



Periodic Financial Statements 2015/16

Quarter 2



Administration of Norfolk Island

Consolidated Financial Statements
Statement of Comprehensive Income
for the period ended 31 December 2015

	Notes	Consolidated		Administration		Quarter 2
		2016 Actual	2016 Budget	2016 Actual	2016 Budget	
		\$	\$	\$	\$	\$
EXPENSES						
Employee benefits	1A	7,075,754	6,976,016	5,568,540	5,463,766	3,239,594
Supplier	1B	9,848,647	9,552,720	9,457,224	9,484,870	5,026,500
Grants and subsidies	1C	1,159,395	1,721,496	1,159,395	1,721,496	156,799
Depreciation and amortisation	1D	3,365,568	3,007,593	3,231,708	2,803,302	1,616,334
Loss on sale of assets	1E	180	-	-	-	-
Write-down and impairment of assets	1F	2,269	5,000	1,862	-	-
Total expenses		21,451,813	21,262,825	19,418,729	19,473,434	10,039,227
LESS:						
OWN-SOURCE INCOME						
Own-source revenue						
Sale of goods and rendering of services	2A	8,664,296	7,368,668	8,431,406	7,486,418	4,419,976
Taxation revenue	2B	4,915,062	5,323,752	4,915,062	5,323,752	2,308,184
Fees and fines	2C	3,096,012	2,281,500	2,374,720	1,459,500	1,264,356
Interest	2D	27,503	29,602	21,572	25,002	14,549
Rental income	2E	31,525	37,500	25,275	30,000	13,415
Royalties	2F	400	402	400	402	175
Other	2G	51,761	250	-	-	-
Total own-source revenue		16,786,559	15,041,674	15,768,435	14,325,074	8,020,655
Other Revenue						
Revenue from the Commonwealth of Australia	2H	5,612,369	3,820,500	4,678,869	2,887,000	-
Resources received Free of Charge	2I	17,379	15,000	-	-	-
Total Other Revenue		5,629,748	3,835,500	4,678,869	2,887,000	-
Total income		22,416,307	18,877,174	20,447,304	17,212,074	8,020,655
Net cost of services		964,494	(2,385,651)	1,028,575	(2,261,360)	(2,018,572)
Surplus (Deficit) attributable to the Administration of Norfolk Island		964,494	(2,385,651)	1,028,575	(2,261,360)	(2,018,572)
OTHER COMPREHENSIVE INCOME						
Changes in asset revaluation reserves		-	-	-	-	-
Total other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) attributable to the Administration of Norfolk Island		964,494	(2,385,651)	1,028,575	(2,261,360)	(2,018,572)

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

Consolidated Financial Statements
Statement of Financial Position
as at 31 December 2015

	Notes	Consolidated		Administration	
		2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
ASSETS					
Financial Assets					
Cash and cash equivalents	3A	6,190,696	6,927,932	5,684,117	6,369,026
Trade and other receivables	3B	3,682,244	4,272,056	3,478,123	3,930,000
Other investments	3C	6,322,374	214,711	6,023,307	-
Total financial assets		16,195,314	11,414,699	15,185,547	10,299,026
Non-Financial Assets					
Land and buildings	4A	26,944,002	20,267,335	25,181,191	17,654,318
Property, plant and equipment	4B,C	36,798,184	39,972,374	36,244,677	39,297,021
Intangibles	4D,E	9,202	11,097	8,941	10,524
Inventories	4F	2,962,992	2,201,752	2,763,841	2,000,000
Other non-financial assets	4G	460,256	55,792	332,623	-
Total non-financial assets		67,174,636	62,508,350	64,531,273	58,961,863
Total assets		83,369,950	73,923,049	79,716,820	69,260,889
LIABILITIES					
Payables					
Suppliers	5A	2,264,357	2,109,187	2,094,460	2,035,573
Other payables	5B	20,539	164,313	11,865	50,000
Total payables		2,284,896	2,273,500	2,106,325	2,085,573
Interest Bearing Liabilities					
Loans	6A	11,686,091	11,750,000	11,686,091	11,750,000
Deposits	6B	643,238	-	643,238	-
Total interest bearing liabilities		12,329,329	11,750,000	12,329,329	11,750,000
Provisions					
Employee provisions	7A	2,430,069	2,280,490	1,724,285	1,638,251
Total provisions		2,430,069	2,280,490	1,724,285	1,638,251
Total liabilities		17,044,294	16,303,990	16,159,939	15,473,824
Net assets		66,325,656	57,619,059	63,556,881	53,787,065
EQUITY					
Reserves		56,347,323	50,832,733	56,030,937	50,250,899
Retained surplus (accumulated deficit)		9,978,333	6,786,326	7,525,944	3,536,166
Total equity		66,325,656	57,619,059	63,556,881	53,787,065

