



Tas Communications Unit Trust

ABN 67 323 633 973

**Special Purpose Financial Report
for the year ended
30th June 2012**

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Trustee Report

Tas Communications Unit Trust was established in August 2002 and its main focus is providing quality support to its local government customers along with tailoring niche services to meet the needs of its business customer base. It is also an internet service supplier, application service hosting and service desk supplier. With a fibre and wireless network between Smithton and Hobart, Tas Communications services most of the population centres in Tasmania.

The following services are provided to the customer service base:

- Network Services
- Internet Services
- Managed Services
- Consultancy Services
- Product Sales

DIRECTORS

The Directors of the corporate trustee of the entity as at 30th June 2012 were:

- Andrew Wardlaw (Director, Acting Chairman & Secretary)
- Rodney Greene (Director)

The trust is 100% owned by the Burnie City Council and its Directors are all employed by Council. The continued operation of the entity in its present form, undertaking its current activities, is dependent on Council's continued support.

FINANCIAL PERFORMANCE AND POSITION

The trust has recorded another successful year yet with an operating surplus of \$219,133 compared with a surplus of \$265,825 in 2011. The trust has net assets of \$1,580,970 as at 30 June 2012 compared with \$1,361,837 in 2011 and is well situated to continue to grow and service its existing customer base into the future. The trust invested \$526,078 in telecommunications and information technology assets throughout the year.

The trust employed 4 full time equivalent employees as at 30 June 2012 (2011: 5 full time employees).

Tas Communications Unit Trust
Statement of Comprehensive Income
For the year ended 30 June 2012

| | Note | 2012 Actual \$ | 2011 Actual \$ |
|--|------|----------------------|----------------------|
| Income | | | |
| User fees | 5 | 1,955,791 | 2,159,063 |
| Interest received | | 4,544 | 5,760 |
| Total income | | 1,960,335 | 2,164,823 |
| Expenses | | | |
| Employee benefits | 6 | 428,853 | 381,463 |
| Materials and services | 7 | 1,062,644 | 1,309,964 |
| Impairment of debts | | 182 | - |
| Depreciation | 8 | 241,766 | 188,071 |
| Finance costs | 9 | 7,757 | 19,500 |
| Total expenses | | 1,741,202 | 1,898,998 |
| Comprehensive result for the year attributable to the beneficiaries | | 219,133 | 265,825 |

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

Tas Communications Unit Trust
Statement of Financial Position
As at 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|---------------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash & cash equivalents | 10 | 103,790 | 222,752 |
| Trade and other receivables | 11 | 94,813 | 73,140 |
| Other assets | 12 | 106,912 | 67,888 |
| Total current assets | | 305,515 | 363,780 |
| Non-current assets | | | |
| Plant and equipment | 13 | 1,513,443 | 1,229,131 |
| Total non-current assets | | 1,513,443 | 1,229,131 |
| Total assets | | 1,818,958 | 1,592,911 |
| Current liabilities | | | |
| Trade and other payables | 14 | 182,731 | 50,416 |
| Provisions | 15 | 53,388 | 56,099 |
| Other liabilities | 16 | 140 | 18,295 |
| Interest-bearing loans and borrowings | 17 | - | 100,000 |
| Total current liabilities | | 236,259 | 224,810 |
| Non-current liabilities | | | |
| Provisions | 15 | 1,729 | 6,264 |
| Total non-current liabilities | | 1,729 | 6,264 |
| Total liabilities | | 237,988 | 231,074 |
| Net Assets | | 1,580,970 | 1,361,837 |
| Equity | | | |
| Issued units | 18 | 2,102,731 | 2,102,731 |
| Accumulated deficit | 19 | (521,761) | (740,894) |
| Total Equity | | 1,580,970 | 1,361,837 |

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

Tas Communications Unit Trust
Statement of Changes in Equity
for the year ended 30 June 2012

| | Total | Accumulated Deficit | Issued Units |
|---|------------------|------------------------|------------------|
| 2012 | 2012 | 2012 | 2012 |
| | \$ | \$ | \$ |
| Balance at beginning of the financial year | 1,361,837 | (740,894) | 2,102,731 |
| Result for the year | 219,133 | 219,133 | - |
| Balance at end of the financial year | 1,580,970 | (521,761) | 2,102,731 |

| | Total | Accumulated Deficit | Issued Units |
|---|------------------|------------------------|------------------|
| 2011 | 2011 | 2011 | 2011 |
| | \$ | \$ | \$ |
| Balance at beginning of the financial year | 1,096,012 | (1,006,719) | 2,102,731 |
| Result for the year | 265,825 | 265,825 | - |
| Balance at end of the financial year | 1,361,837 | (740,894) | 2,102,731 |

