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Financial Report

Data Centre Services

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Financial statement overview

For the year ended 30 June 2025

Data Centre Services (DCS) delivers core information and communications technology (ICT) infrastructure and support services to NTG agencies.

As a government business division, DCS is primarily funded by charges on client agencies, rather than appropriation. DCS is subject to the NT tax equivalent regime and is expected to remit dividend to government after income tax. Following the centralisation of ICT business systems and staff into the Department of Corporate and Digital Development (DCDD) in 2019, the major client for DCS is DCDD, which provides approximately 83% of DCS's income.

Financial performance (Comprehensive Operating Statement)

The financial performance of DCS is presented in 2 ways. Table 1 compares 2024–25 final approved budget with performance for the year, and table 2 compares 2024–25 performance with the previous year. More details are provided in subsequent commentary and analysis in tables 3 to 6.

Table 1: 2024–25 Final Budget and Performance

	2024–25		
	Final Budget	Actual	Variation
	\$000	\$000	\$000
Income	33 868	35 507	1 639
Expenses	(30 210)	(31 988)	(1 778)
Net surplus before tax	3 658	3 519	(139)
Income tax expense	(1 097)	(1 059)	38
Net surplus after tax	2 561	2 460	(101)
Comprehensive result	2 561	2 460	(101)
Dividend (50%)	1 281	1 230	51

DCS's overall operating financial performance showed a net surplus after tax of \$2.46 million compared with a final budgeted surplus of \$2.56 million. The lower surplus compared to the 2024–25 final budget is largely due to an increase in operational expenses driven by higher than expected licensing charges. This was partially offset by higher than anticipated revenue reflecting increased demand for services.

DCS will pay an income tax equivalent of \$1.06 million and will return a dividend of \$1.2 million to government for 2024–25.

Financial statement - Data Centre Services

Table 2: 2023-24 and 2024-25 Performance

	2023-24	2024-25	Variation
	\$000	\$000	\$000
Income	31 709	35 507	3 798
Expenses	(26 935)	(31 988)	(5 053)
Net surplus before tax	4 774	3 519	(1 255)
Income tax expense	(1 432)	(1 059)	(374)
Net surplus after tax	3 342	2 460	(882)
Comprehensive result	3 342	2 460	(882)

DCS produced an operating surplus of \$3.52 million for 2024-25 which is \$1.2 million lower than the previous year following a price review.

Income

DCS's primary income source results from the provision of computing services to Northern Territory Government (NTG) agencies. These services are classified under the income categories of sales of goods and services, interest revenue and other income. As shown in Table 3 below, sales of goods and services represents 90.4% of DCS's total income of \$35.5 million, with the remaining 9.6% comprising interest and other income.

The increase in sales of goods and services income predominantly relates to the Application Services function which was transferred from DCDD to DCS in 2024-25. The increase in other income is largely due to higher than expected one-off recoveries for software licences purchased on behalf of other agencies.

Table 3: Income by Category

Year	Sales of Goods and Services		Interest Revenue		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%
2024-25	32 092	90.4	604	1.7	2 801	7.9	35 507	100
2023-24	30 103	94.9	559	1.8	1 047	3.3	31 709	100

Total income is also classified across DCS's major business functions:

- Mainframe Services – mainframe application hosting and integration services
- Midrange Services – midrange application hosting services
- Enterprise Storage – managing whole of government data storage and performing data backups
- Data Centre Facility Services – hosting ICT infrastructure for agencies and contracted service providers
- Application Services – provides mainframe business application owners with expert advice, maintenance, enhancement and modernisation services for their business systems.

Table 4: Income by Business Function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Facility Services		Application Services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2024-25	12 883	36.3	14 141	39.8	1 954	5.5	2 870	8.1	3 659	10.3	35 507	100
2023-24	12 340	38.9	14 718	46.4	1 511	4.8	3 140	9.9	-	-	31 709	100

Mainframe Services and Enterprise Storage increased due to demand driven growth, while income decreased for Midrange Services and Data Centre Facility Services following a price review. Application Services is a new function for DCS in 2024-25.

Expenses

DCS incurred the majority of its expenditure on ICT hardware, software and specialist contractors, with employee expenses the second largest expense.

Table 5: Expenses by Category

Year	ICT		Employee		Operational		Depreciation		Property		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2024-25	18 507	57.9	7 094	22.2	1 592	5.0	3 809	11.9	986	3.1	31 988	100
2023-24	14 064	52.2	6 656	24.7	1 438	5.3	3 883	14.4	894	3.3	26 935	100

Major variations occurred as follows:

- ICT expenditure – increase was primarily due to higher hardware and software licensing charges and higher contractor costs
- Depreciation – decrease related to the mainframe asset that fully depreciated in 2024-25
- Property management – increase was due to higher general property management costs.

Expenses classified according to DCS's major business functions are presented in Table 6.

Table 6: Expenses by Business Function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Facility Services		Application Services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2024-25	10 250	32.1	8 722	27.3	3 398	10.6	5 807	18.2	3 811	11.9	31 988	100
2023-24	10 147	37.7	8 534	31.7	2 901	10.8	5 353	19.8	-	-	26 935	100

Mainframe, Midrange, Enterprise Storage and Data Centre Facility Services expenditure all increased in line with demand driven growth.

Financial statement - Data Centre Services

Figure 1: Expenses by Business Function (\$M)



Financial position (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities, and equity of DCS at the end of the financial year. The table below compares DCS's financial position at 30 June 2025 with the position at 30 June 2024.