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

Consolidated Financial Statements
Statement of Changes in Equity - Consolidated
for the period ended 31 December 2015

	Retained earnings		Asset revaluation reserve		Total equity	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Opening balance						
Balance carried forward from previous period	9,013,839	9,171,978	56,347,323	50,832,733	65,361,162	60,004,711
Adjusted opening balance	9,013,839	9,171,978	56,347,323	50,832,733	65,361,162	60,004,711
Comprehensive income						
Surplus (Deficit) for the period	964,494	(2,385,652)			964,494	(2,385,652)
Total comprehensive income	964,494	(2,385,652)	-	-	964,494	(2,385,652)
Closing balance as at 31 December	9,978,333	6,786,326	56,347,323	50,832,733	66,325,656	57,619,059

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

Statement of Changes in Equity - Administration
for the period ended 31 December 2015

	Retained earnings		Asset revaluation reserve		Total equity	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Opening balance						0
Balance carried forward from previous period	6,497,369	5,797,526	56,030,937	50,250,899	62,528,306	56,048,425
Adjusted opening balance	6,497,369	5,797,526	56,030,937	50,250,899	62,528,306	56,048,425
Comprehensive income						
Surplus (Deficit) for the period	1,028,575	(2,261,360)			1,028,575	(2,261,360)
Total comprehensive income	1,028,575	(2,261,360)	-	-	1,028,575	(2,261,360)
Closing balance as at 31 December	7,525,944	3,536,166	56,030,937	50,250,899	63,556,881	53,787,065

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

Consolidated Financial Statements
Cash Flow Statement
for the period ended 31 December 2015

Notes	Consolidated		Administration		Quarter 2
	2016 Actual	2016 Budget	2016 Actual	2016 Budget	
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	10,837,205	9,080,024	9,294,180	8,335,099	4,241,494
Receipts from the Commonwealth of Australia	5,612,369	3,353,750	4,678,869	2,887,000	-
Interest	27,503	27,000	21,572	25,000	14,549
Taxation revenue, fees and fines	7,341,543	5,175,275	7,289,782	5,175,150	3,572,540
Rental income	25,275	-	25,275	-	13,415
Royalties	400	-	400	-	175
Total cash received	23,844,295	17,636,049	21,310,077	16,422,249	7,842,174
Cash used					
Employees and suppliers	17,243,073	14,726,628	14,774,829	13,552,828	6,515,834
Grants and subsidies paid	1,159,395	1,778,000	1,159,395	1,778,000	156,799
Other	-	-	-	-	-
Total cash used	18,402,468	16,504,628	15,934,224	15,330,828	6,672,633
Net cash from (used by) operating activities	5,441,827	1,131,421	5,375,852	1,091,421	1,169,541
INVESTING ACTIVITIES					
Cash used					
Purchase of land, property, plant and equipment	477,367	791,500	477,367	751,500	382,148
Purchase of financial instruments	4,521,279	-	4,441,756	-	(40,731)
Total cash used	4,998,646	791,500	4,919,123	751,500	341,418
Net cash from (used by) investing activities	(4,998,646)	(791,500)	(4,919,123)	(751,500)	(341,418)
FINANCING ACTIVITIES					
Cash used					
Repayment of borrowings	-	22,842	-	22,842	-
Total cash used	-	22,842	-	22,842	-
Net cash from (used by) financing activities	-	(22,842)	-	(22,842)	-
Net increase (decrease) in cash held	443,181	317,080	456,729	317,080	828,123
Cash and cash equivalents at the beginning of the reporting period	5,747,515	6,610,852	5,227,388	6,051,947	4,855,994
Cash and cash equivalents at the end of the reporting period	6,190,696	6,927,932	5,684,117	6,369,027	5,684,117

