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Financial Statements NT Fleet

Financial Statement Overview

For the year ended 30 June 2023

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

NT Fleet operates the Northern Territory Government vehicle fleet, except for Northern Territory Police, Fire and Emergency Service vehicles. NT Fleet provides safe, cost efficient, fit-for-purpose vehicles that support agencies' business requirements.

The financial performance of NT Fleet is presented in 2 ways. Table 1 compares NT Fleet's 2022-23 performance with the final budget for the year and Table 2 compares performance between the current year and previous year. More details are provided in subsequent commentary and analysis in Tables 3 and 4. The impact of financing decisions and recognition of assets and liabilities is outlined in the financial position analysis at Table 5 and related commentary.

Table 1: 2022-23 Final Budget and Performance

	2022-23		
	Actual \$000	Final Budget \$000	Variation \$000
Income	42 960	42 099	861
Expenses	(30 421)	(30 803)	382
Net Surplus Before Tax	12 539	11 296	1 243
Income Tax Expense	(3 762)	(3 389)	(373)
Net Surplus After Tax	8 777	7 907	870
Comprehensive Result	8 777	7 907	870
Dividend (50%)	4 389	3 954	435

NT Fleet achieved an operating result for 2022-23 of \$8.8 million after tax, which was a \$0.9 million improvement on the final budget estimate of \$7.9 million.

NT Fleet will pay an income tax equivalent of \$3.8 million and return a dividend of \$4.4 million to government for 2022-23.

Table 2: 2022-23 and 2021-22 Performance

	2022-23 \$000	2021-22 \$000	Variation \$000
Income	42 960	41 792	1 168
Expenses	(30 421)	(30 541)	120
Net Surplus before Tax	12 539	11 251	1 288
Income Tax Expense	(3 762)	(3 375)	(387)
Net Surplus after Tax	8 777	7 876	901
Other Comprehensive Income	-	-	-
Comprehensive Result	8 777	7 876	901

NT Fleet achieved a \$0.9 million increase in net surplus after tax compared to the previous financial year as a result of a combination of increased income and lower expenses.

Income

NT Fleet sources its primary income from vehicle lease charges. The vehicle lease income, classified under the income category of goods and services in Table 3 below represented 81.9 per cent of NT Fleet's total income, with the remainder made up of gain on disposal of assets, interest and other income.

Table 3: Income by Category

Year	Goods and Services		Gain on Disposal of Assets		Interest Revenue		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	35 177	81.9	6 529	15.2	556	1.3	698	1.6	42 960	100
2021-22	35 346	84.6	6 252	14.9	71	0.2	123	0.3	41 792	100

Income grew mainly due to gains on disposal of assets resulting from higher than anticipated sale prices of vehicles at auctions. An increase in other income is due to recognition of recovered losses on sales from agencies as compensation receipts (other income) rather than gain of disposal of assets.

Expenses

NT Fleet incurred the majority of its expenses on depreciation and operational costs for the fleet.

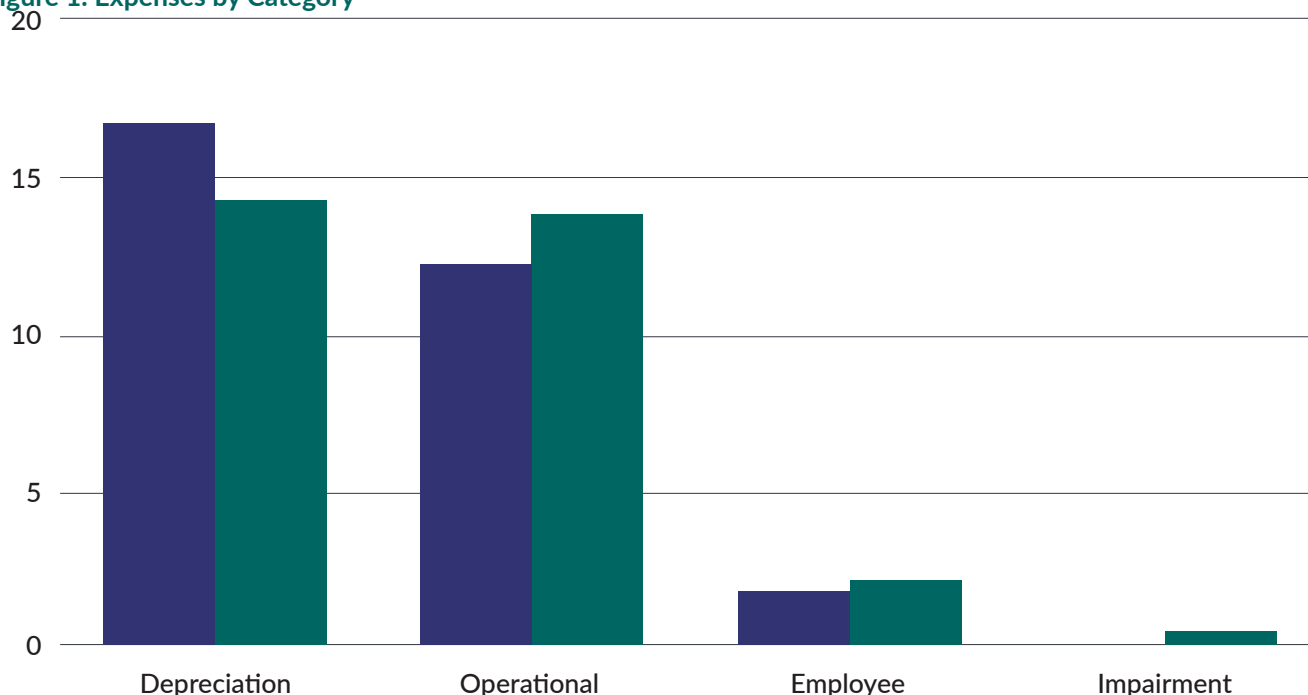
Table 4: Expenses by Category

Year	Depreciation		Operational		Employee		Impairment		Interest		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	14 214	46.7	13 765	45.3	1 988	6.5	453	1.5	1	-	30 421	100
2021-22	16 653	54.5	12 064	39.5	1 820	6.0	-	-	4	-	30 541	100

Depreciation expenses decreased as a result of the extension of lease periods for vehicles. The increase in operational expenses is mainly due to increased repair and maintenance and motor vehicle insurance expenses. In 2022-23, NT Fleet started to recognise asset impairment expenses which resulted in compensation receipts recovered from agencies for loss on sales.