Table 7: 2023-24 and 2024-25 Financial Position

	2023-24	2024-25	Variation
	\$'000	\$'000	\$'000
ASSETS			
Current assets	25 281	25 480	198
Non-current assets	21 543	24 715	3 172
TOTAL ASSETS	46 824	50 195	3 370
LIABILITIES			
Current liabilities	(6 615)	(5 730)	885
Non-current liabilities	(9 118)	(11 822)	(2 704)
TOTAL LIABILITIES	(15 733)	(17 552)	(1 819)
NET ASSETS	31 091	32 643	1 551
Equity	31 091	32 643	1 551
TOTAL EQUITY	31 091	32 643	1 551

DCS's net financial position at the end of 2024-25 was \$32.64 million, compared to the previous year's position of \$31.1 million, an increase of \$1.5 million.

Net assets increased by \$1.5 million primarily as a result of the net surplus before tax of \$3.5 million, less provision for tax (\$1.06 million) and dividends (\$1.2 million).

DCS's major assets as at 30 June 2025 primarily comprised property, plant and equipment (mainly buildings and leasehold improvements), and cash, deposits and prepayments (software licensing and maintenance). Major liabilities included lease liabilities, provision for income tax and provision for dividends.

Certification of the financial statements

We certify that the attached financial statements for Data Centre Services have been prepared based on proper accounts and records in accordance with Australian Accounting Standards and with the requirements as prescribed in the *Financial Management Act 1995* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2025 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Catherine Weber

Chief Executive

30 September 2025

Michael Smid

A/Chief Financial Officer

30 September 2025



Independent Auditor's Report

To the Minister for Corporate and Digital Development

Data Centre Services

Report on the audit of the financial report for the year ended 30 June 2025

Opinion

I have audited the financial report of Data Centre Services, which comprises the balance sheet as at 30 June 2025, and the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes to the financial statements, including material accounting policy information, and the Chief Executive Officer's declaration.

In my opinion, the accompanying financial report:

- presents fairly, in all material respects, the financial position of Data Centre Services as at 30 June 2025 and its financial performance, cash flows and changes in equity for the year then ended
- is in accordance with the *Financial Management Act 1995* and Australian Accounting Standards.

Basis for opinion

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

I am independent of Data Centre Services in accordance with the auditor independence requirements of the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to my audit of the financial report in Australia. My authorised auditors and I have also fulfilled our other ethical responsibilities in accordance with the Code. My independence is further established by the *Audit Act 1995*.

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

Other information

The Chief Executive Officer is responsible for the other information. The other information comprises the information included in the *Financial Statement Overview* for the year ended 30 June 2025 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, I consider whether the other information is materially inconsistent with the financial report or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Chief Executive Officer for the financial report

The Chief Executive Officer is responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1995* and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of Data Centre Services to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Jara K Dean

Auditor-General

Darwin, Northern Territory

30 September 2025



Comprehensive operating statement

For the year ended 30 June 2025

	Note	2025 \$000	2024 \$000
INCOME			
Sales of goods and services	3	32 092	30 103
Interest revenue		614	559
Other income	4	2 801	1 047
TOTAL INCOME		35 507	31 709
EXPENSES			
Employee expenses	5	7 094	6 656
Administrative expenses			
Purchases of goods and services	6	19 826	15 298
Property management	6	986	894
Depreciation and amortisation	12	3 809	3 842
Impairment losses		-	42
Interest expenses	7	274	203
TOTAL EXPENSES		31 988	26 935
NET SURPLUS/(DEFICIT)		3 519	4 774
SURPLUS BEFORE INCOME TAX			
		3 519	4 774
Income tax expense		1 059	1 432
NET SURPLUS		2 460	3 342
COMPREHENSIVE RESULT		2 460	3 342

The comprehensive operating statement is to be read in conjunction with the notes to the financial statements.

Balance sheet

As at 30 June 2025

	Note	2025 \$000	2024 \$000
ASSETS			
Current assets			
Cash and deposits	9	15 858	16 087
Receivables	11	9 622	9 194
Total current assets		25 480	25 281
Non-current assets			
Receivables	11	2 013	1 366
Property, plant and equipment	12	22 702	20 177
Total non-current assets		24 715	21 543
TOTAL ASSETS		50 195	46 824
LIABILITIES			
Current liabilities			
Payables	13	886	663
Income tax liabilities	15	1 059	1 432
Provisions	15	2 381	2 824
Lease liabilities	14	1 374	1 541
Other liabilities	16	30	155
Total current liabilities		5 730	6 615
Non-current liabilities			
Lease liabilities	14	11 822	9 118
Other liabilities	16	-	-
Total non-current liabilities		11 822	9 118
TOTAL LIABILITIES		17 552	15 733
NET ASSETS		32 643	31 091
EQUITY			
Capital		4 233	4 232
Equity injections		327	-
Accumulated funds		28 084	26 859
TOTAL EQUITY		32 643	31 091

The balance sheet is to be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2025

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2025					
Accumulated funds		26 859	2 460	-	29 319
Dividends payable		-	-	(1 235)	(1 235)
Transfers from reserves		-	-	-	-
		26 859	2 460	(1 235)	28 084
Capital – transactions with owners					
Equity injections		4 233	-	-	4 233
Equity transfers in		-	-	327	327
Other equity injections		-	-	-	-
Equity withdrawals					
Capital withdrawals		-	-	-	-
Equity transfers out		-	-	-	-
		4 233	-	327	4 560
Total equity at end of financial year		31 091	2 460	(908)	32 643
2024					
Accumulated funds		25 188	3 342	-	28 530
Dividends payable		-	-	(1 671)	(1 671)
		25 188	3 342	(1 671)	26 859
Capital – transactions with owners					
Equity injections		4 563	-	-	4 563
Capital appropriation		-	-	-	-
Equity transfers in		-	-	-	-
Other equity injections		-	-	-	-
Equity withdrawals		-	-	(330)	(330)
Equity transfers out		-	-	-	-
		4 563	-	(330)	4 233
Total equity at end of financial year		29 750	3 342	(2 001)	31 091