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

Note 1: Expenses

	Consolidated		Administration		Quarter 2
	2016 Actual	2016 Budget	2016 Actual	2016 Budget	
	\$	\$	\$	\$	\$
Note 1A: Employee Benefits					
Wages and salaries	7,075,754	6,976,016	5,568,540	5,463,766	3,239,594
Total employee benefits	7,075,754	6,976,016	5,568,540	5,463,766	3,239,594
Note 1B: Supplier					
Goods and services					
Goods	4,510,264	4,453,719	4,116,960	4,094,294	1,996,070
Services	3,524,351	3,636,134	3,420,138	3,938,709	1,871,238
Total goods and services	8,034,615	8,089,853	7,537,098	8,033,003	3,867,308
Goods and services are made up of:					
Provision of goods – related entities	-	-	-	-	-
Provision of goods – external entities	4,510,264	4,453,719	4,116,960	4,094,294	1,996,070
Rendering of services – related entities	-	-	-	362,750	-
Rendering of services – external entities	3,524,351	3,636,134	3,420,138	3,575,959	1,871,238
Total goods and services	8,034,615	8,089,853	7,537,098	8,033,003	3,867,308
Other supplier expenses					
Welfare expenses	1,547,350	1,322,508	1,547,350	1,322,508	911,243
Healthcare costs	255,169	74,472	372,776	74,472	247,950
Workers compensation expenses	11,513	65,887	-	54,887	-
Total other supplier expenses	1,814,032	1,462,867	1,920,126	1,451,867	1,159,192
Total supplier expenses	9,848,647	9,552,720	9,457,224	9,484,870	5,026,500
Note 1C: Grants and Subsidies					
Grants and subsidies	1,159,395	1,721,496	1,159,395	1,721,496	156,799
Total grants and subsidies	1,159,395	1,721,496	1,159,395	1,721,496	156,799
Note 1D: Depreciation and Amortisation					
Depreciation:					
Property, plant and equipment	2,611,408	2,248,023	2,537,192	2,200,675	1,269,076
Buildings	751,903	757,696	692,402	600,793	346,202
Total depreciation	3,363,310	3,005,719	3,229,594	2,801,468	1,615,277
Amortisation:					
Intangibles - computer software	2,258	1,874	2,114	1,834	1,057
Total amortisation	2,258	1,874	2,114	1,834	1,057
Total depreciation and amortisation	3,365,568	3,007,593	3,231,708	2,803,302	1,616,334
Note 1E: Loss on Sale of Assets					
Property, plant and equipment:					
Carrying value of assets sold	180	-	-	-	-
Total losses from asset sales	180	-	-	-	-
Note 1F: Write-Down and Impairment of Assets					
Bad debts	2,269	5,000	1,862	-	-
Total write-down and impairment of assets	2,269	5,000	1,862	-	-

Note 2: Income

	Consolidated		Administration		Quarter 2
	2016 Actual	2016 Budget	2016 Actual	2016 Budget	
	\$	\$	\$	\$	\$
OWN-SOURCE INCOME					
Note 2A: Sale of Goods and Rendering of Services					
Provision of goods - related entities	-	-	-	-	-
Provision of goods - external entities	5,496,656	4,253,133	5,126,469	3,929,133	2,883,929
Total sale of goods	5,496,656	4,253,133	5,126,469	3,929,133	2,883,929
Rendering of services - related entities	-	-	-	362,750	-
Rendering of services - external entities	3,167,640	3,115,535	3,304,937	3,194,535	1,536,047
Total rendering of services	3,167,640	3,115,535	3,304,937	3,557,285	1,536,047
Total sale of goods and rendering of services	8,664,296	7,368,668	8,431,406	7,486,418	4,419,976
Note 2B: Taxation Revenue					
Goods and services tax	2,994,931	3,499,998	2,994,931	3,499,998	1,529,002
Customs duty	461,183	784,752	461,183	784,752	252,085
Other taxation revenue	1,458,948	1,039,002	1,458,948	1,039,002	527,097
Total taxation revenue	4,915,062	5,323,752	4,915,062	5,323,752	2,308,184
Note 2C: Fees and Fines					
Fees	3,081,549	2,274,000	2,360,257	1,452,000	1,255,824
Fines and penalties	14,463	7,500	14,463	7,500	8,532
Total fees and fines	3,096,012	2,281,500	2,374,720	1,459,500	1,264,356
Note 2D: Interest					
Bank and term deposits	27,503	29,602	21,572	25,002	14,549
Total interest	27,503	29,602	21,572	25,002	14,549
Note 2E: Rental Income					
Housing properties	31,525	37,500	25,275	30,000	13,415
Total rental income	31,525	37,500	25,275	30,000	13,415
Note 2F: Royalties					
Other	400	402	400	402	175
Total royalties	400	402	400	402	175
Note 2G: Other					
Donations	51,761	250	-	-	-
Total revenue	51,761	250	-	-	-
Other Revenue					
Note 2H: Revenue from Government					
Revenue received from the Commonwealth of Australia	5,612,369	3,820,500	4,678,869	2,887,000	-
Total revenue from Government	5,612,369	3,820,500	4,678,869	2,887,000	-
Note 2I: Resources Received Free of Charge					
Audit Fees	15,000	15,000	-	-	-
Insurance and asset revaluation fees	2,379	-	-	-	-
Total Resources Received free of Charge	17,379	15,000	-	-	-