■ 2021-22 ■ 2022-23

Figure 1: Expenses by Category



FINANCIAL POSITION (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities and equity of NT Fleet at the end of the financial year. The table below compares NT Fleet's financial position as at 30 June 2023 with the position at 30 June 2022.

Table 5: 2022-23 and 2021-22 Financial Position

	2022-23 \$000	2021-22 \$000	Variation \$000
ASSETS			
Current Assets	22 503	19 936	2 567
Non-current Assets	102 268	95 089	7 179
TOTAL ASSETS	124 771	115 025	9 746
LIABILITIES			
Current Liabilities	14 149	8 791	(5 358)
Non-current Liabilities	-	-	-
TOTAL LIABILITIES	14 149	8 791	(5 358)
NET ASSETS	110 622	106 234	4 388
Equity	110 622	106 234	4 388
TOTAL EQUITY	110 622	106 234	4 388

NT Fleet's net asset position at the end of 2022-23 was \$110.6 million, compared with the previous year's position of \$106.2 million, an increase of \$4.4 million.

This improvement is mainly due to increases in current and non-current assets. The \$2.6 million increase in current assets is due to an increase in assets held for sale. An increase of \$7.2 million in non-current assets is due to the movement of property, plant and equipment. An increase in total assets is offset by increase in the total liability.

Major assets at 30 June 2023 included:

Current Assets

- \$17.3 million cash and deposits
- \$3.7 million receivables and prepayments
- \$1.5 million assets held for disposal.

Non-current Assets

- \$99.2 million property, plant and equipment (mainly motor vehicles)
- \$3.0 million intangibles (computer software).

Major liabilities at 30 June 2023 included:

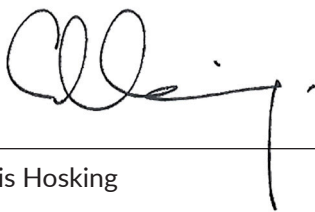
- \$5.7 million payables and accrued expenses
- \$3.8 million income tax provision
- \$0.3 million provision for employee entitlements
- \$4.4 million provision for dividends.

Certification of the financial statements

We certify that the attached Financial Statements for NT Fleet 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 2023 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.



Chris Hosking
Chief Executive
22 September 2023



Rex Schoolmeester
Chief Financial Officer
22 September 2023



Auditor-General
Independent Auditor's Report
to the Minister for Corporate and Digital Development
NT Fleet
Page 1 of 2

Opinion

I have audited the accompanying financial report of NT Fleet, which comprises the balance sheet as at 30 June 2023, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of NT Fleet as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with 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 NT Fleet in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Chief Executive of the Department of Corporate and Digital Development is responsible for the other information. The other information comprises the information included in NT Fleet's financial statement overview for the year ended 30 June 2023, 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, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have 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 for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive 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 NT Fleet to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NT Fleet or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of NT Fleet.



Auditor-General

Page 2 of 2

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 internal control of NT Fleet.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of NT Fleet to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however, future events or conditions may cause NT Fleet to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Julie Crisp

Auditor-General for the Northern Territory

Darwin, Northern Territory

25 September 2023

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
INCOME			
Sales of goods and services	3	35 177	35 346
Interest revenue		556	71
Gain on disposal of assets	5	6 529	6 252
Other income	6	698	123
TOTAL INCOME		42 960	41 792
EXPENSES			
Employee expenses		1 988	1 820
Administrative expenses			
Property management		116	127
Purchases of goods and services	7	13 649	11 937
Depreciation and amortisation	16,17,18	14 214	16 653
Other administrative expenses		453	-
Interest expenses	8	1	4
TOTAL EXPENSES		30 421	30 541
NET SURPLUS/(DEFICIT)		12 539	11 251
SURPLUS BEFORE INCOME TAX		12 539	11 251
Income tax expense	10	3 762	3 375
NET SURPLUS		8 777	7 876

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET

As at 30 June 2023

	Note	2023 \$000	2022 \$000
ASSETS			
Current Assets			
Cash and deposits	11	17 262	16 025
Receivables	13	3 719	2 928
Assets held for sale	19	1 522	983
Total Current Assets		22 503	19 936
Non-current Assets			
Property, plant and equipment	16	99 219	92 158
Intangibles	18	3 049	2 931
Total Non-current Assets		102 268	95 089
TOTAL ASSETS		124 771	115 025
LIABILITIES			
Current Liabilities			
Payables	20	5 696	1 021
Unearned revenue		3	-
Income tax liabilities	22	3 762	3 375
Provisions	23	4 688	4 195
Lease liabilities	21	-	200
Total Current Liabilities		14 149	8 791
TOTAL LIABILITIES		14 149	8 791
NET ASSETS		110 622	106 234
EQUITY			
Capital	25	565	565
Accumulated funds	25	110 057	105 669
TOTAL EQUITY		110 622	106 234

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 2023

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2022-23					
Accumulated funds	25	105 669	8 777	-	114 446
Dividends payable	23	-	-	(4 389)	(4 389)
		105 669	8 777	(4 389)	110 057
Capital – Transactions with Owners					
Equity injections		565	-	-	565
Equity transfers in		-	-	-	-
		565	-	-	565
Total equity at end of financial year	25	106 234	8 777	(4 389)	110 622
2021-22					
Accumulated funds		126 731	7 876	-	134 607
Dividends payable		-	-	(3 938)	(3 938)
Special Dividends		-	-	(25 000)	(25 000)
		126 731	7 876	(28 938)	105 669
Capital – Transactions with Owners					
Equity injections		565	-	-	565
Equity transfers in		-	-	-	-
		565	-	-	565
Total equity at end of financial year	25	127 296	7 876	(28 938)	106 234

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 2023

	Note	2023 \$000	2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		35 644	35 742
GST receipts		4 868	4 784
Interest received		527	51
Total operating receipts		41 039	40 577
Operating Payments			
Payments to employees		(1 942)	(1 851)
Payments for goods and services		(13 950)	(13 368)
GST payments		(4 992)	(4 897)
Interest paid		(1)	(4)
Income tax paid		(3 375)	(2 514)
Total operating payments		(24 260)	(22 634)
Net cash from/(used in) operating activities	12a	16 779	17 943
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Proceeds from asset sales	5	13 124	12 474
Total investing receipts		13 124	12 474
Investing payments			
Purchases of assets	16, 18	(24 528)	(25 647)
Total investing payments		(24 528)	(25 647)
Net cash from/(used in) investing activities		(11 404)	(13 173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Finance lease payments	12b	(200)	(218)
Dividends paid	12b	(3 938)	(27 933)
Total financing payments		(4 138)	(28 151)
Net cash from/(used in) financing activities		(4 138)	(28 151)
Net increase/(decrease) in cash held		1 237	(23 381)
Cash at beginning of financial year		16 025	39 406
CASH AT END OF FINANCIAL YEAR	11	17 262	16 025

The Cash Flow Statement is to be read in conjunction with the notes to the Financial Statements.