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

Tas Communications Unit Trust
Statement of Changes in Cash Flows
for the year ended 30 June 2012

| | Note | 2012 Inflows/ (Outflows) \$ | 2011 Inflows/ (Outflows) \$ |
|---|------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | | |
| User fees (inclusive of GST) | | 2,107,359 | 2,392,191 |
| Other receipts | | 4,544 | 5,761 |
| Net GST refund/(payment) | | (94,323) | (78,669) |
| Payments to suppliers (inclusive of GST) | | (1,069,804) | (1,526,839) |
| Payments to employees | | (432,902) | (372,373) |
| Finance costs | | (7,757) | (19,500) |
| Net cash provided by (used in) operating activities | 20 | 507,117 | 400,571 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | | (526,079) | (226,288) |
| Net cash provided by (used in) investing activities | | (526,079) | (226,288) |
| Cash flows from financing activities | | | |
| Repayment of interest bearing loans and borrowings | | (100,000) | (150,000) |
| Net cash provided by (used in) financing activities | | (100,000) | (150,000) |
| Net increase (decrease) in cash and cash equivalents | | (118,962) | 24,283 |
| Cash and cash equivalents at the beginning of the financial year | | 222,752 | 198,467 |
| Cash and cash equivalents at the end of the financial year | 10 | 103,790 | 222,752 |

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

Notes to the Financial Report

Note 1 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

In the trustees' opinion, the trust is not a reporting entity because there are no users dependent on a general purpose financial report. This is a special purpose financial report. The trustees have determined that the accounting policies adopted are appropriate to meet their needs.

Where practical the special purpose financial report complies with Australian Accounting Standards. Specific standards that were not complied with include:

AASB 7 Financial Instruments: (disclosure requirement only)

The financial report has been prepared on the basis that the entity is a going concern. The continued operations of the entity in its present form, undertaking its current activities, are dependent on the continued support and commercial arrangements with the parent entity, Burnie City Council. Transactions with all parties including the parent entity are at arm's length.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate comparative figures have been amended to accord with the current presentation and disclosure has been made of any material changes to comparatives.

B. Recognition of income

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. A provision for impairment is recognised when collection in full is no longer probable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

Rendering of services

Rendering of services revenue from computer maintenance fees is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

C. Depreciation of plant and equipment

Computer and telecommunication assets having limited useful lives are systematically depreciated over their useful lives to the entity in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives are made on a regular basis. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and a separate depreciation rate is determined for each component.

Major depreciation periods used are listed below and are consistent with the prior years with the exception of computer equipment which was 5-20 years in previous years.

| Classification | Period |
|-----------------------------------|--------------|
| Computer equipment | 4-20 years |
| Telecommunications infrastructure | 10-100 years |

D. Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

E. Recognition and measurement of assets

Asset Recognition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by the entity, cost includes all materials used in construction, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 14. In accordance with the entity's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

| Classification | Threshold |
|-----------------------------------|-----------|
| Computer equipment | \$1,000 |
| Telecommunications infrastructure | \$5,000 |

Measurement of assets

The entity has adopted the following valuation basis for its non-current assets:

| Classification | Valuation Basis |
|-----------------------------------|-----------------|
| Computer equipment | Cost |
| Telecommunications infrastructure | Cost |

F. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash at bank including deposits and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

G. Employee benefits

Wages and salaries

Liabilities for wages and salaries are recognised and measured as the amount unpaid at balance date and include appropriate on costs such as workers compensation and superannuation.

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Annual leave is expected to be paid within 12 months and is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period.

H. Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the entity's operational cycle, or if the entity does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

I. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

J. Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest dollar. Figures in the financial statement may not equate due to rounding.

K. Estimates and judgements

In the application of Australian Accounting Standards, the Trust is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ to those estimates.

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

Judgements made by the Trust that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Report.

