

Tas Communications Unit Trust
ABN 67 323 633 973

Special Purpose Financial Report
for the year ended
30 June 2019

Contents

Trustee Report	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity.....	6
Statement of Cash Flows	7
Notes to the Financial Report	8
Note 1 Significant accounting policies	8
Note 2 Events occurring after the reporting date	15
Note 3 Auditor remuneration	15
Note 4 Commitments.....	15
Note 5 Contingent liabilities	15
Note 6 Related party transactions	16
Note 7 User fees	17
Note 8 Other income	17
Note 9 Net Gain/(Loss) on sale of Assets.....	17
Note 10 Employee benefits.....	17
Note 11 Materials and services.....	18
Note 12 Depreciation.....	18
Note 13 Cash and cash equivalents	18
Note 14 Trade and other receivables	18
Note 15a Plant and equipment.....	19
Note 15b Movement in plant and equipment.....	20
Note 16 Trade and other payables	20
Note 17 Provisions	21
Note 18 Deferred income	21
Note 19 Issued units	22
Note 20 Accumulated surplus/(deficit).....	23
Note 21 Reconciliation of cash flows	23
Note 22a Activities of Tas Communications	24
Note 22b Revenue and expenditure attributed to activities.....	25
Trustee Declaration.....	27

Trustee Report

Tas Communications Unit Trust (the 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, the Trust services most of the population centres in Tasmania.

The following services are provided to the customer service base:

- Network Services
- Internet Services
- Managed Services
- Product Sales
- Support & Consulting Services

Directors

The Directors of the corporate Trustee of the entity during the year ended 30 June 2019 were:

- Rodney Greene (Director, Chairman)
- Steven Cambridge (Director – current)

The Trust is 100% owned by the Burnie City Council (Council) and one of its Directors is 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 an unfavourable result for the year with an operating loss of \$106,973 compared with a surplus of \$226,646 in 2018. The Trust has net assets of \$1,995,758 as at 30 June 2019 compared with \$2,329,377 in 2018 and is well situated to continue to grow and service its existing customer base into the future. The Trust invested \$242,220 in telecommunications and information technology assets throughout the year.

The Trust employed four full time equivalent employees as at 30 June 2019 (four in 2018).

Tas Communications Unit Trust
Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Income				
User fees	7	1,637,426	1,707,883	1,886,164
Other income	8	21,380	5,000	20,305
Profit/(Loss) on disposal of assets	9	(36,929)	-	8,368
Total income		1,621,876	1,712,883	1,914,837
Expenses				
Employee benefits	10	446,455	464,300	474,845
Materials and services	11	1,020,630	1,002,650	978,151
Depreciation	12	261,764	217,500	235,195
Total expenses		1,728,849	1,684,450	1,688,191
Surplus/(deficit) before:		(106,973)	28,433	226,646
Total other comprehensive income		-	-	-
Comprehensive result for the year attributable to the beneficiaries		(106,973)	28,433	226,646

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

Tas Communications Unit Trust
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	13	401,096	913,400
Trade and other receivables	14	376,512	251,060
Total current assets		777,608	1,164,460
Non-current assets			
Plant and equipment	15	1,422,294	1,478,768
Total non-current assets		1,422,294	1,478,768
Total assets		2,199,902	2,643,228
Current liabilities			
Trade and other payables	16	33,002	130,973
Provisions	17	117,978	120,124
Deferred income	18	9,622	9,622
Total current liabilities		160,602	260,719
Non-current liabilities			
Provisions	17	33	-
Deferred income	18	43,509	53,132
Total non-current liabilities		43,542	53,132
Total liabilities		204,144	313,851
Net Assets		1,995,758	2,329,377
Equity			
Issued units	19	2,102,731	2,102,731
Accumulated surplus/(deficit)	20	(106,973)	226,646
Total Equity		1,995,758	2,329,377

