @ 15% of liability	**7.1**
Total liability including expenses at 30 June 2020	**54.4**

*progression may not tally precisely due to rounding

The most significant elements of the above progression include:

- Significant changes in benefit inflation rate and assumed future investment earnings compared to 2019. Those assumptions now both take short and medium term features explicitly into account, and the assumed investment return has reduced as a result of revised investment outlook in the last 12 months;
- A change in the valuation treatment for inactive workers, based on newly compiled data during the last year. The changed method for identifying the expected number of inactive workers that will recommence active service in NT reduced liability by $7.4M from otherwise. This area of the valuation has been an area of significant uncertainty in recent years, and the analysis underlying the Triennial Ministerial Review in March 2020 was able to significantly reduce the uncertainty in this area;
- Changes to valuation demographic assumptions flowing directly from the reassessment of demographic assumptions as part of the Triennial Ministerial Review in March 2020. This reduced liability by $6.6M, with the most significant component of reduction relating to lower assumed probabilities of eventual payment of liability for short-serving inactive members;
- Benefit payments in FY20 were $2.1M higher than expected in 2019, resulting in a moderate reduction in liability compared to prior expectations;
- The benefit rate increased on 1 July 2020 by 5.6%, significantly higher than assumed in the 2019 assessment, leading to a moderate $1.2M increase in liability compared to prior expectations.

Taking all of these factors into account, the greatest unknowns in the liability valuation are the assumptions regarding member movements (exit and service recommencement rates). Other elements such as unreported service and the rate of claiming benefits in service are not as important. Further scheme experience over time will refine the assumptions made and gradually reduce uncertainty in the valuation.

continued: Notes to the financial statements - 30 June 2020

14. Other Financial Liabilities

	2020 $	2019 $
CURRENT		
Amounts received in advance	**11,140**	2,051
	11,140	2,051

15. Reserves

	2020 $	2019 $
Implementation Funding		
Opening balance	**296,867**	296,867
Total Reserves	**296,867**	296,867

In 2005, when the NT Build office was established, the Office of the Commissioner for Public Employment (OCPE) provided the above funds for the 'fitout' of the NT Build offices. These were used to renovate the existing building and refurbish the office accordingly. The amount was transferred to NT Build from OCPE and treated as an Equity transfer.

16. Commitments

Operating Leases expiring in 5 years

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, operating lease commitments as reported in 2019, satisfying eligibility criteria, have now been recognised as a lease liability on the statement of financial position and in Note 12.

NT Build leases computer equipment and entered into a software licencing operating lease expiring in 5 years with a right of renewal for a further 5 years, however this agreement may be terminated by either party by giving 6 months notice. Future operating lease commitments not recognised as liabilities are payable as follows:

	2020 $	2019 $
Minimum lease payments under non-cancellable operating leases:	-	-
- not later than one year	**97,010**	202,771
- between one year and five years	-	56,998
- later than five years	-	-
	97,010	259,769

17. Financial Risk Management

NT Build is exposed to a variety of financial risks through its use of financial instruments.

This note discloses NT Build's objectives, policies and processes for managing and measuring these risks.

NT Build's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

17. Financial Risk Management (continued)

NT Build does not speculate in financial assets.

The most significant financial risks to which NT Build is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by NT Build are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

Objectives, policies and processes

The Board has overall responsibility for the establishment of NT Build's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives. Whilst retaining ultimate responsibility, in December 2015 the Board established a Finance, Risk and Audit (FRA) Sub-committee. This FRA Sub-committee, which consists of three members and met four times during the 2019-20 reporting period, is charged with providing reasonable assurance to the Board that NT Build's core business goals and objectives are being achieved in an efficient and economical manner, within an appropriate framework of internal control and risk management. The Committee also provides strategic oversight and focus on the key financial and strategic risks and controls across NT Build but does not replace the appropriate function of the Board.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and NT Build's activities.

The NT Build staff management team has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies within the adopted framework. 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 regular reports and updates 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. Further details regarding these policies are set out below.