Index of notes to the Financial Statements

Note

- 1 Objectives and funding
- 2 Statement of significant accounting policies

Income

- 3 Sales of goods and services
- 4 Goods and services received free of charge
- 5 Gain on disposal of assets
- 6 Other income

Expenses

- 7 Purchases of goods and services
- 8 Interest expense
- 9 Write-offs, postponements, waivers, gifts and ex-gratia payments
- 10 Income tax expense

Assets

- 11 Cash and deposits
- 12a Reconciliation of cash
- 12b Reconciliation of liabilities arising from financing and investing activities
- 12c Non-cash financing and investing activities
- 13 Receivables
- 14 Advances and investments
- 15 NT Fleet as a lessor
- 16 Property, plant and equipment
- 17 NT Fleet as a lessee
- 18 Intangibles
- 19 Assets held for sale

Liabilities

- 20 Payables
- 21 Lease liabilities
- 22 Income tax liabilities
- 23 Provisions
- 24 Commitments

Equity

- 25 Equity

Other disclosures

- 26 Fair value measurement
- 27 Financial instruments
- 28 Related parties
- 29 Contingent liabilities and contingent assets
- 30 Events subsequent to balance date
- 31 Budgetary information

1 Objectives and funding

NT Fleet manages the light and heavy vehicle fleet for Northern Territory Government agencies, except Northern Territory Police, Fire and Emergency Services. Management of the Northern Territory Government vehicle fleet incorporates acquisition, vehicle leasing, maintenance and disposal.

Key functional responsibilities are:

- delivering a low-cost and fit-for-purpose passenger and light commercial vehicle fleet in accordance with the Northern Territory Government Vehicle Policy Framework
- managing supply and service contracts
- managing the disposal of vehicles, plant and equipment.

Funding is received predominantly from vehicle lease income derived from client agencies.

2 Statement of significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires NT Fleet to prepare Financial Statements for each year ended 30 June based on the form determined by the Treasurer. The form of NT Fleet's Financial Statements should include:

- 1) Certification of the Financial Statements
- 2) Comprehensive Operating Statement
- 3) Balance Sheet
- 4) Statement of Changes in Equity
- 5) Cash Flow Statement
- 6) applicable explanatory notes to the Financial Statements.

b) Basis of accounting

The Financial Statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the Financial Statements, all intra agency transactions and balances have been eliminated.

Except where stated, the Financial Statements have been prepared in accordance with the historical cost convention.

The form of NT Fleet's Financial Statements is consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

Standards and interpretations effective from 2022-23 financial year

Several amending standards and AASB interpretations have been issued that apply to the current reporting periods but are considered to have no impact on public sector reporting.

Standards and interpretations issued but not yet effective

No new or changed Australian accounting standards have been early adopted for 2022-23 financial year.

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

c) Reporting entity

The Financial Statements cover NT Fleet as an individual reporting entity.

NT Fleet is a Northern Territory Government Business Division (GBD) established under the *Interpretation Act 1978* and specified in the Administrative Arrangements Order.

The principal place of business of the GBD is Lot 5441 Armidale Street, Woolner NT 0820.

NT Fleet has no controlled entities.

d) NT Fleet and Territory Items

The Financial Statements of NT Fleet include income, expenses, assets, liabilities and equity over which the NT Fleet has control (NT Fleet items) and is able to utilise to further its own objectives. Certain items, while managed by agencies, are administered, controlled and recorded by the Northern Territory rather than agencies (Territory items). Territory items are recognised and recorded in the Central Holding Authority.

NT Fleet held no Territory items.

e) Comparatives

Where necessary, comparative information for the 2021-22 financial year has been reclassified to provide consistency with current year disclosures.

f) 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.

g) Changes in accounting policies

NT Fleet recognised disposal losses on sales recovered from agencies as disposal revenue. From 2022-23, in accordance with AASB 136 - Property, Plant and Equipment (paragraph 65 to 66), NT Fleet has changed its accounting policy to recognise a disposal loss on sale recovered from an agency as a compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in determining profit or loss when it becomes receivable. NT Fleet then recognise related impairments of an item of property, plant and equipment in accordance with AASB 136.

h) Accounting judgments and estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments and estimates that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

i) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified. Gross GST recoverable on commitments is disclosed separately in the commitments note.

j) Taxation

NT Fleet is required to pay income tax on its accounting surplus at the company tax equivalent rate of 30 per cent in accordance with the requirements of the Treasurer's Directions, NT Tax Equivalents Regime.

k) Contributions by and distributions to government

NT Fleet may receive contributions from government where the government is acting as owner of NT Fleet. Conversely, NT Fleet 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 NT Fleet as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, government.

l) Dividends

NT Fleet has provided for a dividend payable at the rate of 50 per cent of net profit after tax in accordance with the Northern Territory Government's dividend policy.

Income

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

NT Fleet revenue for the 2022-23 financial year has 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.

NT Fleet provides vehicle acquisition, vehicle leasing, repair and maintenance services and disposal services for government and non-government agencies.

3 Sales of goods and services

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Hire revenue (from vehicle leases)	-	29 735	29 735	-	31 089	31 089
Total sales of goods and services	-	5 442	5 442	-	4 257	4 257
Total sales of goods and services	-	35 177	35 177	-	35 346	35 346

Sale of goods

NT Fleet typically acquires and registers fit-for-purpose vehicles for customers/agencies. NT Fleet satisfies its performance obligations when the control of a vehicle is transferred to a customer/agency under a lease arrangement.

NT Fleet issues monthly tax invoices to customers for lease payments which are due within 30 days. Hire revenue arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature (AASB 16).

Rendering of services

NT Fleet manages various repair and maintenance services for leased vehicles throughout the lease term. Unscheduled repair and maintenance costs are recovered from agencies after vehicles have been serviced in accordance with lease terms and conditions.