Note 3: Financial Assets

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 3A: Cash and Cash Equivalents				
Cash on hand or on deposit	6,190,696	6,927,932	5,684,117	6,369,026
Total cash and cash equivalents	6,190,696	6,927,932	5,684,117	6,369,026
Note 3B: Trade and Other Receivables				
Goods and Services:				
Goods and services - related entities	-	-	-	-
Goods and services - external entities	3,898,453	4,432,056	3,534,332	3,930,000
Total receivables for goods and services	3,898,453	4,432,056	3,534,332	3,930,000
Other receivables:				
Interest	-	-	-	-
Total other receivables (gross)	-	-	-	-
Total trade and other receivables (gross)	3,898,453	4,432,056	3,534,332	3,930,000
Less impairment allowance account:				
Goods and services	(216,209)	(160,000)	(56,209)	-
Total impairment allowance account	(216,209)	(160,000)	(56,209)	-
Total trade and other receivables (net)	3,682,244	4,272,056	3,478,123	3,930,000
Receivables are expected to be recovered in:				
No more than 12 months	3,682,244	4,272,056	3,478,123	3,930,000
More than 12 months	-	-	-	-
Total trade and other receivables (net)	3,682,244	4,272,056	3,478,123	3,930,000
Receivables are aged as follows:				
Not overdue	2,906,820	3,223,218	2,742,979	3,050,056
Overdue by:				
0 to 30 days	447,388	515,707	412,999	459,234
31 to 60 days	109,757	130,355	94,083	104,615
More than 61 days	434,488	562,776	284,271	316,095
Total receivables (gross)	3,898,453	4,432,056	3,534,332	3,930,000
The impairment allowance account is aged as follows:				
Not overdue	-	-	-	-
Overdue by:				
0 to 30 days	5,891	5,891	-	-
31 to 60 days	(15,674)	(15,674)	-	-
More than 61 days	(206,426)	(150,217)	(56,209)	-
Total impairment allowance account	(216,209)	(160,000)	(56,209)	-

The Administration does not have a system to record receivables which are past due greater than 91 days.

Note 3: Financial Assets

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2016 Actual

	Consolidated Goods and services \$	Administration Goods and services \$
Opening balance	(216,209)	(56,209)
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase/decrease recognised in net surplus	-	-
Closing balance	(216,209)	(56,209)

Movements in relation to 2016 Budget

	Consolidated Goods and services \$	Administration Goods and services \$
Opening balance	(160,000)	-
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase/decrease recognised in net surplus	-	-
Closing balance	(160,000)	-

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 3C: Other Investments				
Term deposits	6,322,374	214,711	6,023,307	-
Total other investments	6,322,374	214,711	6,023,307	-
Total other investments are expected to be recovered in:				
No more than 12 months	6,322,374	214,711	6,023,307	-
More than 12 months	-	-	-	-
Total other investments	6,322,374	214,711	6,023,307	-

Note 4: Non-Financial Assets

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 4A: Land and Buildings				
Land:				
Fair Value	6,798,702	7,058,703	6,423,702	6,683,703
Total land	6,798,702	7,058,703	6,423,702	6,683,703
Buildings on freehold land:				
Fair value	20,897,203	13,966,328	19,449,891	11,571,408
Accumulated depreciation	(751,903)	(757,696)	(692,402)	(600,793)
Total buildings on freehold land	20,145,300	13,208,632	18,757,489	10,970,615
Total land and buildings	26,944,002	20,267,335	25,181,191	17,654,318

No indicators of impairment were found for land and buildings.

No land or buildings were expected to be sold or disposed of within the next 12 months.

Revaluation of land and buildings

Property, plant and equipment was revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd. The next revaluation

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 4B: Property, Plant and Equipment				
Property, plant and equipment:				
Work in Progress	477,367	-	477,367	-
Fair value	38,932,225	42,220,397	38,304,502	41,497,696
Accumulated depreciation	(2,611,408)	(2,248,023)	(2,537,192)	(2,200,675)
Total property, plant and equipment	36,798,184	39,972,374	36,244,677	39,297,021

No indicators of impairment were found for property, plant and equipment.

Revaluation of property, plant and equipment

Property, plant and equipment was revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd. The next revaluation will be completed for the year ending 30 June 2018.