The Trust has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Judgements and estimates have been made when calculating long service leave and depreciation. Details of these judgements and estimates can be found at note 1G and 1C respectively.

L. Taxation

The entity is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax. Payroll Tax is paid by the parent entity, the Burnie City Council.

Note 2 Events occurring after the reporting date

There has been no matter or circumstance which has arisen since 30 June 2012 that has significantly affected, or may significantly affect the trust's operations, the results of those operations, or the trust's state of affairs in future financial years.

Note 3 Auditor remuneration

Audit fees incurred by the entity are paid by the parent entity, Burnie City Council. As a result no audit fees are recognised in the financial statements. The audit fee for the year ending 30th June 2011 was \$3,290. The audit fee for the year ending 30th June 2012 is \$3,390.

Tas Communications Unit Trust

Notes to the Financial Report

For the Year Ended 30 June 2012

Note 4 Related party transactions

A party is related to an entity if:

- (a) Directly or indirectly through one or more intermediaries, the party:
- (b) (1) controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (2) has an interest in the entity that gives it significant influence over the entity; or
 - (3) has joint control over the entity

Burnie City Council, Burnie Sports & Events Unit Trust and the Burnie Airport Corporation Unit Trust are identified as related parties. All transactions were made on normal commercial terms and conditions and at market rates.

Transactions with related parties

The following transactions occurred with related parties:

| | 2012 | 2011 |
|--|-----------|-----------|
| | \$ | \$ |
| Payment/receipts for goods and services: | | |
| Payment for goods and services from Burnie City Council | 48,750 | 32,073 |
| Receipts for sale of goods and services to Burnie Sports and Events Unit Trust | 56,517 | - |
| Receipts for sale of goods and services to Burnie Airport Corporation Unit Trust | 1,587 | - |
| Receipts for sale of goods and services to Burnie City Council | 1,012,656 | 1,075,832 |

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | 2012 | 2011 |
|--|--------|--------|
| | \$ | \$ |
| Current receivables: | | |
| Trade receivables from Burnie City Council | 31,635 | 12,662 |
| Trade receivables from Burnie Sports & Events Unit Trust | 5,268 | 510 |
| Trade receivables from Burnie Airport Corporation Unit Trust | 120 | - |
| Current payables: | | |
| Accrued expenses payable to Burnie City Council | 2,926 | - |
| Trade payables to Burnie City Council | 15,661 | 158 |

Loans to/from related parties

| | 2012 | 2011 |
|-----------------------------------|------|---------|
| | \$ | \$ |
| Loan from related parties: | | |
| Current Loan Burnie City Council | - | 100,000 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|--|------|------------------|------------------|
| Note 5 User fees | | | |
| Sales and services | 23 | 1,955,791 | 2,159,063 |
| Total user fees | | 1,955,791 | 2,159,063 |
| Note 6 Employee benefits | | | |
| Wages and salaries | | 315,185 | 290,314 |
| Annual leave and long service leave | | 33,290 | 34,148 |
| Superannuation | | 39,056 | 35,041 |
| Fringe benefits tax | | 4,346 | 8,439 |
| Professional development & training | | 31,303 | 13,401 |
| Other employee costs | | 5,673 | 120 |
| Total employee benefits | | 428,853 | 381,463 |
| Note 7 Materials and services | | | |
| Advertising | | 5,773 | 3,748 |
| Cost of goods sales and services | | 952,853 | 1,224,782 |
| Electricity | | 2,400 | 2,218 |
| Insurance | | 12,712 | 8,751 |
| Materials and services | | 36,417 | 28,554 |
| Office rent & council services | | 18,377 | 13,055 |
| Telephone | | 11,472 | 8,466 |
| Vehicle expenses | | 22,640 | 20,390 |
| Total materials and services | | 1,062,644 | 1,309,964 |
| Note 8 Depreciation | | | |
| Computer equipment | | 145,981 | 96,422 |
| Telecommunication infrastructure | | 95,785 | 91,649 |
| Total depreciation | | 241,766 | 188,071 |
| Note 9 Finance costs | | | |
| Interest - borrowings | | 7,757 | 19,500 |
| Total finance costs | | 7,757 | 19,500 |
| Note 10 Cash and cash equivalents | | | |
| Cash at bank | | 103,590 | 222,552 |
| Cash on hand | | 200 | 200 |
| Total cash and cash equivalents | | 103,790 | 222,752 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|--|------|------------------|------------------|
| Note 11 Trade and other receivables | | | |
| <i>Current</i> | | | |
| Trade debtors | | 96,820 | 67,169 |
| Provision for impaired debts | | (2,007) | (1,825) |
| FBT Refundable | | - | 7,796 |
| Total trade and other receivables | | 94,813 | 73,140 |
| Note 12 Other assets | | | |
| <i>Current</i> | | | |
| Inventories | | 16,692 | 21,935 |
| Prepayments | | 90,220 | 45,953 |
| Total other assets | | 106,912 | 67,888 |
| Note 13 (a) Plant and equipment | | | |
| <i>Computer equipment</i> | | | |
| at cost | | 1,311,951 | 800,737 |
| Less accumulated depreciation | | (474,939) | (343,822) |
| | | 837,012 | 456,915 |
| <i>Telecommunications infrastructure</i> | | | |
| at cost | | 969,493 | 969,494 |
| Less accumulated depreciation | | (293,062) | (197,278) |
| | | 676,431 | 772,216 |
| Total plant and equipment | | 1,513,443 | 1,229,131 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