Liquidity risk

Liquidity risk arises from NT Build's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that NT Build will encounter difficulty in meeting its financial obligations as they fall due.

continued: Notes to the financial statements - 30 June 2020

17. Financial Risk Management (continued)

Liquidity risk (continued)

NT Build's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. NT Build maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

NT Build manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that NT Build expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since NT Build has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The table below reflects the undiscounted contractual maturity analysis for financial assets and liabilities (excluding lease liabilities for the current year - refer to note 12.).

Financial asset and liability maturity analysis - Non-derivative

	Weighted average Interest rate		Floating Interest Rate		Within 1 Year		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$
Financial assets - cash flows realisable								
Cash and cash equivalents	**1.00**	1.05	**1,011,704**	945,373	-	-	**1,011,704**	945,373
Trade, term and loans receivables	-	-	**19,559,464**	239,828	-	-	**19,559,464**	239,828
Other investments	**4.60**	9.30	**76,290,793**	84,206,723	-	-	**76,290,793**	84,206,723
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave)	-	-	-	-	**(281,599)**	(179,817)	**(281,599)**	(179,817)
Total anticipated outflows			**96,861,961**	85,391,924	**(281,599)**	(179,817)	**96,580,362**	**85,212,107**

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to NT Build.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

17. Financial Risk Management (continued)

Credit risk (continued)

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

The receivables of NT Build arise as a result of a statutory obligation on various entities undertaking building and construction work of $1 million or more in value for projects that started on or after 7/4/2014, or $200,000 or more in value for projects that started before 7/4/2014, regardless of completion date. 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 payment terms is as follows:

	2020	2019
	$	$
Instalment	-	60,447
Non-instalment	65,032	185,355
	65,032	245,802

Other financial assets held at amortised cost

The NT Build does not hold any other assets at amortised cost.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2019: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

continued: Notes to the financial statements - 30 June 2020

17. Financial Risk Management (continued)

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2020		2019	
	+1.00%	-1.00%	+1.00%	-1.00%
	$	$	$	$
Net results	773,025	773,025	851,251	851,251
Equity	773,025	773,025	851,251	851,251

(a) Fair value estimation

	2020 Net Carrying Value	2020 Net Fair Value	2019 Net Carrying Value	2019 Net Fair Value
	$	$	$	$
Financial assets				
Cash and cash equivalents	1,011,704	1,011,704	945,373	945,373
Trade and other receivables	19,589,296	19,559,464	279,187	239,828
Financial assets at fair value through profit or loss: Investments	76,290,793	76,290,793	84,206,723	84,206,723
	96,891,793	**96,861,961**	**85,431,283**	**85,391,924**
Financial liabilities				
Trade and other payables	281,573	281,599	179,817	179,817
Lease liabilities	681,797	681,797	-	-
	963,370	**963,396**	**179,817**	**179,817**

18. Key Management Personnel Remuneration

NT Build is a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act 2005* (the CILSLB Act) to provide a portable long service leave benefit scheme to building and construction workers in the Northern Territory. It is not an agency within the meaning of the *Financial Management Act 1995* or the *Public Sector Employment and Management Act 1993*.

Under the Administrative Arrangements Order in force for the period ended 30 June 2020 the Department of Trade, Business and Innovation had the principal responsibility for the general administration of the CILSLB Act. However, in accordance with the CILSLB Act, the Board holds the specific responsibility for the day-to-day management of the Scheme and for providing advice and making recommendations to the Minister about the operation of the legislation.

Key management personnel of NT Build are those persons having authority and responsibility for planning, directing and controlling the activities of NT Build. These include the Minister for Business and Innovation, The Hon Michael Gunner MLA, the Registrar, Mr Theo Tsikouris and the NT Build Board as listed below.

The names of the members of the Board who held office during the year are Mr Michael Martin OAM, Mr Dick Guit, Mr Michael Haire, Mr David Malone, Mr Michael Milatos, Ms Rosemary Campbell and Ms Sarah Rummery.

The details below exclude the salaries and other benefits of the Minister for Business and Innovation as the Minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements.