4 Goods and services received free of charge

NT Fleet is a government business division and does not receive goods and services free of charge.

5 Gain on disposal of assets

	2023 \$000	2022 \$000
Net proceeds from the disposal of non-current assets	13 124	12 474
Less: Carrying value of non-current assets disposed	(6 595)	(6 222)
Total gain on disposal of assets	6 529	6 252

Disposing of vehicles

Gain on disposal of assets comprises profits from disposing of lease vehicles after they are returned from customers. Pickles Auctions Pty Ltd (Pickles) provides auction services for NT Fleet under a disposal contract.

The contract requires Pickles to pay all proceeds of the auction sale into a trust account on the first banking day after completion of the sale. Once all proceeds are deposited pending settlement, Pickles is required to provide a detailed statement of services within 5 working days from the last day of the auction sale. Successful bidders are not provided with vehicles until payments have been made in full. NT Fleet then issues the recipient-created-tax invoices to Pickles and clears the clearing account.

Sale profits or losses are then recognised as a gain or loss on disposal of assets. These transactions neither create performance obligations nor give rise to liabilities for NT Fleet as income is recognised on receipt after vehicles are sold.

NT Fleet's performance obligations are typically satisfied at the time the asset is sold.

6 Other income

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Compensation for impairment	-	503	503	-	-	-
Refund for cancellation of registration	-	195	195	-	123	123
Total other income	-	698	698	-	123	123

Other income

Other income includes refunds for motor vehicle registration cancellations and compensation receipts from agencies with respect to recoverable loss on sales.

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.

Expenses

NT Fleet pays for goods and services on behalf of other agencies and these recoverable expenses primarily include management fees and vehicle repair and maintenance costs.

NT Fleet satisfies performance obligations when the goods or services have been completely delivered. Subsequently, NT Fleet recovers the expenditure from agencies through issuance of invoices, with revenue recognised when payments are received.

7 Purchases of goods and services

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2023 \$000	2022 \$000
Goods and services expenses:		
Contractors and consultants ¹	48	32
Audit fees	48	45
Advertising ²	-	23
Training and study	13	35
Official duty fares	5	1
Travelling allowance	2	1
Information technology charges and communications	979	962
Insurance premiums	1 884	1 269
Motor vehicle expenses	9 255	8 137
Other	1 415	1 432
Total	13 649	11 937

¹ Includes IT contractors and IT consultants.

² Includes recruitment-related advertising costs.

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

8 Interest expense

	2023 \$000	2022 \$000
Interest from lease liabilities	1	4
Total	1	4

Interest expense in 2022-23 and 2021-22 relates to lease liabilities in accordance with AASB 16.

9 Write-offs, postponements, waivers, gifts and ex-gratia payments

Write-off

Write-offs reflect the removal from accounting records of the value of public money or public property owing to, or losses sustained by the Territory or agency. It refers to circumstances 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 forego 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. All ex-gratia payments are 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.

NT Fleet had no write-offs, postponements, waivers, and gifts or ex-gratia payments for the year ended 30 June 2023 or 30 June 2022.

10 Income tax expense

	2023 \$000	2022 \$000
Prima facie income tax expense calculated at 30% of the surplus before income tax	3 762	3 375
Total	3 762	3 375

Assets

Assets are resources controlled by an entity that will provide a future economic benefit.

Assets encompasses cash and deposits, receivables, advances and investments, other financial assets, property, plant and equipment and intangibles.

NT Fleet's primary assets comprises its property, plant and equipment and cash balances.

11 Cash and deposits

	2023 \$000	2022 \$000
Cash on hand	7	3
Cash at bank	17 255	16 022
Total	17 262	16 025

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.

12 Cash flow reconciliation

a) Reconciliation of Cash

The total of NT Fleet's cash and deposits of \$17.3 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

	2023 \$000	2022 \$000
Net surplus	8 777	7 876
Non-cash items:		
Depreciation and amortisation	14 214	16 653
(Gain)/loss on disposal of assets ¹	(6 076)	(6 252)
Changes in assets and liabilities:		
(Decrease)/Increase in receivables and prepayments	(791)	(1 293)
Decrease/(Increase) in payables	223	135
Decrease/(Increase) in provision for employee benefits	45	(38)
Decrease/(Increase) in other provisions	385	862
Decrease/(Increase) in other liabilities	2	-
Net cash from operating activities	16 779	17 943

¹ Net gain on disposal of assets: total gain of \$6,529K less impairment of assets, \$453K.

b) Reconciliation of liabilities arising from financing and investing activities

	CASH FLOWS				NON CASH FLOWS		
	1 July \$000	Payments \$000	Lease liabilities repayments \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2022-23							
Dividends paid	3 938	(3 938)	-	(3 938)	4 388	4 388	4 388
Lease liabilities	200	-	(200)	(200)	-	-	-
Equity injections/ withdrawals	565	-	-	-	-	-	565
Total	4 703	(3 938)	(200)	(4 138)	4 388	4 388	4 953

	CASH FLOWS				NON CASH FLOWS		
	1 July \$000	Payments \$000	Lease liabilities repayments \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2021-22							
Dividends paid	2 933	(2 933)	-	(2 933)	3 938	3 938	3 938
Special dividends	-	(25 000)	-	(25 000)	-	-	-
Lease liabilities	418	-	(218)	(218)	-	-	200
Equity injections/ withdrawals	565	-	-	-	-	-	565
Total	3 916	(27 933)	(218)	(28 151)	3 938	3 938	4 703

c) Non-cash financing and investing activities

Lease transactions

During the financial year, NT Fleet had no right-of-use assets for the leased property, plant and equipment (2022: \$0.20 million).

13 Receivables

	2023 \$000	2022 \$000
Current		
Accounts receivable	255	235
Less: loss allowance	-	-
	255	235
Interest receivables	54	23
Prepayments	2 061	1 658
GST receivables	363	239
Other receivables	986	774
Total receivables	3 719	2 929

Receivables are initially recognised when NT Fleet becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include accounts receivable, accrued 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 NT Fleet estimates are likely to be uncollectible and are considered doubtful.

Based on the assessment, NT Fleet's accounts receivable are 100 per cent collectible.

Accrued contract revenue

Accrued contract revenue arises from contracts with customers where NT Fleet's right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once NT Fleet's rights to payment become 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 is reported as part of other receivables.