Note 13 (b) Movements in plant and equipment

| | Balance at beginning of financial year | Acquisition of assets | Depreciation and amortisation | Transfers | Balance at end of financial year |
|----------------------------------|--|--------------------------|-------------------------------------|-----------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2012 | | | | | |
| <i>Plant and equipment</i> | | | | | |
| computer equipment | 456,915 | 526,078 | (145,981) | - | 837,012 |
| telecommunications | 772,216 | - | (95,785) | - | 676,431 |
| Total plant and equipment | 1,229,131 | 526,078 | (241,766) | - | 1,513,443 |

| | Balance at beginning of financial year | Acquisition of assets | Depreciation and amortisation | Transfers | Balance at end of financial year |
|----------------------------------|--|--------------------------|-------------------------------------|-----------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2011 | | | | | |
| <i>Plant and equipment</i> | | | | | |
| computer equipment | 327,049 | 226,288 | (96,422) | - | 456,915 |
| telecommunications | 863,866 | - | (91,649) | - | 772,216 |
| Total plant and equipment | 1,190,915 | 226,288 | (188,071) | - | 1,229,131 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

| | 2012 | 2011 |
|--|------------------|------------------|
| | \$ | \$ |
| Note 14 Trade and other payables | | |
| Trade creditors | 141,431 | 10,498 |
| Net GST payable | 7,040 | 14,943 |
| FBT Payable | 1,714 | - |
| Accrued expenses | 21,013 | 17,656 |
| Accrued wages | 6,463 | 3,266 |
| Trade debtors in credit | 5,070 | 4,053 |
| Total trade and other payables | 182,731 | 50,416 |
| Note 15 Provisions | | |
| Current | | |
| Annual leave | 14,039 | 14,685 |
| Long service leave | 32,958 | 34,172 |
| Oncosts on employee entitlements | 6,391 | 7,242 |
| Total current provisions | 53,388 | 56,099 |
| Non-current | | |
| Long service leave | 1,522 | 3,944 |
| Oncosts on employee entitlements | 207 | 2,320 |
| Total non-current provisions | 1,729 | 6,264 |
| Total provisions | 55,117 | 62,363 |
| Note 16 Other liabilities | | |
| Revenue received in advance | 140 | 18,295 |
| Total other liabilities | 140 | 18,295 |
| Note 17 Interest-bearing loans and borrowings | | |
| Current loan Burnie City Council | - | 100,000 |
| Total interest-bearing loans and borrowings | - | 100,000 |
| Note 18 Issued units | | |
| Burnie City Council | | |
| Initial Investment 2006-2007 | 690,100 | 690,100 |
| Issued Units 2008-2009 | 145,000 | 145,000 |
| Issued Units 2009-2010 | 1,267,631 | 1,267,631 |
| Total Burnie City Council | 2,102,731 | 2,102,731 |
| Total Issued Units | 2,102,731 | 2,102,731 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