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Cash flow statement

For the year ended 30 June 2025

	Note	2025 \$000	2024 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Receipts from sales of goods and services		34 510	30 879
GST receipts		2 521	1 986
Interest received		613	537
Total operating receipts		37 644	33 402
Operating payments			
Payments to employees		(7 083)	(6 717)
Payments for goods and services		(21 435)	(12 772)
GST payments		(2 519)	(1 601)
Income tax paid		(1 432)	(1 573)
Interest paid		(274)	(203)
Total operating payments		(32 743)	(22 866)
Net cash from/(used in) operating activities	10	4 901	10 536
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing payments			
Purchases of assets		(1 985)	(1 222)
Total investing payments		(1 985)	(1 222)
Net cash from/(used in) investing activities		(1 985)	(1 222)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Other equity injections		-	(331)
Total financing receipts		-	(331)
Financing payments			
Dividends paid		(1 671)	(1 835)
Finance lease payments		(1 473)	(1 511)
Total financing payments		(3 144)	(3 346)
Net cash from/(used in) financing activities		(3 144)	(3 677)
Net increase/(decrease) in cash held		(229)	5 637
Cash at beginning of financial year		16 087	10 450
CASH AT END OF FINANCIAL YEAR	9	15 858	16 087

The cash flow statement is to be read in conjunction with the notes to the financial statements.

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1. Objectives and funding

Data Centre Services (DCS) delivers core ICT infrastructure and support services to Northern Territory Government (NTG) agencies.

DCS is funded through income from charges on users for NTG agencies. The main services recipient is the Department of Corporate and Digital Development, along with a small number of organisations such as government owned corporations. The Financial Statements encompass all funds and resources which DCS controls to undertake its functions.

2. Statement of material accounting policy information

a) Statement of compliance

These financial statements are general purpose financial statements and have been prepared in accordance with the requirements of the *Financial Management Act 1995*, related Treasurer's Directions and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The *Financial Management Act 1995* requires Data Centre Services to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements should include:

- a certification of the financial statements
- a comprehensive operating statement
- a balance sheet
- a statement of changes in equity
- a cash flow statement and
- applicable explanatory notes to the financial statements.

Standards and interpretations effective from 2024–25 financial year

Several amendments and interpretations have been issued that apply to the current reporting period but are considered to have no or minimal impact on public sector reporting.

Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2024–25 financial year.

Several amendments interpretations have been issued that apply to future reporting periods but are considered to have no or minimal impact on public sector reporting.

b) Presentation and rounding of amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

c) Contributions by and distributions to government

DCS may receive contributions from government where the government is acting as owner of the agency. Conversely, DCS may make distributions to government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by DCS as adjustments to equity.

The statement of changes in equity provides additional information in relation to contributions by, and distributions to, government.

3. Sales of goods and services

	2025			2024		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Sale of mainframe services	11 362	-	11 362	12 059	-	12 059
Sale of midrange services	12 863	-	12 863	13 953	-	13 953
Sale of enterprise storage and backup services	1 954	-	1 954	1 511	-	1 511
Sale of data centre facility services	2 266	-	2 266	2 580	-	2 580
Sale of application services	3 648	-	3 648	-	-	-
Total sales of goods and services	32 092	-	32 092	30 103	-	30 103

Rendering of services

Revenue from rendering of services is recognised when DCS satisfies the performance obligation by transferring the promised information technology services. DCS typically satisfies its performance obligations at the end of the billing period when the services or capacity consumed by the customer can be quantified.

DCS services revenue includes:

Mainframe services – provision of a mainframe operating environment and hosting of mainframe applications billed to customers through a charging model based on utilisation share. Revenue is recognised as DCS satisfies its performance obligation when the monthly provision of the operating and hosting environment is complete, with payments typically due a month after.

Midrange services – provision of management services that build upon the base hosting or cloud offering. Services include operating system, database and technical support services. Data is collected on the quantity of services consumed on a monthly basis and applied to determine customer charges. DCS satisfies its performance obligation when the monthly provision of the management services is complete, with payments typically due a month after.

Enterprise storage and backup services – provision of enterprise scale storage and backup solutions to suit customers based on a pay for use basis. Enterprise Storage service is delivered by means of a storage area network (SAN) which is located in the Government Data Centre (GDC). Enterprise backup is a backup solution for customer business applications. The backup service is delivered by means of a fully managed enterprise class backup solution located in the GDC, with copies replicated to multiple sites for disaster recovery included in the charge. DCS satisfies its performance obligation when the monthly provision of the storage and backup services is complete, with payments typically due a month after.

Data centre facility services – the Government Data Centre is the primary site which provides a continuous, secure and reliable facility hosting client and agency ICT equipment. DCS, as part of disaster recovery offerings, can also provide hosting options in a secondary site known as the Backup Data Centre. Data is collected on the quantity of services consumed on a monthly basis and applied to determine customer charges. DCS satisfies its performance obligation when the monthly provision of the data centre facility is complete, with payments typically due a month after.

Application services – application services provides mainframe business application owners with expert advice, maintenance, enhancement and modernisation services for their business systems.