NT Fleet has no accrued contract revenue and contract receivables as NT Fleet revenue is recognised under AASB 16 leases and other revenue.

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.

NT Fleet's prepayments mostly comprise commercial insurance policy premiums.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. NT Fleet 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 *Financial Management Act 1995*, 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.

NT Fleet's credit risk exposure has not materially changed due to minimal business disruption experienced as a result of COVID-19. There is no material impact on NT Fleet's expected credit losses due to COVID-19.

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 and reconciliation of loss allowance for receivables as at the reporting date are disclosed below.

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

The loss allowance for receivables and reconciliation as at the reporting date are disclosed below.

Ageing analysis

	2023				2022			
	Gross Receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net Receivables \$000	Gross Receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net Receivables \$000
Internal receivables								
Not overdue	198	-	-	198	13	-	-	13
Overdue for less than 30 days	6	-	-	6	72	-	-	72
Overdue for 30 to 60 days	-	-	-	-	21	-	-	21
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	204	-	-	204	106	-	-	106
External receivables								
Not overdue	51	-	-	51	35	-	-	35
Overdue for less than 30 days	-	-	-	-	94	-	-	94
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables	51	-	-	51	129	-	-	129

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

Reconciliation of loss allowance for receivables

NT Fleet recognised no loss allowance for receivables in 2022-23 and 2021-22 from the assessment of expected credit losses.

14 Advances and investments

NT Fleet had no advances paid, equity accounted investments and investment in shares for the 2022-23 and 2021-22 financial years.

15 NT Fleet as a lessor

Leases under which NT Fleet assumed substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

Finance Leases

At the lease commencement date, NT Fleet recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets at amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease initial direct costs.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

NT Fleet has no finance leases as lessor for the 2022-23 and 2021-22 financial years.

Operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NT Fleet owned vehicles and plant and equipment are leased to general government and non-government agencies under operating lease arrangements with rentals payable monthly. Lease payments include the capital cost, registration fee, administration fee, Automobile Association of the NT (AANT) fee, scheduled repairs and maintenance cost, financing rate and Community Benefit Levy.

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases as at 30 June are as follows:

	2023 \$000	2022 \$000
Not later than 1 year	19 705	21 194
Later than 1 year and not later than 5 years	38 040	39 472
Later than 5 years	1 284	1 807
Total	59 029	62 473

16 Property, plant and equipment

a) Total property, plant and equipment

	2023 \$000	2022 \$000
Motor vehicles – light		
At cost	113 444	111 034
Less: accumulated depreciation	(38 468)	(40 956)
	74 976	70 078
Motor vehicles – heavy		
At cost	49 030	46 801
Less: accumulated depreciation	(25 342)	(25 003)
	23 688	21 798
Leasehold improvement		
At cost	687	203
Less: accumulated depreciation	(133)	(118)
	554	85
Leased property, plant and equipment		
At capitalised cost	785	785
Less: accumulated amortisation	(785)	(589)
	-	196
Total property, plant and equipment	99 219	92 158

Reconciliation of carrying amount of property, plant and equipment

Property, plant and equipment includes right-of-use assets under AASB 16 Leases and service concession assets under AASB 1059. Further information on right-of-use assets is disclosed in Note 17. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of year is set out below:

	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
2022-23					
Carrying amount as at 1 July 2022	70 079	21 798	85	196	92 158
Additions	21 266	6 625	484	-	28 375
Disposals	(6 082)	(513)	-	-	(6 595)
Depreciation expense – asset owned	(9 748)	(3 768)	(15)	-	(13 531)
Amortisation expense – right-of-use asset	-	-	-	(196)	(196)
Impairment losses	(290)	(163)	-	-	(453)
Asset transfers	2 619	519	-	-	3 138
Depreciation transfers	(2 868)	(810)	-	-	(3 678)
Carrying amount as at 30 June 2023	74 976	23 688	554	-	99 219
	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
2021-22					
Carrying amount as at 1 July 2021	66 702	22 558	80	412	89 752
Additions	21 021	4 086	21	-	25 128
Disposals	(7 385)	(1 238)	-	-	(8 623)
Depreciation expense – asset owned	(9 275)	(3 726)	(16)	-	(13 017)
Amortisation expense – right-of-use asset	-	-	-	(216)	(216)
Asset transfers	1 635	509	-	-	2 144
Depreciation transfers	(2 619)	(391)	-	-	(3 010)
Carrying amount as at 30 June 2022	70 079	21 798	85	196	92 158

b) Reconciliation of property, plant and equipment held and used by NT Fleet

A reconciliation of the carrying amount of property, plant and equipment (vehicle) held and used by NT Fleet (Director NT Fleet, Executive Contract Officer) to deliver its outputs and services to the public is set out below.

Director of NT Fleet did not hold an NT Fleet vehicle 2021-22.

	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
2022-23					
Carrying amount as at 1 July 2022	-	-	-	-	-
Additions	35	-	-	-	35
Depreciation/amortisation expense	(2)	-	-	-	(2)
Carrying amount as at 30 June 2023	33	-	-	-	33

c) Reconciliation of property, plant and equipment where the agency is a lessor under operating leases

A reconciliation of the carrying amount of property, plant and equipment where NT Fleet is a lessor under operating leases is set out below. These assets are leased by public and non-government organisations for the purpose of providing services to the community.

	Motor vehicles light \$000	Motor vehicles heavy \$000	Total \$000
2022-23			
Carrying amount as at 1 July 2022	70 079	21 798	91 877
Additions	23 885	7 144	31 029
Disposals	(6 082)	(513)	(6 595)
Depreciation/amortisation expense	(12 616)	(4 578)	(17 194)
Impairment losses	(290)	(163)	(453)
Carrying amount as at 30 June 2023	74 976	23 688	98 664

	Motor vehicles light \$000	Motor vehicles heavy \$000	Total \$000
2021-22			
Carrying amount as at 1 July 2021	66 723	22 558	89 281
Additions	22 656	4 595	27 251
Disposals	(7 385)	(1 238)	(8 623)
Depreciation/amortisation expense	(11 915)	(4 117)	(16 032)
Impairment losses	-	-	-
Carrying amount as at 30 June 2022	70 079	21 798	91 877

Acquisitions

Property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other accounting standards.

All 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.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

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

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to NT Fleet in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and separately depreciated over their expected useful lives.

Construction (work in progress)

As part of the financial management framework, Department of Infrastructure, Planning and Logistics (DIPL) is responsible for managing general government capital works projects on a whole of government basis. NT Fleet's capital works are managed by DIPL and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to NT Fleet.