Note 4C: Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2016 Actual - Consolidated

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2015					
Gross book value	6,798,702	21,000,364	27,799,066	38,932,225	66,731,291
Accumulated depreciation and impairment	-	-	-	-	-
Net book value 1 July 2015	6,798,702	21,000,364	27,799,066	38,932,225	66,731,291
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	477,367	477,367
Depreciation expense	-	(751,903)	(751,903)	(2,611,408)	(3,363,311)
Disposals	-	(103,161)	(103,161)	-	(103,161)
Revaluation adjustment recognised in Reserve	-	-	-	-	-
Net book value as at 31 December 2015	6,798,702	20,145,300	26,944,002	36,798,184	63,742,186
Net book value as at 31 December represented by:					
Gross book value	6,798,702	20,897,203	27,695,905	39,409,592	67,105,497
Accumulated depreciation and impairment	-	(751,903)	(751,903)	(2,611,408)	(3,363,311)
Net book value as at 31 December 2015	6,798,702	20,145,300	26,944,002	36,798,184	63,742,186

Note 4: Non-Financial Assets**Note 4C (Cont'd): Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2016 Budget - Consolidated**

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2015					
Gross book value	7,058,703	13,966,328	21,025,031	42,220,397	63,245,428
Accumulated depreciation and impairment	-	-	-	-	-
Net book value as at 1 July 2015	7,058,703	13,966,328	21,025,031	42,220,397	63,245,428
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	-	-
Depreciation expense	-	(757,696)	(757,696)	(2,248,023)	(3,005,719)
Disposals	-	-	-	-	-
Net book value as at 31 December 2015	7,058,703	13,208,632	20,267,335	39,972,374	60,239,709
Net book value as at 31 December 2015 represented by:					
Gross book value	7,058,703	13,966,328	21,025,031	42,220,397	63,245,428
Accumulated depreciation and impairment	-	(757,696)	(757,696)	(2,248,023)	(3,005,719)
Net book value as at 31 December 2015 represented by:	7,058,703	13,208,632	20,267,335	39,972,374	60,239,709

Note 4C: Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2016 Actual - Administration

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2015					
Gross book value	6,423,702	19,553,052	25,976,754	38,304,502	64,281,256
Accumulated depreciation and impairment	-	-	-	-	-
Net book value 1 July 2015	6,423,702	19,553,052	25,976,754	38,304,502	64,281,256
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	477,367	477,367
Depreciation expense	-	(692,402)	(692,402)	(2,537,192)	(3,229,594)
Disposals	-	(103,161)	(103,161)	-	(103,161)
Revaluation adjustment recognised in Reserve	-	-	-	-	-
Net book value as at 31 December 2015	6,423,702	18,757,489	25,181,191	36,244,677	61,425,868
Net book value as at 31 December 2015 represented by:					
Gross book value	6,423,702	19,449,891	25,873,593	38,781,869	64,655,461
Accumulated depreciation and impairment	-	(692,402)	(692,402)	(2,537,192)	(3,229,594)
Net book value as at 31 December 2015	6,423,702	18,757,489	25,181,191	36,244,677	61,425,868

Note 4C (Cont'd): Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2016 Budget - Administration

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2015					
Gross book value	6,683,703	11,571,408	18,255,111	41,497,696	59,752,807
Accumulated depreciation and impairment	-	-	-	-	-
Net book value as at 1 July 2015	6,683,703	11,571,408	18,255,111	41,497,696	59,752,807
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	-	-
Depreciation expense	-	(600,793)	(600,793)	(2,200,675)	(2,801,468)
Disposals	-	-	-	-	-
Net book value as at 31 December 2015	6,683,703	10,970,615	17,654,318	39,297,021	56,951,339
Net book value as at 31 December 2015 represented by:					
Gross book value	6,683,703	11,571,408	18,255,111	41,497,696	59,752,807
Accumulated depreciation and impairment	-	(600,793)	(600,793)	(2,200,675)	(2,801,468)
Net book value as at 31 December 2015 represented by:	6,683,703	10,970,615	17,654,318	39,297,021	56,951,339

Note 4: Non-Financial Assets

Note 4D: Intangibles	Consolidated		Administration	
	2016 Actual	2016 Budget	2016 Actual	2016 Budget
Computer software:	\$	\$	\$	\$
Purchased	11,460	12,971	11,055	12,358
Accumulated amortisation	(2,258)	(1,874)	(2,114)	(1,834)
Total computer software	9,202	11,097	8,941	10,524
Total intangibles	9,202	11,097	8,941	10,524

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 4E: Reconciliation of the Opening and Closing Balances of Intangibles 2016 Actual - Consolidated

	Computer software purchased
	\$
As at 1 July 2015	
Gross book value	11,460
Accumulated amortisation and impairment	-
Net book value as at 1 July 2015	11,460
Additions by purchase or internally developed	-
Amortisation	(2,258)
Revaluation adjustment to Reserve	-
Net book value as at 31 December 2015	9,202
Net book value as at 31 December 2015 represented by:	
Gross book value	11,460
Accumulated amortisation and impairment	(2,258)
Net book value as at 31 December 2015	9,202