Revenue from contracts with customers have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2025	2024
	\$000	\$000
Type of good and service:		
Service delivery	32 092	30 103
Total revenue from contracts with customers by good or service	32 092	30 103
Type of customer:		
Northern Territory Government controlled entities	30 060	30 028
Non-government entities	32	75
Total revenue from contracts with customers by type of customer	32 092	30 103
Timing of transfer of goods and services:		
Over time	32 092	30 103
Total revenue from contracts with customers by timing of transfer	32 092	30 103

4. Other income

	2025			2024		
	\$000	\$000	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
Other income	2 801	-	2 801	1 047	-	1 047
Total other income	2 801	-	2 801	1 047	-	1 047

Miscellaneous revenue

Miscellaneous revenue for DCS includes reimbursements and project costs recoveries. Where funding is received for agreements that are enforceable and contain sufficiently specific performance obligations for the agency to transfer goods or services to the grantor or third-party beneficiary, the transaction is accounted for under AASB 15 as revenue from contracts with customers. Where this criterion is not met, revenue is generally accounted for under AASB 1058 and income is generally recognised upfront on receipt of funding.

DCS pays for goods and services on behalf of other agencies and these expense recoveries primarily includes management costs for projects.

DCS satisfies performance obligations when the goods or services have been completely delivered. Subsequently, DCDD recovers the expenditure from agencies through the issuance of invoices, with revenue recognised when payment is received.

Other income accounted for as revenue from contracts with customers have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2025	2024
	\$000	\$000
Type of good and service:		
Service delivery	2 801	1 047
Total revenue from contracts with customers by good or service	2 801	1 047
Type of customer:		
Northern Territory Government controlled entities	2 746	1 047
Non-government entities	55	-
Total revenue from contracts with customers by type of customer	2 801	1 047
Timing of transfer of goods and services:		
Point in time	2 801	1 047
Total revenue from contracts with customers by timing of transfer	2 801	1 047

5. Employee benefits expense

	2025	2024
	\$000	\$000
Salaries and wages	6 034	5 690
Superannuation expenses	701	633
Workers compensation	-	-
Fringe benefits tax	7	6
Payroll tax	352	327
Total employee benefits expense	7 094	6 656

The number of full-time equivalent employees for 2024–25 was 49 (2023–24: 47).

Salaries and wages are recognised in the reporting period when the employee renders services to the Territory Government. It includes recreation leave, labour hire costs, allowances and other benefits, which are recognised in the reporting period when employees are entitled to the benefit or when incurred.

The recognition and measurement policy for employee benefits is detailed in Note 13: Payables and Note 15: Provisions.

6. Purchases of goods and services

	2025	2024
	\$000	\$000
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants ¹	7 002	4 468
Legal expenses ²	-	1
Training and study	13	11
Official duty fares	-	1
Information technology charges and communications	11 504	9 596
Property management expenses	986	894
Insurance premiums	106	100
Agency service arrangements	1 062	1 049
Audit fees	32	30
Other ³	107	42
	20 812	16 192

¹ IT consultants.

² Includes legal fees, claim and settlement costs.

³ Includes other equipment and consumables.

Purchases of goods and services generally represent the day-to-day running costs incurred in normal operations, including supplies and service costs recognised in the reporting period in which they are incurred.

7. Interest expenses

	2025	2024
	\$000	\$000
Interest from lease liabilities	274	203
Interest from loans and advances	-	-
Interest from service concession liabilities	-	-
Total interest expenses	274	203

Interest expenses consist of interest and other costs incurred in connection with lease liabilities. Interest expenses are recognised in the reporting period in which they are incurred.

8. Write-offs, postponements, waivers, gifts and ex gratia payments

The following table presents all write-offs, waivers, postponements, gifts and ex gratia payments approved under the *Financial Management Act 1995* or other legislation that the agency administers.

	Agency				Note
	2025	No. of trans.	2024	No. of trans.	
	\$000		\$000		
Write-offs, postponements and waivers approved by delegates					
Losses or deficiencies of money written off	-	-	-	-	
Value of public property written off	-	-	41	1	1
Total write-offs, postponements and waivers approved by delegates	-	-	41	1	
Total write-offs, postponements and waivers	-	-	41	1	

Notes (write-off):

1. Relates to a write-off of an obsolete asset.

Write-off

Write-offs reflect the removal from accounting records the value of public money or public property owing to, or loss sustained by the Territory or agency. It refers to circumstance where the Territory or an agency has made all attempts to pursue the debt, however, is deemed irrecoverable due to reasons beyond the Territory or an agency's control. Write-offs result in no cash outlay and are accounted for under 'Other administrative expenses' in the comprehensive operating statement.

Waiver

Waivers reflect the election to forgo a legal right to recover public money or receive public property. Once agreed with and communicated to the debtor, it will have the effect of extinguishing the debt and renouncing the right to any future claim on that public money or public property. Waivers result in no cash outlay and are accounted for under 'Current grants and subsidies expense' in the comprehensive operating statement.

Postponement

A postponement is a deferral of a right to recover public money or receipt of public property from its due date. This has no effect on revenues or expenses recognised but may affect cash inflows or assets in use.

Gifts

A gift is an asset or property, deemed surplus to government's requirements, transferred to a suitable recipient, without receiving any consideration or compensation, and where there is no constructive or legal obligation for the transfer. Gifted property is accounted under 'Other administrative expenses' in the comprehensive operating statement.

Ex gratia

Ex gratia payments or act-of-grace payments are gratuitous payments where no legal obligation exists. Ex gratia payments can only be approved by the Treasurer. Ex gratia payments result in cash outlay and are accounted for under 'Purchases of goods and services' in the comprehensive operating statement.

DCS has one write-off for the year ended 30 June 2024 and none for the year ended 30 June 2025. There are no postponements, waivers, and gifts or ex gratia payments for the year ended 30 June 2025 and 30 June 2024.