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 2019

2019	Total \$	Accumulated Surplus \$	Issued Units \$
Balance at beginning of the financial year	2,329,377	226,646	2,102,731
Comprehensive result for the year	(106,973)	(106,973)	-
Distributions paid	(226,646)	(226,646)	-
Balance at end of the financial year	1,995,758	(106,973)	2,102,731

2018	Total \$	Accumulated Surplus \$	Issued Units \$
Balance at beginning of the financial year	2,328,395	225,664	2,102,731
Comprehensive result for the year	226,646	226,646	-
Distributions paid	(225,664)	(225,664)	-
Balance at end of the financial year	2,329,377	226,646	2,102,731

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

Tas Communications Unit Trust
Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
Cash flows from operating activities			
User fees (inclusive of GST)		1,629,817	1,995,900
Other receipts (inclusive of GST)		11,757	10,682
Net GST refund/(payment)		(66,069)	(87,315)
Payments to suppliers (inclusive of GST)		(1,153,298)	(1,076,056)
Payments to employees		(465,646)	(469,827)
Net cash provided by operating activities	21	(43,439)	373,384
Cash flows from investing activities			
Capital grants		-	-
Payments for purchase of plant and equipment		(242,219)	(47,636)
Distribution of profits		(226,646)	(225,664)
Net cash (used in) investing activities		(468,865)	(273,300)
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		-	-
Net cash provided by financing activities		-	-
Net increase in cash and cash equivalents		(512,304)	100,084
Cash and cash equivalents at the beginning of the financial year		913,400	813,316
Cash and cash equivalents at the end of the financial year	13	401,096	913,400

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

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

Note 1 Significant accounting policies

The principal accounting policies adopted in the preparation of the special purpose 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.

The Trust has a profit generation objective. Consequently, where practical the special purpose financial report complies with Australian Accounting Standards applicable to for profit entities. Specific standards that were not complied with include:

- AASB 7 Financial Instruments: (disclosure requirement only)
- AASB 124 Related Party Disclosures: (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. Council is currently reviewing its arrangements and ownership of the Trust. At the time of preparing this report, the outcome of the review is unknown.

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.

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

B. Adoption of new and amended accounting standards

There were no new or revised standards or interpretations that were applicable to Tas Communications in the current year.

C. Pending accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The Trust's assessment of the impact of the relevant new standards and interpretations are set out below.

The following standards, amendments to standards and interpretations are applicable to reporting periods beginning on or after the effective date referred to below:

AASB 15 Revenue from Contracts with Customers (effective reporting periods beginning from on or after 1 January 2019)

AASB 15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Depending on the respective contractual terms, the new requirements of AASB 15 may result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred as a liability to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations, (a promise to transfer a good or service).

The Trust has a number of contracts with current clients. The Trust will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption. It is not expected that the adoption of the amendment will have a material effect on the entity's financial statements.

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

AASB 16 Leases (effective reporting periods beginning from on or after 1 January 2019)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Lessor accounting under AASB 16 remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight line basis or another systematic basis where appropriate.

The Trust will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption.

D. 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.

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.

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

Interest

Interest revenue is recognised as interest accrues.

Deferred income

Deferred income relates to a capital grant received by the Trust in 2016-17. The income is recognised in the Statement of Comprehensive Income over the periods in which the expense – being the depreciation of the assets purchased with the funding – is recognised (AASB 120). This information is presented in Note 18.

Other revenue

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

E. 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.

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

The Trust undertook a review of the useful lives of its assets during the 2017-18 year.

F. 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 2019

G. 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 15. 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

H. 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.

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

I. 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.

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 on-costs, 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 on-costs 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.

J. 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 12 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.

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

K. 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.

L. Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest dollar.

M. Estimates and assumptions

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 depreciation and long service leave. Details of these judgements and estimates can be found at note 1E and 1I respectively.

N. Taxation

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

O. Budget information

The estimated income and expenditure amounts in the Statement of Comprehensive Income represent original budget figures. These budget figures have not been audited.

**Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019**

Note 2 Events occurring after the reporting date

The Trust's parent entity, Burnie City Council is currently reviewing its service arrangements and ownership of the Trust. At the time of preparing this report, the outcome of the review is unknown.