Revaluations and impairment

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

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

An impairment loss is recognised in expenses when a loss on sale is recoverable from an agency in a case of damage or loss of the leased asset.

Depreciation and amortisation expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Vehicles – light	4-5 years	4-5 years
Vehicles – heavy	5-10 years	5-10 years
Leasehold improvements	10 years	10 years
Right-of-use assets	Lease term	Lease term

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 disclosed above includes the useful lives of right-of-use assets under AASB 16.

17 NT Fleet as a lessee

NT Fleet leases office accommodation, with the lease contract made for a fixed period of 20 years. The contract is managed by the Northern Territory Government to whom NT Fleet makes monthly lease payments. The agreement expired on 30 June 2023 and it is uncertain whether a similar agreement will be made.

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain the leases will be entered into a new agreement.

NT Fleet did not hold low value assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement.

Right-of-use assets

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 16.

	Buildings \$000	Plant and equipment \$000	Total \$000
2022-23			
Balance as at 1 July 2022	196	-	196
Depreciation expense	(196)	-	(196)
Carrying amount as at 30 June 2023	-	-	-
	Buildings \$000	Plant and equipment \$000	Total \$000
2021-22			
Balance as at 1 July 2021	393	19	412
Additions	-	-	-
Depreciation expense	(197)	(19)	(216)
Carrying amount as at 30 June 2022	196	-	196

The following amounts were recognised in the statement of comprehensive income for the year in respect of leases where NT Fleet is the lessee:

	2023 \$000	2022 \$000
Depreciation expense of right-of-use assets	(196)	(216)
Interest expense on lease liabilities	(1)	(4)
Income from subleasing right-of-use assets	-	24
Total amount recognised in the comprehensive operating statement	(197)	(196)

Recognition and Measurement

NT Fleet assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NT Fleet recognises lease liabilities 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.

NT Fleet recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2023	2022
Building	10 years	10 years
Transport equipment	2 to 4 years	2 to 4 years

18 Intangibles

a) Total intangibles

	2023 \$000	2022 \$000
Intangibles with a finite useful life		
Computer software		
Gross carrying amount	5 371	4 766
Less: accumulated amortisation	(2 322)	(1 835)
Carrying amount at 30 June	3 049	2 931
Total intangibles	3 049	2 931

NT Fleet capitalised enhancements made to Fleet Business Systems in 2022-23 and 2021-22.

Intangible assets for NT Fleet are comprised of computer software.

NT Fleet recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the costs of the asset can be measured reliably. Where an asset is acquired at no or nominal cost, the cost is the fair value as at the date of acquisition.

Intangible assets arising from configuration and customisation costs for an application software in a Software-as-a-Service (SaaS) arrangement are only recognised where the services create a separately identifiable software code from which the agency has the power to both obtain the future economic benefits and restrict others' access to those benefits.

Intangible assets for NT Fleet are stated at historical cost less depreciation, which is deemed to equate to fair value.

Intangibles with limited useful lives are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised.

The estimated useful lives for finite intangible assets are determined in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Computer software	2 to 10 years	2 to 10 years

As the historical cost less amortisation is deemed to equate to fair value, no impairment was recognised for the year ended 30 June 2023.

b) Reconciliation of carrying amount of intangibles

	Computer software \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
2022-23				
Intangibles with a finite useful life				
Carrying amount at 1 July 2022	2 931	-	-	2 931
Additions	605	-	-	605
Amortisation	(487)	-	-	(487)
Carrying amount as at 30 June 2023	3 049	-	-	3 049
	Computer software \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
2021-22				
Intangibles with a finite useful life				
Carrying amount at 1 July 2021	2 684	-	-	2 684
Additions	656	-	-	656
Amortisation	(409)	-	-	(409)
Carrying amount as at 30 June 2022	2 931	-	-	2 931

19 Assets Held for Sale

	2023 \$000	2022 \$000
Motor vehicles – light	1 127	879
Motor vehicles – heavy	395	104
Total assets held for sale	1 522	983

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probable within one year from the date of classification.

These assets are measured at the asset's carrying amount. The carrying amounts of these financial assets and liabilities approximates their fair value. These assets are not depreciated. Non-current assets held for sale have been recognised in the Financial Statements as current assets which equate to fair values.

Liabilities

Liabilities are present obligations of an entity that arise from past events, the settlement of which is expected to result in an outflow of resources or economic benefits.

Liabilities encompasses payables, accrued expenses, employee benefit liabilities, provisions and lease liabilities.

NT Fleet's primary liabilities comprises its payables, provisions and income tax liabilities.

20 Payables

	2023 \$000	2022 \$000
Accounts payable	5 061	539
Accrued salaries and wages	45	35
Other accrued expenses	590	446
Other payables	-	-
Total payables	5 696	1 021

Liabilities for accounts payable and other amounts payable are carried at 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 NT Fleet.

Accounts payable are normally settled within 20 days from the receipt of a valid invoice for 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.

21 Lease liabilities

	2023 \$000	2022 \$000
Current		
Lease liabilities	-	200
Non-current		
Lease liabilities	-	-
Total lease liabilities	-	200

At the commencement date of the lease where NT Fleet is the lessee, NT Fleet recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by NT Fleet
- payments of penalties for terminating the lease, if the lease term reflects NT Fleet exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate 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.

The 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 NT Fleet'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.

The following table presents liabilities under leases.

	2023 \$000	2022 \$000
Adjusted balance at 1 July	200	418
Additions/re-measurements		
Interest expenses	1	4
Payments	(201)	(222)
Balance at 30 June	-	200

NT Fleet had total cash outflows for leases of \$201,726 in 2023 (\$222,000 in 2022).

NT Fleet had no future minimum lease payments under non-cancellable leases not recorded as liability for 2022-23 and 2021-22.

22 Income tax liabilities

	2023 \$000	2022 \$000
Income tax liabilities	3 762	3 375
Income tax liabilities	3 762	3 375

23 Provisions

	2023 \$000	2022 \$000
Current		
Employee benefits		
Recreation leave	218	177
Leave loading	33	30
Other employee benefits	-	-
Other current provisions		
Provision for dividends	4 389	3 937
Provision for fringe benefits tax	-	2
Provision for superannuation	32	36
Provision for payroll tax	16	13
Total provisions	4 688	4 195

Reconciliations of provision for dividends

Balance as at 1 July	3 937	2 933
Additional provisions recognised	4 389	3 937
Reductions arising from payments	(3 937)	(2 933)
Balance as at 30 June	4 389	3 937

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, 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 NT Fleet and therefore no long service leave liability is recognised within these Financial Statements.