9. Cash and deposits

	2025	2024
	\$000	\$000
Cash on hand	15 858	16 087
Total cash and deposits	15 858	16 087

For the purposes of the balance sheet and the cash flow statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

10. Cash flow reconciliation

a) Reconciliation of cash

The total of agency 'Cash and deposits' of \$15.8 million recorded in the balance sheet is consistent with that recorded as 'Cash' in the cash flow statement.

Reconciliation of net surplus/deficit to net cash from operating activities

	2025	2024
	\$000	\$000
Net surplus	2 460	3 342
Non-cash items:		
Depreciation and amortisation	3 809	3 842
Asset write-offs/write-downs	-	41
(Gain)/loss on disposal of assets	(10)	-
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(1 075)	4 078
(Decrease)/Increase in payables	224	128
(Decrease)/Increase in provision for employee benefits	(9)	(71)
(Decrease)/Increase in income tax liability	(373)	(128)
(Decrease)/Increase in unearned income	(125)	(696)
Net cash from operating activities	4 901	10 536

b) Reconciliation of liabilities arising from financing activities

	Cash flows						Other		
	1 July	Dividends paid	Equity injection/withdrawals	Lease liabilities repayments	Other	Total cash flows	Other	Total Other	30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025									
Dividends	1 671	(1 671)	-	-	-	(1 671)	1 235	1 235	1 235
Lease liabilities	10 659	-	-	(1 473)	-	(1 473)	4 010	4 010	13 196
Equity injections/withdrawals	4 233	-	-	-	-	-	327	327	4 560
Total	16 563	(1 671)	-	(1 473)	-	(3 144)	5 572	5 572	18 991

	Cash flows						Other		
	1 July	Dividends paid	Equity injection/withdrawals	Lease liabilities repayments	Other	Total cash flows	Other	Total Other	30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2024									
Dividends	1 835	(1 835)	-	-	-	(1 835)	1 671	1 671	1 671
Lease liabilities	11 113	-	-	(1 511)	-	(1 511)	1 057	1 057	10 659
Equity injections/withdrawals	4 563	-	(331)	-	-	(331)	-	-	4 233
Total	17 511	(1 835)	(331)	(1 511)	-	(3 677)	2 728	2 728	16 563

c) Non-cash financing and investing activities

Lease transactions

DCS recorded no additional right-of-use assets for the lease of buildings in 2024–25 and 2023–24.

11. Receivables

	2025	2024
	\$000	\$000
Current		
Accounts receivable	72	60
Accrued contract revenue	2 636	2 390
Interest receivables	47	55
GST receivables	(108)	(106)
Prepayments	6 975	6 795
	9 622	9 194
Non-Current		
Prepayments	2 013	1 366
Total receivables	11 635	10 560

Receivables are initially recognised when the agency becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include contract receivables, accounts receivable, accrued contract revenue and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accounts receivable, contract receivables and other receivables are generally settled within 30 days.

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful.

Accrued contract revenue

Accrued contract revenue relates to the agency's right to consideration in exchange for works completed but not invoiced at the reporting date. Once the agency's rights to payment becomes unconditional, usually on issue of an invoice, accrued contract revenue balances are reclassified as contract receivables. Accrued revenue that does not arise from contracts with customers are reported as part of other receivables.

Prepayments

Prepayments represent payments made in advance of receipt of goods and services. Prepayments are recognised on an accrual basis and amortised over the period in which the economic benefits from these assets are received.

DCS's prepayments include software licenses and related software and hardware support services. Perpetual licences are expensed in the year they are incurred if their expected life and future economic benefit from their usage cannot be reliably determined.

The increase in 2024-25 is due to new IBM enterprise license agreement contract and renewal of software licences.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. The entity applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, contracts receivables and accrued contract revenue. To measure expected credit losses, receivables have been grouped based on shared risk characteristics and days past due.

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors.

In accordance with the provisions of the FMA, receivables are written off when based on demonstrated actions to collect, there is no reasonable expectation of recovery for reasons beyond the agency's control.

The loss allowance for receivables at reporting date represents the amount of receivables the agency estimates is likely to be uncollectible and is considered doubtful. Ageing analysis for receivables as at the reporting date are disclosed below.

Internal receivables reflect amounts owing from entities controlled by the Northern Territory Government (NTG) such as other agencies, government business divisions and government owned corporations. External receivables reflect amounts owing from third parties which are external to NTG.

Ageing analysis

	2025				2024			
	Gross receivables	Loss rate	Expected credit losses	Net receivables	Gross receivables	Loss rate	Expected credit losses	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Internal receivables								
Not overdue	60	-	-	60	59	-	-	59
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	60	-	-	60	59	-	-	59

Financial statement - Data Centre Services

External receivables	2024				2023			
	Gross receivables	Loss rate	Expected credit losses	Net receivables	Gross receivables	Loss rate	Expected credit losses	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Not overdue	12	-	-	12	1	-	-	1
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables	12	-	-	12	1	-	-	1

Total amounts disclosed exclude statutory amounts and prepayments as these do not meet the definition of a financial instrument and therefore will not reconcile the receivables note. It also excludes accrued contract revenue where no loss allowance has been provided.

Reconciliation of loss allowance for receivables

DCS recognised no loss allowance for receivables for 2024–25 and 2023–24 from the assessment of expected credit losses.