There have been no other matters or circumstances which have arisen since 30 June 2019 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 30 June 2019 is \$4,160 (2018 was \$4,000).

Note 4 Commitments

As at 30 June 2019 the Trust had not entered into any commitments.

Note 5 Contingent liabilities

As at 30 June 2019 the Trust had no legal claims against it.

Tas Communications Unit Trust Notes to the Financial Report For the year ended 30 June 2019

Note 6 Related party transactions

A party is related to an entity if directly or indirectly through one or more intermediaries, the party:

- a) controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries);
- b) has an interest in the entity that gives it significant influence over the entity; or
- c) has joint control over the entity

Burnie City Council and Burnie Airport Corporation Unit Trust are identified as related parties. Payments and receipts for goods and services and payables to and receivables from related parties are shown inclusive of GST.

The following transactions occurred with related parties:

	2019	2018
	\$	\$
Payments/receipts for goods and services:		
Payments for services from:		
Burnie City Council	115,568	109,875
Receipts for sale of goods and services to:		
Burnie City Council	823,948	850,762
Burnie Airport Corporation Unit Trust	2,350	2,520

The following balances are outstanding as at 30 June in relation to transactions with related parties:

	2019	2018
	\$	\$
Receivable from and payable to related parties		
Current payables to:		
Burnie City Council (accrued expenses)	720	-
Burnie City Council (trade creditors)	2,815	2,087
Current receivables from:		
Burnie City Council (trade debtors)	47,473	7,092
Burnie Airport Corporation Unit Trust	-	210

Key management personnel (KMP) have been identified and all transactions have been deemed to be both ordinary citizen transactions and immaterial. As such, no disclosure between KMP's and the related parties is considered necessary.

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 7 User fees

	2019	2018
	\$	\$
Internet services	97,329	122,385
Managed services	885,814	941,338
Network services	626,851	769,326
Product sales	9,294	20,417
Support and consulting services	18,137	32,699
Total user fees	1,637,426	1,886,164

Note 8 Other income

	2019	2018
	\$	\$
Interest received	11,757	10,682
Amortisation of capital income	9,622	9,622
Total other income	21,380	20,305

Note 9 Net Gain/(Loss) on sale of Assets

	2019	2018
	\$	\$
Proceeds from sale of assets	-	8,368
Written down value of assets sold	(36,929)	-
Total net gain/(loss) on sale of assets	(36,929)	8,368

Note 10 Employee benefits

	2019	2018
	\$	\$
Annual leave and long service leave	56,074	48,383
Fringe benefits tax	3,663	6,255
Other employee costs	1,375	5,755
Professional development & training	11,106	27,610
Superannuation	38,334	43,960
Wages and salaries	335,903	342,883
Total employee benefits	446,455	474,845

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 11 Materials and services

	2019	2018
	\$	\$
Advertising	5,805	7,643
Bad debts	3,233	854
Cost of goods sales and services	854,498	834,541
Electricity	3,328	3,224
Insurance	14,355	9,185
Materials and services	84,622	66,465
Office rent & council services	27,307	21,168
Telephone	8,140	10,469
Vehicle expenses	19,342	24,603
Total materials and services	1,020,630	978,151

Note 12 Depreciation

	2019	2018
	\$	\$
Computer equipment	228,158	201,589
Telecommunication infrastructure	33,606	33,606
Total depreciation	261,764	235,195

Note 13 Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank	401,096	913,400
Total cash and cash equivalents	401,096	913,400

Note 14 Trade and other receivables

	2019	2018
	\$	\$
Current		
Accrued Revenue	29,668	10,449
Trade debtors	120,972	133,372
Provision for doubtful debts	(7,516)	(4,282)
Prepayments	233,388	111,522
Total trade and other receivables	376,512	251,060