NT Fleet employed 20 employees as at 30 June 2023 (19 employees as at 30 June 2022).

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.

NT Fleet 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 NT Fleet's Financial Statements.

24 Commitments

Commitments represent future obligations or cash outflows that can be reliably measured and arise out of a contractual arrangement and typically binds the agency to performance conditions. Commitments are not recognised as liabilities on the balance sheet.

Commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached.

Internal commitments reflect commitments with entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External commitments reflect those to third parties which are external to the Northern Territory Government.

Disclosures in relation to capital and other commitments are detailed below.

a) Capital expenditure commitments¹

Capital expenditure commitments primarily relate to vehicles ordered. These contracts are expected to be payable as follows:

	2023		2022	
	Internal \$000	External ¹ \$000	Internal \$000	External \$000
Not later than 1 year	-	23 444	-	8 718
Later than 1 year and not later than 5 years	-	24 624	-	18 043
Later than 5 years	-	-	-	-
Total capital expenditure commitments (exclusive of GST)	-	48 068	-	26 761
Plus: GST recoverable	-	4 807	-	2 676
Total capital expenditure commitments (inclusive of GST)	-	52 875	-	29 437

¹ Excludes amounts recognised as unearned revenue in the agency's financial records.

b) Other non-cancellable contract commitments

NT Fleet have no other non-cancellable contract commitments.

25 Equity

Equity represents the residual interest in the net assets of NT Fleet. The Northern Territory Government's ownership interest in NT Fleet is held in the Central Holding Authority.

	2023 \$000	2022 \$000
Capital		
Balance as at 1 July	565	565
Balance as at 30 June	565	565
Accumulated funds		
Balance as at 1 July	105 669	126 731
Surplus for the period	8 777	7 876
Dividends payable	(4 389)	(28 938)
Balance as at 30 June	110 057	105 669
Total Equity	110 622	106 234

26 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.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

NT Fleet recognises its vehicles, leasehold improvements and computer software at cost less depreciation and amortisation. The carrying amounts of these financial assets and liabilities approximates their fair value.

27 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.

Financial assets and liabilities are recognised on the Balance Sheet when NT Fleet becomes a party to the contractual provisions of the financial instrument. NT Fleet's financial instruments include cash and deposits, receivables, payables and finance lease liabilities.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments: Presentation. These include statutory receivables arising from taxes including GST and penalties.

NT Fleet 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 NT Fleet's financial assets and liabilities by category are disclosed in the table below.

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2022-23					
Cash and deposits	-	-	17 262	-	17 262
Receivables ¹	-	-	255	-	255
Total financial assets	-	-	17 517	-	17 517
Payables ¹	-	-	5 061	-	5 061
Lease liabilities	-	-	-	-	-
Total financial liabilities	-	-	5 061	-	5 061

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

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2021-22					
Cash and deposits	-	-	16 025	-	16 025
Receivables ¹	-	-	235	-	235
Total financial assets	-	-	16 260	-	16 260
Payables ¹	-	-	539	-	539
Lease liabilities	-	-	200	-	200
Total financial liabilities	-	-	739	-	739

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

Categories of financial instruments

NT Fleet's financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost.

Financial liabilities are classified under the following categories:

- amortised cost.

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by NT Fleet to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. NT Fleet's financial assets categorised at amortised cost include receivables and lease receivables.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. NT Fleet's financial liabilities categorised at amortised cost include all accounts payable, deposits held, 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.

NT Fleet has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, NT Fleet has adopted a policy of only dealing with credit worthy 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 NT Fleet'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 13.

c) Liquidity risk

Liquidity risk is the risk NT Fleet will not be able to meet its financial obligations as they fall due. NT Fleet'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 NT Fleet's bank account to meet various current employee and supplier liabilities. NT Fleet'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 NT Fleet's ability to meet its financial obligations.

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

Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2022-23					
Liabilities					
Payables ¹	5 061	5 061	-	-	5 061
Lease liabilities	-	-	-	-	-
Total financial liabilities	5 061	5 061	-	-	5 061

¹Amounts disclosed exclude statutory amounts and accruals (such as AOTA, 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.

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2021-22					
Liabilities					
Payables ¹	539	539	-	-	539
Lease liabilities	200	200	-	-	200
Total financial liabilities	739	739	-	-	739

¹Amounts disclosed exclude statutory amounts and accruals (such as AOTA, 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.

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.

NT Fleet has limited exposure to interest rate risk as NT Fleet's financial assets and financial liabilities, are non-interest bearing. Finance lease arrangements are established on a fixed interest rate and as such do not expose NT Fleet to interest rate risk.

Sensitivity analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the NT Fleet's profit or loss and equity.

	100 basis points \$000
30 June 2023	
Financial assets – cash at bank	±173
Net sensitivity	±173
30 June 2022	
Financial assets – cash at bank	±160
Net sensitivity	±160

(ii) Price risk

NT Fleet is not exposed to price risk as NT Fleet does not hold any financial assets with this risk.

(iii) Currency risk

Credit risk refers to the risk a counterparty will default on its contractual obligations, resulting in financial loss to the agency.

NT Fleet is not exposed to currency risk as NT Fleet does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

Borrowings and capital purchases

NT Fleet had no borrowings and capital purchases subject to currency risk.

28 Related parties

i) Related parties

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

- the portfolio minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of NT Fleet 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 KMPs or the portfolio minister, or controlled or jointly controlled by their close family members.

ii) Key management personnel (KMP)

KMP of NT Fleet are those persons having authority and responsibility for planning, directing and controlling the activities of NT Fleet. These include:

- Ngaree Ah Kit, Minister for Corporate and Digital Development
- Chris Hosking, Chief Executive Officer of DCDD
- Lisa Watson, Deputy Chief Executive Officer of DCDD
- Wayne Sanderson, Director, NT Fleet
- Rex Schoolmeester, Chief Financial Officer, DCDD.

iii) Remuneration of key management personnel

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

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

	2023 \$000	2022 \$000
Short-term benefits	195	162
Post-employment benefits	27	9
Long-term benefits	-	-
Termination benefits	-	-
Total	222	171

iv) Related party transactions

Transactions with Northern Territory Government controlled entities

NT Fleet's primary ongoing source of funding is received from the Northern Territory Government controlled entities.