12. Property, plant and equipment

a) Total property, plant and equipment

	2025	2024
	\$000	\$000
Infrastructure		
At capitalised cost	27	27
Less: accumulated depreciation	(15)	(12)
	12	15
Plant and equipment		
At capitalised cost	11 257	10 963
Less: accumulated depreciation	(3 306)	(2 739)
	7 951	8 224
Computer hardware		
At capitalised cost	10 411	9 273
Less: accumulated depreciation	(8 588)	(7 731)
	1 823	1 542
Leased property, plant and equipment		
At capitalised cost	18 299	16 908
Less: accumulated amortisation	(5 383)	(6 512)
	12 916	10 396
Total property, plant and equipment	22 702	20 177

Reconciliation of carrying amount of property, plant and equipment

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end year is set out below:

	Infrastructure	Plant and equipment	Computer hardware	Leased property, plant and equipment	Total
2025	\$000	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	15	8 224	1 542	10 396	20 177
Additions	-	(43)	2 029	-	1 986
Additions of right-of-use assets	-	-	-	4 795	4 795
Depreciation expense – asset owned	(3)	(557)	(1 748)	-	(2 308)
Amortisation expense – right-of-use asset	-	-	-	(1 501)	(1 501)
Additions/disposals from asset transfers	-	337	-	-	337
Revaluation increments/ Decrements	-	-	-	(774)	(774)
Other movements	-	(10)	-	-	(10)
Carrying amount as at 30 June	12	7 951	1 823	12 916	22 702

	Infrastructure	Plant and equipment	Computer hardware	Leased property, plant and equipment	Total
2024	\$000	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	17	10 803	94	10 865	21 779
Additions	-	73	3 249	-	3 322
Additions of right-of-use assets	-	-	-	-	-
Depreciation expense – asset owned	(2)	(551)	(1 760)	-	(2 313)
Amortisation expense – right-of-use asset	-	-	-	(1 528)	(1 528)
Additions/disposals from asset transfers	-	(2 101)	-	-	(2 101)
Revaluation increments/ Decrements	-	-	-	1 059	1 059
Impairment losses	-	-	(41)	-	(41)
Carrying amount as at 30 June	15	8 224	1 542	10 396	20 177

Acquisitions

Property, plant and equipment are initially recognised at cost.

Items of property, plant and equipment with a cost or other value, equal to or greater than \$10,000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the \$10,000 threshold are expensed in the year of acquisition.

Major items of plant and equipment comprising a number of components that have different useful lives are accounted for as separate assets. Individual components may be replaced during the useful life of the complex asset.

Construction (work in progress)

As part of the financial management framework, the Department of Logistics and Infrastructure (DLI) is responsible for managing general government capital works projects on a whole of government basis. Therefore, appropriation for capital works is provided directly to DLI and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to the agency.

Revaluation of assets

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

Impairment of assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Materially significant non-financial assets are assessed for indicators of impairment annually. If any indicator of impairment exists, the agency determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's current replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the comprehensive operating statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Impairment loss may only be reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the revised estimate of its recoverable amount, nor exceed the net carrying amount that would have been determined had not impairment loss been recognised for the asset in the prior years. Where an asset is carried at a revalued amount, impairment reversal is recognised in the comprehensive operating statement as income to the extent that an impairment loss was previously recognised in the profit or loss, otherwise, impairment reversal results in an increase in the asset revaluation surplus.

Agency property, plant and equipment assets were assessed for impairment as of 30 June 2025. No impairment adjustments were required as a result of this review.

Depreciation and amortisation expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use.

The estimated useful lives for each class of asset are in accordance with the agency's determination as follows:

	2025	2024
Plant and equipment	2-18 years	2-18 years
Right of use	Lease Term	Lease Term
Computer hardware	2-10 years	2-10 years

Right-of-use asset

DCS assesses at contract inception whether a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and hence contains a lease.

DCS recognises lease liabilities representing an obligation to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

DCS recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use).

If ownership of the leased asset transfers to DCS at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are subsequently measured at fair value which approximates costs less accumulated amortisation and accumulated impairment losses.

Right-of-use assets are subject to remeasurement principles consistent with the lease liability. This includes applying indexation and market rent review. Right-of-use assets are also revalued where a trigger or event may indicate their carrying amount does not equal fair value.

The following amounts were recognised in the comprehensive operating statement for the year in respect of leases where the agency is the lessee:

	2025	2024
	\$000	\$000
Depreciation expense of right-of-use assets	1 501	1 528
Interest expense on lease liabilities	274	203
Total amount recognised in the comprehensive operating statement	1 775	1 731

13. Payables

	2025	2024
	\$000	\$000
Accounts payable	-	23
Accrued salaries and wages	146	123
Other accrued expenses	740	517
Total payables	886	663

Liabilities for accounts payable and other amounts payable are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million or 30 days for invoices over \$1 million.

Salaries and wages that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the amounts expected to be paid.

14. Borrowings and advances

	2025	2024
	\$000	\$000
Current		
Lease liabilities	1 374	1 541
Non current		
Lease liabilities	11 822	9 118
Total borrowings and advances	13 196	10 659

Lease liabilities

At the commencement date of the lease where DCS is the lessee, DCS recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Variable lease payments which depend on an index or a rate are included in the lease liabilities, otherwise, are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the agency's leases, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Financial statement - Data Centre Services

The following table presents liabilities under leases.

	2025	2024
	\$000	\$000
Balance at 1 July	10 659	11 113
Additions/remeasurements	4 010	1 058
Interest expenses	274	203
Payments	(1 747)	(1 715)
Balance at 30 June	13 196	10 659

DCS had total cash outflows for leases of \$1.7 million in 2025 (\$1.7 million in 2024).

DCS had no future minimum lease payments under non-cancellable leases not recorded as liabilities for 2024–25 and 2023–24.