Note 4E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2016 Budgeted - Consolidated

	Computer software purchased
	\$
As at 1 July 2015	
Gross book value	12,971
Accumulated amortisation and impairment	-
Net book value 1 July 2015	12,971
Additions by purchase or internally developed	-
Amortisation	(1,874)
Net book value as at 31 December 2015	11,097
Net book value as at 31 December represented by:	
Gross book value	12,971
Accumulated amortisation and impairment	(1,874)
Net book value as at 31 December 2015	11,097

Note 4E: Reconciliation of the Opening and Closing Balances of Intangibles 2016 Actual - Administration

	Computer software purchased
	\$
As at 1 July 2015	
Gross book value	11,055
Accumulated amortisation and impairment	-
Net book value as at 1 July 2015	11,055
Additions by purchase or internally developed	-
Amortisation	(2,114)
Revaluation adjustment to Reserve	-
Net book value as at 31 December 2015	8,941
Net book value as at 31 December 2015 represented by:	
Gross book value	8,941
Accumulated amortisation and impairment	-
Net book value as at 31 December 2015	8,941

Note 4: Non-Financial Assets

Note 4E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2016 Budget - Administration

	Computer software purchased
	\$
As at 1 July 2015	
Gross book value	12,358
Accumulated amortisation and impairment	-
Net book value 1 July 2015	12,358
Additions by purchase or internally developed	-
Amortisation	(1,834)
Net book value as at 31 December 2015	10,524

Net book value as at 31 December 2015 represented by:

Gross book value	12,358
Accumulated amortisation and impairment	(1,834)
Net book value as at 31 December 2015	10,524

	Consolidated		Administration	
	2016 Actual	2016 Budget	2016 Actual	2016 Budget
	\$	\$	\$	\$
Note 4E: Inventories				
Inventories held for sale:				
Finished goods	716,302	633,156	584,862	500,000
Provision for Obsolescence	(18,000)	-	(18,000)	-
Total inventories held for sale	698,302	633,156	566,862	500,000
Inventories held for distribution	2,481,498	1,568,596	2,413,787	1,500,000
Provision for Obsolescence	(216,808)	-	(216,808)	-
Total inventories held for distribution	2,264,690	1,568,596	2,196,979	1,500,000
Total inventories	2,962,992	2,201,752	2,763,841	2,000,000
Represented by:				
Cost of inventories sold recognised as an expense during the reporting period	688,320	1,083,304	582,087	988,998
Inventories internally consumed recognised as an expense during the reporting period	3,314,944	1,804,888	3,275,863	1,770,194
Inventories written off during the period	-	-	-	-
	4,003,264	2,888,192	3,857,950	2,759,192

No items of inventory were recognised at fair value less cost to sell.

All inventories are expected to be sold or distributed in the next 12 months.

Note 4G: Other Non-Financial Assets

Prepayments	204,562	55,792	76,929	-
Royalties receivable	255,694	-	255,694	-
Total other non-financial assets	460,256	55,792	332,623	-
Total other non-financial assets - are expected to be recovered in:				
No more than 12 months	460,256	55,792	332,623	-
More than 12 months	-	-	-	-
Total other non-financial assets	460,256	55,792	332,623	-

No indicators of impairment were found for other non-financial assets.

Note 4H: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 4: Non-Financial Assets

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2016 Actual - Consolidated

	Fair value measurements at the end of the reporting period using			
	Fair Value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land	6,798,702	-	6,798,702	-
Buildings	20,897,203	-	-	20,897,203
Property, plant and equipment	38,932,225	-	-	38,932,225
Total non-financial assets	<u>66,628,130</u>	<u>-</u>	<u>6,798,702</u>	<u>59,829,428</u>
Total fair value measurements of assets in the statement of financial po	<u>66,628,130</u>	<u>-</u>	<u>6,798,702</u>	<u>59,829,428</u>

The highest and best use of all non-financial assets are the same as their current use.

There are no assets not measured at fair value in the statement of financial position

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2016 Budget - Consolidated

	Fair value measurements at the end of the reporting period using			
	Fair Value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land	7,058,703	-	7,058,703	-
Buildings	13,966,328	-	-	13,966,328
Property, plant and equipment	42,220,397	-	-	42,220,397
Total non-financial assets	<u>63,245,428</u>	<u>-</u>	<u>7,058,703</u>	<u>56,186,725</u>
Total fair value measurements of assets in the statement of financial po	<u>63,245,428</u>	<u>-</u>	<u>7,058,703</u>	<u>56,186,725</u>

The highest and best use of all non-financial assets are the same as their current use.