| | 2012 \$ | 2011 \$ |
|---|------------------|------------------|
| Note 19 Accumulated surplus/(deficit) | | |
| Deficit 2011-2012 | 219,133 | - |
| Deficit 2010-2011 | 265,825 | 265,825 |
| Deficit 2009-2010 | (91,077) | (91,077) |
| Deficit 2008-2009 | (140,045) | (140,045) |
| Deficit 2007-2008 | (234,719) | (234,719) |
| Deficit 2006-2007 | (52,073) | (52,073) |
| Deficit 2005-2006 | (136,588) | (136,588) |
| Deficit 2004-2005 | (154,619) | (154,619) |
| Deficit 2003-2004 | (199,831) | (199,831) |
| Deficit 2002-2003 | 2,233 | 2,233 |
| Total accumulated surplus/(deficit) | (521,761) | (740,894) |
| Note 20 | | |
| Reconciliation of cash flows from operating activities to result | | |
| Operating result per comprehensive income statement | 219,133 | 265,825 |
| Items not involving cash | | |
| Depreciation expense | 241,766 | 188,071 |
| Impairment of debts | 182 | - |
| Change to employee entitlement provisions | (7,246) | 9,091 |
| Changes in operating assets and liabilities | | |
| (Increase)/decrease in receivables | (21,855) | (5,032) |
| (Increase)/decrease in other current assets | (39,024) | 2,392 |
| Increase/(decrease) other liabilities | (18,155) | 18,295 |
| Increase/(decrease) in payables | 132,316 | (78,071) |
| Net cash inflow from operating activities | 507,117 | 400,571 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

Note 21 Commitments

As at 30 June 2012 the entity had not entered into any commitments

Note 22 Contingent Liabilities

As at 30 June 2012, the entity had no legal claims against it.

Note 23 Activities of Tas Communications

The activities of Tas Communications are categorised into the following categories:

Support & Consulting Services

Helpdesk support services to clients.

Product Sales

Sales and service of products to end users.

Network Services

Supports customer connections by providing network hardware for communications which includes the wireless backbone and the fibre optic cable.

Managed Services

Provides application service hosting and help desk services to local government and business

Internet Services

Supply Internet to clients as an ISP and internet connection delivery via wireless or fibre.

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

Consolidated revenues and expenses have been attributed to the following activities:

| 2012 ACTUAL | SUPPORT & CONSULTING SERVICES \$ | PRODUCT SALES \$ | NETWORK SERVICES \$ | MANAGED SERVICES \$ | INTERNET SERVICES \$ | FIXED & ADMIN \$ | TOTAL \$ |
|--|---|------------------------|---------------------------|---------------------------|----------------------------|------------------------|------------------|
| Revenues | | | | | | | |
| Service Fees | 41,427 | - | 749,390 | 647,662 | 112,894 | - | 1,551,373 |
| Sales | - | 45,038 | - | - | - | - | 45,038 |
| Connection Fees | - | - | - | - | 1,364 | - | 1,364 |
| Reimbursements | - | - | - | - | - | 3,637 | 3,637 |
| Product Sales | - | - | - | 354,379 | - | - | 354,379 |
| Total Revenue | 41,427 | 45,038 | 749,390 | 1,002,041 | 114,258 | 3,637 | 1,955,791 |
| Less: Cost of Goods Sold | | | | | | | |
| Purchases | 20,000 | 42,143 | - | 307,157 | - | - | 369,300 |
| Maintenance & Repairs | - | - | 64,137 | 2,950 | - | - | 67,087 |
| Products & Installation | - | - | 1,527 | - | 710 | - | 2,237 |
| Rental & Hire Charges | - | - | 205,021 | - | - | - | 205,021 |
| Internetwork Communications | - | - | - | 3,916 | 63,195 | - | 67,111 |
| Miscellaneous Purchases | - | - | - | - | - | - | 0 |
| Internet Communications | - | - | - | - | - | - | 0 |
| Software Maintenance | - | - | - | 234,965 | - | - | 234,965 |
| Software Purchases | - | - | - | 1,889 | - | - | 1,889 |
| Stock Movement | - | - | - | - | 5,243 | - | 5,243 |
| Total Cost of Goods Sold | 20,000 | 42,143 | 270,685 | 550,877 | 69,148 | - | 952,853 |
| Gross Profit (Loss) | 21,427 | 2,895 | 478,705 | 451,164 | 45,110 | 3,637 | 1,002,938 |
| Gross profit margin | 52% | 6% | 64% | 45% | 39% | 100% | |
| Depreciation | - | - | (159,296) | (69,490) | - | (12,980) | (241,766) |
| Non Operating Revenue/(Expenditure) | (33,483) | - | (69,008) | (235,183) | (15,685) | (201,660) | (555,019) |
| Surplus/(Deficit) | (12,056) | 2,895 | 250,401 | 146,491 | 29,425 | (198,023) | 219,133 |