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

2022-23

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	34 984	8 806	1 207	8 561

2021-22

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	34 207	7 699	875	7 472

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

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern 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. There were no other related party transactions to be reported.

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

29 Contingent liabilities and contingent assets

NT Fleet had no material contingent liabilities or contingent assets as at 30 June 2023 and 30 June 2022.

30 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.

31 Budgetary information

The following tables present the variation between the 2022-23 original budgeted financial statements, as reported in 2022-23 *Budget Paper No. 3 Agency Budget Statements*, and the 2022-23 actual amounts reported in the financial statements, together with explanations for significant variations.

Comprehensive Operating Statement

	Note	2023 Actual \$'000	2023 Original budget \$'000	Variance \$'000
INCOME				
Sales of goods and services		35 177	34 890	287
Interest revenue	1	556	44	512
Gain on disposal of assets	2	6 529	4 910	1 619
Other income	3	698	140	558
TOTAL INCOME		42 960	39 984	2 976
EXPENSES				
Employee expenses		1 988	2 000	12
Administrative expenses				
Property management	4	116	278	162
Purchases of goods and services	5	13 649	12 687	(962)
Depreciation and amortisation	6	14 214	17 202	2 988
Other administrative expenses	7	453	-	(453)
Interest expenses		1	-	(1)
TOTAL EXPENSES		30 421	32 167	1 746
NET SURPLUS/(DEFICIT)		12 539	7 817	4 722
COMPREHENSIVE RESULT		12 539	7 817	4 722

Notes:

1. Significantly higher due to increased interest rates on cash balances.
2. Increase relates to higher number of vehicles sold at higher sale prices at auctions.
3. Significant increase due to recognising the loss on sales recovered from agencies as compensation income starting from this reporting period.
4. Decrease in property management expenses attributed to an adjustment in reporting of property leases under AASB 16.
5. Increase mainly relates to increased vehicle repairs and maintenance expenses.
6. Significant decrease due to extension of lease periods of light vehicles and revision of lease rates in July 2022 after the lease rate review.
7. Asset impairment expenses relates to the unbudgeted losses on sales.

Balance Sheet

	Note	2023 Actual \$'000	2023 Original budget \$'000	Variance \$'000
ASSETS				
Current assets				
Cash and deposits	1	17 262	20 190	(2 928)
Receivables and prepayments	2	3 719	1 637	2 082
Assets held for sale	3	1 522	726	796
Total current assets		22 503	22 553	(50)
Non-current assets				
Property, plant and equipment	4	99 219	88 918	10 301
Intangibles		3 049	3 004	45
Total non-current assets		102 268	91 922	10 346
TOTAL ASSETS		124 771	114 475	10 296
LIABILITIES				
Current liabilities				
Payables	5	5 696	751	(4 945)
Unearned Revenue		3	-	(3)
Income tax liabilities	6	3 762	2 345	(1 417)
Provisions	7	4 688	3 029	(1 659)
Lease liabilities		-	198	198
Total current liabilities		14 149	6 323	(7 826)
Non-current liabilities				
Lease liabilities	8	-	200	200
Total non-current liabilities		-	200	200
TOTAL LIABILITIES		14 149	6 523	(7 626)
NET ASSETS		110 622	107 952	2 670
EQUITY				
Capital		565	565	-
Dividends paid/payable	7	(4 389)	(2 736)	(1 653)
Accumulated funds		105 669	104 651	1 018
Current year surplus		8 777	5 472	3 305
TOTAL EQUITY	9	110 622	107 952	2 670

Notes:

1. Lower cash and deposit due to a one-off special dividend paid to NT Treasury in 2021-22.
2. Increase mainly related to prepayments on motor vehicle registration fees for light vehicles having a common expiry date.
3. Assets held for sale originally included in the non-current assets budget.
4. Variance is due to higher than expected number of vehicles acquired.
5. Increased payables due to higher than anticipated accrued expenses for vehicles delivered in June 2023.
6. Higher income tax resulted from an improved operating result.
7. Higher provisions due to increased dividend provision.
8. No liability as property lease expired on 30 June 2023.
9. Higher operating income compounded by lower operating expenses.

Cash Flow Statement

	Note	2023 Actual \$'000	2023 Original budget \$'000	Variance \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	1	35 644	35 030	614
GST receipts	2	4 868	-	4 868
Interest received	3	527	44	483
Total operating receipts		41 039	35 074	5 965
Operating payments				
Payments to employees		(1 942)	(2 000)	58
Payments for goods and services	4	(13 950)	(12 965)	(985)
GST Payments	2	(4 992)	-	(4 992)
Income tax paid	5	(3 375)	(2 504)	(871)
Interest paid		(1)	-	(1)
Total operating payments		(24 260)	(17 469)	(6 791)
Net cash from/(used in) operating activities		16 779	17 605	(826)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Proceeds from asset sales	6	13 124	15 500	(2 376)
Total investing receipts		13 124	15 500	(2 376)
Investing payments				
Purchases of assets	7	(24 528)	(27 000)	2 472
Total investing payments		(24 528)	(27 000)	2 472
Net cash from/(used in) investing activities		(11 404)	(11 500)	96
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing payments				
Lease payments	8	(200)	-	(200)
Dividends paid	9	(3 938)	(2 921)	(1 017)
Total financing payments		(4 138)	(2 921)	(1 217)
Net cash from/(used in) financing activities		(4 138)	(2 921)	(1 217)
Net increase/(decrease) in cash held		1 237	3 184	(1 947)
Cash at beginning of financial year		16 025	17 006	(981)
CASH AT END OF FINANCIAL YEAR		17 262	20 190	(2 928)

Notes:

1. Increase due to higher number of vehicles managed in the reporting year.
2. GST receipts and payments not included in original budget.
3. Significantly higher due to increased interest rates on cash balances.
4. Increase mainly relates to motor vehicle registration fees including third-party insurance costs resulting from a new policy having a common expiry date for light vehicles.
5. Increase resulted from an improved operating result.
6. Decrease is due to lower than anticipated number of vehicles disposed.
7. Decrease relates to delays in delivery of vehicles.
8. Higher than anticipated finance lease payments in relation to property leases.
9. Higher dividends due to a one-off special dividend payment to NT Treasury in 2021-22.