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 15a Plant and equipment

	2019	2018
	\$	\$
Computer equipment		
Opening value at cost	2,362,396	2,294,270
Additions	161,100	68,126
Disposals	(113,792)	-
Computer equipment at cost	2,409,705	2,362,396
Accumulated depreciation		
Opening value	(1,332,069)	(1,130,480)
Disposals	76,863	-
Depreciation expense	(228,158)	(201,589)
Closing accumulated depreciation	(1,483,364)	(1,332,069)
Written down value of computer equipment	926,341	1,030,327
Telecommunications infrastructure		
Opening value at cost	952,360	952,360
Additions	-	-
Disposals	-	-
Telecommunications infrastructure at cost	952,360	952,360
Accumulated depreciation		
Opening value	(520,759)	(487,153)
Disposals	-	-
Depreciation expense	(33,606)	(33,606)
Closing accumulated depreciation	(554,365)	(520,759)
Written down value of telecommunications infrastructure	397,995	431,601
Work in Progress		
Opening balance at cost	16,840	28,962
Additions	242,219	53,327
Capitalisations	(161,100)	(65,449)
Closing balance at cost	97,959	16,840
Total plant and equipment	1,422,294	1,478,768

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 15b Movement in plant and equipment

	Balance at beginning of financial year	Acquisition of assets/ Transfer of WIP	Depreciation and amortisation	Written down value of asset disposals	Balance at end of financial year
	\$	\$	\$	\$	\$
2019					
<i>Plant and equipment</i>					
Computer equipment	1,030,327	161,100	(228,158)	(36,929)	926,341
Telecommunications	431,601	-	(33,606)	-	397,995
Work in progress	16,840	81,119	-	-	97,959
Total plant and equipment	1,478,768	242,219	(261,764)	(36,929)	1,422,294
2018					
<i>Plant and equipment</i>					
Computer equipment	1,163,790	68,126	(201,589)	-	1,030,327
Telecommunications	465,207	-	(33,606)	-	431,601
Work in progress	28,962	53,327	(65,449)	-	16,840
Total plant and equipment	1,657,959	121,453	(300,644)	-	1,478,768

Note 16 Trade and other payables

	2019	2018
	\$	\$
Accrued expenses	1,661	8,128
Accrued wages	-	17,078
Net GST payable	(1,559)	21,190
Trade creditors	11,933	33,288
Advance receipts	20,967	51,289
Total trade and other payables	33,002	130,973

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 17 Provisions

	2019 \$	2018 \$
Current		
Annual leave	31,863	34,566
Long service leave	72,105	71,174
Oncosts on employee entitlements	14,010	14,384
Total current provisions	117,978	120,124
Non-current		
Long service leave	29	-
Oncosts on employee entitlements	4	-
Total non-current provisions	33	-
Total provisions	118,011	120,124

Note 18 Deferred income

	2019 \$	2018 \$
Current		
Deferred income	9,622	9,622
Total current deferred income	9,622	9,622
Non-current		
Deferred income	43,509	53,132
Total non-current deferred income	43,509	53,132
Total deferred income	53,131	62,754

The Trust received a capital grant in 2016-17 from the Federal Government to enable the Trust to implement the technical capability to retain data required under the *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015* for the eligible services it provides as agreed in its Data Retention Implementation Plan.

The capital expense relating to this grant was fully expended in the 2016-17 year. Income is recognised throughout the life of the assets. The income is recognised in the Statement of Comprehensive Income over the periods in which the expense – being the depreciation of the assets purchased with the funding – is recognised.

**Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019**

Note 19 Issued units

	2019	2018
	\$	\$
<i>Burnie City Council</i>		
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 2019

Note 20 Accumulated surplus/(deficit)

	2019	2018
	\$	\$
Beginning Balance	226,646	225,664
Surplus/(Deficit)	(106,973)	226,646
Final Distributions	(226,646)	(225,664)
Total accumulated surplus/(deficit)	(106,973)	226,646

Note 21 Reconciliation of cash flows

	2019	2018
	\$	\$
Operating result per comprehensive income statement	(106,973)	226,646
Items not involving cash		
Depreciation expense	261,764	235,195
Profit/(Loss) on disposal of assets	36,929	(8,368)
Amortisation of capital income	(9,622)	(9,622)
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	(125,452)	(72,939)
Increase/(decrease) in payables	(67,649)	(440)
Increase/(decrease) other liabilities	(30,322)	1,230
Change to employee entitlement provisions	(2,115)	1,683
Net cash inflow from operating activities	(43,439)	373,384

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 22a Activities of Tas Communications

The activities of the Trust 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.