15. Provisions

	2025	2024
	\$000	\$000
Current		
Employee benefits		
Recreation leave	849	848
Leave loading	82	87
Other employee benefits	4	8
Other current provisions		
Provision for dividends	1 235	1 671
Provision for fringe benefits tax	2	2
Provision for superannuation	149	149
Provision for payroll tax	59	59
Other provisions - income tax	1 059	1 432
Total provisions	3 440	4 256
Reconciliations of provision for dividends		
Balance as at 1 July	1 671	1 835
Additional provisions recognised	1 235	1 671
Reductions arising from payments	(1 671)	(1 835)
Balance as at 30 June	1 235	1 671

Employee benefits

Provision for employee benefits include wages and salaries and recreation leave accumulated because of employees rendering services up to the reporting date. Liabilities arising in respect of recreation leave and other employee benefit liabilities that fall due within 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value of estimated future cash flows, calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave is classified as a current liability.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave and other leave entitlements
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including DCS, and therefore no long service leave liability is recognised within these financial statements.

Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS)
- Commonwealth Superannuation Scheme (CSS)
- or non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The agency makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and therefore not recognised in agency financial statements.

16. Other liabilities

	2025	2024
	\$000	\$000
Current		
Unearned contract revenue	30	155
Non-current		
Unearned contract revenue	-	-
Total other liabilities	30	155

Unearned contract revenue liability

Unearned contract revenue liability relates to consideration received in advance from customers in respect of information technology services. Unearned contract revenue liability balances as at 30 June 2025 is \$0.03 million (balance at 1 July 2024 was 0.2 million). Software licensing, support and maintenance are valid for the contracted period, performance obligations are satisfied on the expiration of the validity period.

Of the amount included in the unearned contract revenue liability balance as at 1 July 2024, \$0.2 million has been recognised as revenue in 2024–25 financial year.

DCS anticipates to recognise as revenue, unearned contract revenue liability in accordance with the time bands below:

	2025	2024
	\$000	\$000
Not later than one year	30	155
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Total	30	155

17. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

DCS's property, plant and equipment, computer software and computer hardware are recognised at cost less depreciation or amortisation. The carrying amounts of these financial assets and liabilities approximates their fair value.

18. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

DCS's financial instruments include cash and deposits, receivables, payables and lease liabilities. It excludes statutory receivables arising from taxes including tax receivables, GST input tax credits recoverable, and fines and penalties, which do not meet the definition of financial instruments as per AASB 132 - Financial instruments: Presentation.

DCS has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

a) Categories of financial instruments

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

	Category	2025	2024
		\$000	\$000
Cash and deposits	Amortised cost	15 858	16 087
Receivables ¹	Amortised cost	119	115
Total financial assets		15 977	16 202
Payables ¹	Amortised cost	-	23
Lease liabilities	Amortised cost	13 196	10 659
Total financial liabilities		13 196	10 682

¹Total amounts disclosed here exclude statutory amounts, prepaid expenses and accrued items.

Financial assets at amortised cost

Financial assets categorised at amortised cost are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

DCS's financial assets categorised at amortised cost include receivables and advances paid.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. DCS's financial liabilities categorised at amortised cost include all accounts payable, and lease liabilities.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

DCS has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, the agency has adopted a policy of only dealing with creditworthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the agency's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Credit risk relating to receivables is disclosed in Note 11.

c) Liquidity risk

Liquidity risk is the risk DCS will not be able to meet its financial obligations as they fall due. DCS's approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held in the agency bank account to meet various current employee and supplier liabilities. DCS's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of one-off extraordinary expenditure items arise that deplete cash to levels that compromise DCS's ability to meet its financial obligations.

The following tables detail DCS's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the balance sheet, which are based on discounted cash flows.

Maturity analysis for financial liabilities

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
2025	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables ¹	-	-	-	-	-
Lease Liabilities	13 196	1 749	6 389	7 303	15 441
Total financial liabilities	13 196	1 749	6 389	7 303	15 441

¹Total amounts disclosed exclude statutory amounts and accrued items.

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
2024	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables ¹	23	23	-	-	23
Lease Liabilities	10 659	1 719	5 611	4 232	11 562
Total financial liabilities	10 682	1 742	5 611	4 232	11 585

¹Amounts disclosed exclude statutory amounts and accruals (such as accrued expenses, unearned revenue and provisions), as these do not meet the definition of financial instrument and therefore amounts will not be recognised in the balance sheet.

d) Market risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

i. Interest rate risk

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

DCS has limited exposure to interest rate risk as DCS's financial assets and financial liabilities, with the exception of leases, are noninterest bearing. Lease arrangements are established on a fixed interest rate and as such do not expose DCS to interest rate risk.

ii. Price risk

DCS is not exposed to price risk as DCS does not hold units in unit trusts.

iii. Currency risk

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

DCS has limited exposure to currency risk, as DCS does not hold borrowings denominated in foreign currencies and has limited transactional currency exposures arising from purchases in a foreign currency.

19. Related parties

a) Related parties

DCS is a government administrative entity and is wholly owned and controlled by the Territory Government.

Related parties of the department include:

- the portfolio minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the department directly
- close family members of the portfolio minister or KMP including spouses, children and dependants
- all public sector entities that are controlled and consolidated into the whole of government financial statements
- any entities controlled or jointly controlled by KMP or the portfolio minister, or controlled or jointly controlled by their close family members.

b) Key management personnel

The key management personnel of DCS are those persons having authority and responsibility for planning, directing and controlling the activities of DCS. These include the Minister, the Chief Executive Officer of DCDD, Deputy Chief Executive Officer DCDD, Senior Director Data Centre Services and Chief Financial Officer DCDD.

c) Remuneration of key management personnel

The details below exclude the salaries and other benefits of the Minister as the Minister's remunerations and allowances are payable by the Department of the Legislative Assembly and are consequently disclosed within the Treasurer's annual financial statements.