Tas Communications Unit Trust
Notes to the Financial Report
For the Year Ended 30 June 2012

| 2011 ACTUAL | SUPPORT & CONSULTING SERVICES \$ | PRODUCT SALES \$ | NETWORK SERVICES \$ | MANAGED SERVICES \$ | INTERNET SERVICES \$ | FIXED & ADMIN \$ | TOTAL \$ |
|--|---|------------------------|---------------------------|---------------------------|----------------------------|------------------------|------------------|
| Revenues | | | | | | | |
| Service Fees | 58,214 | - | 429,521 | 638,396 | 92,438 | - | 1,218,569 |
| Commission | - | 111 | - | - | - | - | 111 |
| Sales | - | 211,240 | - | - | - | 6,247 | 217,487 |
| Connection Fees | - | - | 62,104 | - | 458 | - | 62,562 |
| Rentals | - | - | 85,263 | - | - | - | 85,263 |
| Product Sales | - | - | - | 580,832 | - | - | 580,832 |
| Total Revenue | 58,214 | 211,351 | 576,888 | 1,219,228 | 92,896 | 6,247 | 2,164,824 |
| Less: Cost of Goods Sold | | | | | | | |
| Allowances | - | - | 6,022 | 14,150 | - | - | 20,172 |
| Purchases | - | 190,204 | - | - | - | - | 190,204 |
| Maintenance & Repairs | - | - | 23,739 | 5,476 | - | - | 29,215 |
| Products & Installation | - | - | 14,826 | - | 907 | - | 15,733 |
| Rental & Hire Charges | - | - | 154,350 | - | - | - | 154,350 |
| Inter-network Communications | - | - | - | 7,385 | 61,197 | - | 68,582 |
| Miscellaneous Purchases | - | - | - | 559,662 | - | - | 559,662 |
| Software Maintenance | - | - | - | 175,511 | - | - | 175,511 |
| Software Purchases | - | - | - | 8,040 | - | - | 8,040 |
| Stock Movement | - | - | - | - | 3,224 | - | 3,224 |
| Total Cost of Goods Sold | - | 190,204 | 198,937 | 770,224 | 65,328 | - | 1,224,693 |
| Gross Profit (Loss) | 58,214 | 21,147 | 377,951 | 449,004 | 27,568 | 6,247 | 940,131 |
| Gross profit margin | 100% | 42% | 29% | 59% | 4% | - | |
| Depreciation | - | - | (111,962) | (76,109) | - | - | (188,071) |
| Non Operating Revenue/(Expenditure) | (33,544) | - | (60,267) | (193,551) | (14,637) | (184,236) | (486,235) |
| Surplus/(Deficit) | 24,670 | 21,147 | 205,722 | 179,344 | 12,931 | (177,989) | 265,825 |

Trustee Declaration

As described in the basis of preparation accounting policy included in note 1 to the financial report, the trust is not a reporting entity and this is a special purpose financial report.

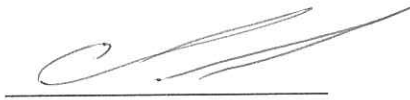
The trustees of the trust declare that the financial reports and notes:

- a) Comply with the accounting policies as detailed in note 1 to the financial report; and
- b) Give a true and fair view of the trust's financial position as at 30th June 2012 and the results of its performance for the year ended on that date.

In the trustees' opinion:

- a) The financial report and notes are in accordance with the trust deed; and
- b) There are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

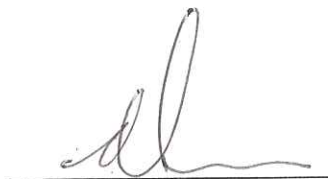
Signed on behalf of the trustees



Andrew Wardlaw

Director Tas Communications Pty Ltd (Trustee)

25th July 2012



Rodney Greene

Director Tas Communications Pty Ltd (Trustee)

25th July 2012