Fixed and Admin

Interest income earned on cash deposits & fixed rental costs.

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

Note 22b Revenue and expenditure attributed to activities

Revenues and expenses have been attributed to the following activities:

2019	Support and consulting services	Product sales	Network services	Managed services	Internet services	Fixed and admin	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Connection Fees			2,506		2,400		4,906
Profit on Disposal of Assets					-	36,929	36,929
Other Income						21,380	21,380
Product Sales				135,320			135,320
Rentals			158,638				158,638
Sales		9,294					9,294
Service Fees	18,137		465,708	750,495	72,840		1,307,179
Voice Communications Sales					22,089		22,089
Total Revenue	18,137	9,294	626,851	885,814	97,329	- 15,550	1,621,876
Less: Cost of Goods Sold							
Internetwork Communications					61,200		61,200
Maintenance & Repairs			43,417				43,417
Miscellaneous Purchases				126,027			126,027
Products & Installation			209		5,049		5,258
Purchases	9,331	6,849					16,180
Rental & Hire Charges			221,304				221,304
Software Maintenance				354,085			354,085
Software Purchases							0
Voice Communications Purchases					27,028		27,028
Total Cost of Goods Sold	9,331	6,849	264,930	480,112	93,277	0	854,498
Gross Profit (Loss)	8,807	2,445	361,921	405,702	4,052	-15,550	767,377
Gross profit margin	49%	26%	58%	46%	4%	100%	
Depreciation			- 145,370	- 110,333		- 6,061	(261,764)
Other Expenditure			- 107,368	- 247,833		- 257,385	(612,586)
Surplus/(Deficit)	8,807	2,445	109,183	47,536	4,052	(278,996)	-106,973

Tas Communications Unit Trust
Notes to the Financial Report
For the year ended 30 June 2019

2018	Support and consulting services	Product sales	Network services	Managed services	Internet services	Fixed and admin	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Connection Fees							0
Profit on Disposal of Assets						8,368	8,368
Other Income						20,305	20,305
Product Sales				188,300			188,300
Rentals			132,789				132,789
Sales		20,417					20,417
Service Fees	32,699		636,536	753,038	103,524		1,525,797
Voice Communications Sales					18,861		18,861
Total Revenue	32,699	20,417	769,326	941,338	122,385	28,673	1,914,837
Less: Cost of Goods Sold							
Internet Communications					63,194		63,194
Maintenance & Repairs			14,155				14,155
Miscellaneous Purchases				194,201			194,201
Products & Installation			3,323		810		4,133
Purchases	5,915	20,503					26,417
Rental & Hire Charges			189,471				189,471
Software Maintenance				333,920			333,920
Software Purchases				30			30
Voice Communications Purchases					9,021		9,021
Total Cost of Goods Sold	5,915	20,503	206,949	528,150	73,025	0	834,541
Gross Profit (Loss)	26,784	(86)	562,377	413,187	49,359	28,673	1,080,296
Gross profit margin	82%	0%	73%	44%	40%	100%	
Depreciation			(149,770)	(79,740)		(5,685)	(235,195)
Other Expenditure			(142,371)	(265,849)		(210,234)	(618,454)
Surplus/(Deficit)	26,784	(86)	270,236	67,598	49,359	(187,246)	226,646

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.

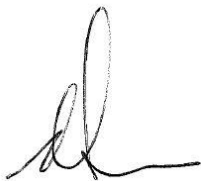
The Trustees of the Trust declare that the financial reports and notes:

- 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 30 June 2019 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



Rodney Greene
Director Tas Communications Pty Ltd (Trustee)
15th October 2019