18. Key Management Personnel Remuneration (continued)

The details below also exclude the salaries and other benefits of a Board Member who is an employee of the Department of Treasury and Finance as their remunerations and allowances are payable by the Department of Treasury and Finance and consequently disclosed within the Department of Treasury and Finance Annual Financial Statements.

The aggregate compensation of key management personnel of NT Build is set out below:

	2020 $000	2019 $000
Short-term employee benefits	**243**	244
Long-term benefits	**-**	-
Post-employment benefits	**30**	30
Termination benefits	**-**	-
Total	**273**	274

Attendance at meetings

	Eligible Meetings* $	Meetings Attended $
Sarah Rummery	**11**	11
Dick Guit	**11**	8
Michael Haire	**11**	5
David Malone	**11**	8
Michael Milatos	**11**	10
Michael Martin	**11**	11
Rosemary Campbell	**11**	11

* Excludes 'other' business involving general Board or Chair participation, such as: participation on subcommittees, attendance at National Conference/Forums, official functions, travelling days, Ministerial discussions and ad hoc general meetings attended by the Chair - lawyer, Auditor-General, accountant, registrar, etc.

19. Contingencies

Contingent Liabilities

In the opinion of the members of the Board, NT Build did not have any contingent liabilities as at 30 June 2020 (30 June 2019: $Nil).

20. Related Parties

(a) The NT Build's main related parties are as follows:

NT Build is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of NT Build include:

- the Portfolio Minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of NT Build directly;
- spouses, children and dependants who are close family members of the Portfolio Minister or KMP;
- all public sector entities that are controlled and consolidated into the whole of government financial statements;

continued: Notes to the financial statements - 30 June 2020

20. Related Parties (continued)

(a) The NT Build's main related parties are as follows: (continued)

and

- any entities controlled or jointly controlled by KMP's or the Portfolio Minister or controlled or jointly controlled by their close family members.

Key management personnel - refer to Note 18.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with Northern Territory Government controlled entities

NT Build's ongoing sources of funding are from the collection of a levy imposed on eligible construction work undertaken in the Territory and investment earnings. No general allocation of funding is provided to NT Build through the Territory Budget or the Central Holding Authority.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities:

	Revenue from related parties 2020 $	Payments to related parties 2020 $	Amounts owed by related parties 2020 $	Amounts owed to related parties 2020 $
Related Party				
All NT Government Departments	-	1,166,622	-	116,313
	-	**1,166,622**	**-**	**116,313**

	Revenue from related parties 2019 $	Payments to related parties 2019 $	Amounts owed by related parties 2019 $	Amounts owed to related parties 2019 $
Related Party				
All NT Government Departments	-	1,189,516	-	103,208
	-	**1,189,516**	**-**	**103,208**

NT Build's transactions with other government entities are not individually significant.

21. Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	$	$
Net surplus for the year	**18,795,145**	380,046
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	**152,530**	82,113
- interest on lease liabilities	**12,660**	-
- movement in market value of investments	**6,014,884**	2,256,409
- manager fee rebate	**(195,958)**	(203,371)
- distribution income capitalised	**(3,902,999)**	-
- scheme liability expenses	**(7,524,000)**	(4,220,000)
Changes in assets and liabilities. net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(15,415,232)**	124,410
- (increase)/decrease in other assets	**-**	6,143
- (increase)/decrease in prepayments	**8,121**	2,442
- increase/(decrease) in income in advance	**9,089**	2,051
- increase/(decrease) in trade and other payables	**101,757**	(67,903)
Cashflows from operations	**(1,944,003)**	(1,637,660)

(a) Changes in liabilities arising from financing activities

	1 July	Recognised on AASB 16 adoption	Acquistion	Lease liability repayment	Other non-cash movement	2020
	$	$	$	$	$	$
Leases - motor vehicles	-	30,814	85,697	(15,545)	996	101,962
Leases - buildings	-	639,295	-	(71,124)	11,664	579,835
Total liabilities from financing activities	-	670,109	85,697	(86,669)	12,660	681,797

(b) Non-cash financing and investing activities

During the year, NT Build recorded right-of-use assets for the leases of buildings and motor vehicles with an aggregate value of $685,389 as disclosed at Note 9.