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

	2025	2024
	\$000	\$000
Short-term benefits	356	235
Post-employment benefits	38	27
Total remuneration of key management personnel	394	262

DCDD provides management services to DCS and the amount relating to KMP has been included in the figures above.

d) Related party transactions: Transactions with Northern Territory Government-controlled entities

DCS's primary ongoing source of funding is received from Northern Territory Government-controlled entities.

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

2025	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Related party	\$000	\$000	\$000	\$000
<i>All NTG departments</i>	35 410	4 632	2 737	2 536

2024	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Related party	\$000	\$000	\$000	\$000
<i>All NTG departments</i>	31 634	5 423	2 510	3 479

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

Other related party transactions are as follows:

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

DCS had no other related party transactions in excess of \$10,000.

20. Contingent liabilities and contingent assets

DCS had no contingent liabilities or contingent assets as at 30 June 2025 or 30 June 2024.

21. Events subsequent to balance date

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

22. Budgetary information

The following tables present the variation between the 2024–25 original budgeted financial statements, as reported in 2024–25 Budget Paper No. 3 Agency Budget Statements and the 2024–25 actual amounts reported in the financial statements, together with explanations for significant variations.

Comprehensive Operating Statement

	2025 Actual	2025 Original budget	Variance	Note
	\$000	\$000	\$000	
INCOME				
Sales of goods and services	32 092	31 013	1 079	
Interest revenue	614	546	68	1
Other income	2 801	-	2 801	2
TOTAL INCOME	35 507	31 559	3 948	
EXPENSES				
Employee expenses	7 094	7 195	101	
Administrative expenses				
Purchases of goods and services	20 812	15 223	(5 589)	3
Depreciation and amortisation	3 809	3 253	(556)	
Other administrative expenses	-	-	-	
Interest expenses	274	160	(114)	
TOTAL EXPENSES	31 988	25 831	(6 158)	
NET SURPLUS/(DEFICIT)	3 519	5 728	(2 209)	
Income Tax Expense	1 059	1 718	659	
NET SURPLUS	2 460	4 010	(1 550)	
COMPREHENSIVE RESULT	2 460	4 010	(1 550)	

Notes:

The following note descriptions relate to variances greater than 20%.

1. Largely reflects continued growth in midrange and enterprise storage services, and backup data centre.
2. Attributed to one-off recovery from work undertaken on behalf of agencies.
3. Increased demand for midrange services, enterprise storage and backup data centre.

Balance Sheet

	2025 Actual	2025 Original budget	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	15 858	11 119	4 739	1
Receivables	9 622	13 102	(3 480)	2
Total current assets	25 480	24 221	1 259	
Non-current assets				
Prepayments	2 013	1 645	368	2
Property, plant and equipment	22 702	22 684	18	
Other financial assets	-	-	-	
Total non-current assets	24 715	24 329	386	
TOTAL ASSETS	50 195	48 550	1 645	
LIABILITIES				
Current liabilities				
Payables and accruals	887	639	(248)	
Income tax liabilities	1 059	1 718	659	
Provisions	2 380	3 219	839	3
Lease liabilities	1 374	1 372	(2)	4
Other liabilities	30	696	666	5
Total current liabilities	5 730	7 644	1 914	
Non-current liabilities				
Lease liabilities	11 822	7 128	(4 694)	4
Other liabilities	-	155	155	5
Total non-current liabilities	11 822	7 283	(4 539)	
TOTAL LIABILITIES	17 552	14 927	(2 625)	
NET ASSETS	32 643	33 623	(980)	
EQUITY				
Capital	4 233	4 563	330	
Equity injections/withdrawals	327	-	(327)	
Accumulated funds	28 083	29 060	977	
TOTAL EQUITY	32 643	33 623	980	

Notes:

1. Variance mainly related to opening balance adjustment and deferral of capital hardware purchases.
2. Variance reflects reclassification of prepayments to current prepayments.
3. Variance is due lower dividend and income tax provision.
4. Increase in lease liabilities reflects movement in line with leased assets under AASB16.
5. Unearned revenue unwinding in 2024-25.

Cash flow statement

	2025 Actual	2025 Original budget	Variance	Note
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	34 510	31 013	3 497	1
GST receipts	2 521	-	2 521	2
Interest received	613	546	67	
Total operating receipts	37 644	31 559	6 085	
Operating payments				
Payments to employees	(7 083)	(7 195)	112	
Payments for goods and services	(21 435)	(15 223)	(6 212)	3
GST payments	(2 519)	-	(2 519)	2
Income tax paid	(1 432)	(1 601)	169	
Interest paid	(274)	(160)	(114)	
Total operating payments	(32 743)	(24 179)	(8 564)	
Net cash from/(used in) operating activities	4 901	7 380	(2 479)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing payments				
Purchases of non-financial assets	(1 985)	(3 310)	1 325	4
Total investing payments	(1 985)	(3 310)	1 325	
Net cash from/(used in) investing activities	(1 985)	(3 310)	1 325	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing payments				
Lease liabilities payments	(1 473)	(1 321)	(152)	
Dividend paid	(1 671)	(1 868)	197	
Total financing payments	(3 144)	(3 189)	45	
Net cash from/(used in) financing activities	(3 144)	(3 189)	45	
Net increase/(decrease) in cash held	(229)	881	(1 110)	
Cash at beginning of financial year	16 087	10 238	5 849	
CASH AT END OF FINANCIAL YEAR	15 858	11 119	4 739	

Notes:

1. Largely reflects continued growth in midrange services, enterprise storage and backup data centre.
2. Unbudgeted GST receipts and payments.
3. Increased demand for midrange services and enterprise storage on behalf of agencies.
4. Reflects purchase of assets deferred to 2025–26.