There are no assets not measured at fair value in the statement of financial position

Note 4I: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2016 Actual

	Category (Level 2 or 3)	Fair value \$'000	Valuation technique(s)1	Inputs used 2	Range 3
Non-financial assets					
Land	Level 2	6,798,702	Market approach	Market evidence and analysis	N/A
Buildings	Level 3	20,897,203	Cost approach	Replacement cost new/consumed economic benefits/obsolescence	5% - 10%
Property, plant and equipment	Level 3	38,932,225	Cost approach	Replacement cost new/consumed economic benefits/obsolescence	4% - 100%

Note 5: Payables

	Consolidated		Administration	
	2016 Actual	2016 Budget	2016 Actual	2016 Budget
	\$	\$	\$	\$
Note 5A: Suppliers				
Trade creditors and accruals	2,264,357	2,109,187	2,094,460	2,035,573
Total suppliers payables	2,264,357	2,109,187	2,094,460	2,035,573
Suppliers payables expected to be settled within 12 months:				
Related entities	-	-	-	-
External entities	2,264,357	2,109,187	2,094,460	2,035,573
Total	2,264,357	2,109,187	2,094,460	2,035,573

Settlement is usually made within 30 days.

Note 5B: Other Payables

Accrued salaries and wages	20,539	164,313	11,865	50,000
Total other payables	20,539	164,313	11,865	50,000

All other payables are expected to be settled within 12 months.

Note 6: Interest Bearing Liabilities

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 6A: Loans				
Loan from the Commonwealth of Australia	11,686,091	11,750,000	11,686,091	11,750,000
Total loans	11,686,091	11,750,000	11,686,091	11,750,000
Payable:				
Within one year	1,200,000	1,200,000	1,200,000	1,200,000
In one to five years	4,800,000	4,800,000	4,800,000	4,800,000
In more than five years	5,686,091	5,750,000	5,686,091	5,750,000
Total loans	11,686,091	11,750,000	11,686,091	11,750,000

The loan from the Commonwealth of Australia includes the Airport Runway Loan of \$11,400,000 (2016 Budget: \$11,400,000) and Cascade Cliff Loan of \$286,091 (2016 Budget: \$350,000).

The *Airport Runways Loan Act 2003* was assented to on 25 November 2003. This Act binds the Commonwealth of Australia and the Administration of Norfolk Island. The purpose of the Airport Runways loan is to provide funding for the resurfacing of the Norfolk Island runways. The Act authorises that the Administration of Norfolk Island may borrow from the Commonwealth of Australia a total sum not exceeding \$12,000,000. By formal agreement, bi-annual loan repayment instalments of \$600,000 to the Commonwealth of Australia commenced on 1 June 2009. The loan is interest free. The loan agreement was varied by deferring the loan repayments due in the six financial years up to and including the 2014/15 financial year and removes the obligation for the Administration of Norfolk Island to make payments into the Runways Trust Fund.

The *Cascade Loan Act 1998* was assented to on 16 June 1998. This Act binds the Commonwealth of Australia and the Administration of Norfolk Island. The purpose of the Cascade Cliff loan is to provide funding of the stabilisation of the land described as lot 28 section 10, Sheet 33 Norfolk Island to ensure public safety. The Act authorises that the Administration of Norfolk Island may borrow from the Commonwealth of Australia a total sum not exceeding \$3,250,000. By formal agreement, bi-annual loan repayment instalments to the Commonwealth of Australia will be sourced from the receipt of rock royalties.

Due to there being no market interest rate for large borrowings on Norfolk Island, the carrying amounts of loans approximate their fair value.

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 6B: Deposits				
Trust accounts	643,238	-	643,238	-
Total deposits	643,238	-	643,238	-
Deposits relating to:				
Customer bonds - Norfolk Telecom	16,825	-	16,825	-
Other	626,413	-	626,413	-
Total deposits	643,238	-	643,238	-
Deposits are expected to be settled in:				
No more than 12 months	643,238	-	643,238	-
More than 12 months	-	-	-	-
Total deposits	643,238	-	643,238	-

Note 7: Provisions

	Consolidated		Administration	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Note 7A: Employee Provisions				
Annual leave	875,429	812,212	638,557	606,696
Long service leave	1,391,035	1,317,503	994,632	945,004
Other	163,605	150,775	91,096	86,551
Total employee provisions	2,430,069	2,280,490	1,724,285	1,638,251
Employee provisions are expected to be settled in:				
No more than 12 months	1,459,152	1,369,223	1,028,623	977,299
More than 12 months	970,917	911,267	695,662	660,952
Total employee provisions	2,430,069	2,280,490	1,724,285	1,638,251

Note 8: Major Classes of Income, Expenses Assets and Liabilities

for the period ended 31 December 2015

	Revenue Account 1	KAVHA 2	Workers Compensation Fund 3	Loan Fund 4	Healthcare Fund 5	Total
Own-source revenue						
Sale of goods and rendering of services	8,271,567	159,838	-	-	-	8,431,406
Taxation revenue	4,915,062	-	-	-	-	4,915,062
Fees and fines	1,400,319	-	207,730	-	766,671	2,374,720
Interest	21,110	345	50	20	47	21,572
Other	25,675	-	-	-	-	25,675
Total own-source revenue	14,633,733	160,183	207,781	20	766,718	15,768,435
Other Revenue						
Revenue from the Commonwealth of Australia	4,509,369	169,500	-	-	-	4,678,869
Resources received Free of Charge	-	-	-	-	-	-
Total other revenue	4,509,369	169,500	-	-	-	4,678,869
EXPENSES						
Employee benefits	5,246,673	295,992	12,863	-	13,012	5,568,540
Supplier	8,851,649	78,215	278,194	-	249,166	9,457,224
Grants	1,159,395	-	-	-	-	1,159,395
Depreciation and amortisation	3,212,933	18,775	-	-	-	3,231,708
Other	1,862	-	-	-	-	1,862
Total expenses	18,472,512	392,982	291,057	-	262,178	19,418,729
Surplus (Deficit)	670,590	63,300	(83,277)	20	511,344	1,028,575
Financial Assets						
Cash and cash equivalents	4,931,265	377,308	75,650	30,535	269,359	5,684,117
Trade and other receivables	2,965,799	2277	27,567	-	482,480	3,478,123
Other investments	6,023,307	-	-	-	-	6,023,307
Total financial assets	13,920,371	379,585	103,217	30,535	751,839	15,185,547
Non-Financial Assets						
Land and buildings	25,181,191	-	-	-	-	25,181,191
Property, plant and equipment	36,244,677	-	-	-	-	36,244,677
Intangibles	8,941	-	-	-	-	8,941
Inventories	2,704,561	59,280	-	-	-	2,763,841
Other non-financial assets	76,929	-	-	255,694	-	332,623
Total non-financial assets	64,216,299	59,280	-	255,694	-	64,531,273
Total assets	78,136,670	438,865	103,217	286,228	751,839	79,716,820
LIABILITIES						
Payables						
Suppliers	2,021,218	42,841	359	-	30,042	2,094,460
Other payables	11,865	-	-	-	-	11,865
Total payables	2,033,083	42,841	359	-	30,042	2,106,325
Interest Bearing Liabilities						
Loans	11,400,000	-	-	286,091	-	11,686,091
Deposits	162,630	-	-	-	480,608	643,238
Total interest bearing liabilities	11,562,630	-	-	286,091	480,608	12,329,329
Provisions						
Employee provisions	1,592,539	115,521	13,934	-	2,291	1,724,285
Total provisions	1,592,539	115,521	13,934	-	2,291	1,724,285
Total liabilities	15,188,253	158,362	14,293	286,091	512,940	16,159,939
Net assets	62,948,417	280,503	88,924	137	238,899	63,556,881
EQUITY						
Reserves	56,030,937	-	-	-	-	56,030,937
Retained surplus (accumulated deficit)	6,917,482	280,503	88,924	137	238,899.10	7,525,944
Total Equity	62,948,418	280,503	88,924	137	238,899	63,556,881

1. Revenue Account

The Revenue Account is the main reporting entity for the Administration of Norfolk Island other than the Funds listed below. The other two legal entities of the Norfolk Island Hospital Enterprise and the Norfolk Island Government Tourist Bureau are not included in the Revenue Account but are included in the Consolidated accounts.

2. KAVHA

The Kingston and Arthurs Vale Historic Area (KAVHA) is a world heritage listed precinct and is jointly administered and funded by the Administration of Norfolk Island and the Australian Government. Currently this account maintains the financial records of the joint activity relating to this historical precinct.

3. Workers Compensation

The provision of workers compensation services to employees and the related workers compensation levy on employers and the associated financial records are held in this account.

4. Loan Fund

This account records and reports loan activities between the Administration of Norfolk Island and the Australian Government.

5. Healthcare Fund

The provision of Healthcare services to island residents and the related healthcare levy on eligible residents are recorded in the Healthcare Fund.