



CanDeliver Limited

ACN 079 815 357

Annual Report

1999-2000

(in members' voluntary liquidation)

Australian Capital Territory

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Letter to the Minister

Gary Humphries MLA
Deputy Chief Minister, Treasurer,
Attorney-General and Minister for
Justice and Community Safety
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Minister

The attached Annual Report has been prepared under paragraph 8(5)(a) of the *Annual Reports (Government Agencies) Act 1995* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions and the *Territory Owned Corporations Act 1990*. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by CanDeliver.

I hereby certify that the attached Annual Report is an honest and accurate account of the operations of CanDeliver during the period 1 July 1999 to 30 June 2000 and that it complies with the Chief Minister's Annual Report Directions.

Section 14 of the *Annual Reports (Government Agencies) Act 1995* requires that you cause a copy of the Report to be laid before the ACT Legislative Assembly within six sitting days of receiving the Report.

Yours sincerely

David Lamont
Chairman

Chairman's report

In accordance with Section 22 of the *Territory Owned Corporations Act 1990* it is my responsibility to report on CanDeliver's performance.

While CanDeliver continued to develop its markets and to improve its financial status the business continued to operate at a loss. Anticipated activity in the Commonwealth Government sector for the outsourcing of services did not eventuate. There was also often significant delay between the time of submitting a tender until the time when income commenced flowing. This coupled with the lack of market activity, the high overheads of operating a Government enterprise and the low margins possible, meant that CanDeliver would not break even for some considerable time.

For these reasons the Board decided to recommend to the Shareholders that the company's business operations should be discontinued. In making this decision the Board intention was to ensure that disruption to clients was minimised.

The members of the Board agreed with the ACT Legislative Assembly's decision to, in the first instance, offer the contracts to CanDeliver's business centre operator, Rel Corp Management Services Pty Ltd (Rel Corp) provided a fair value could be agreed. This was achieved and Rel Corp commenced operating the business on 1 January 2000. The sale was later completed with all contracts signed on 24 May 2000.

In my opinion the business will benefit significantly from being in the private sector, without the burden of the costs associated with operating as a Government business.

The Board would like to thank Rel Corp for the support they provided to CanDeliver, managing its business centre and wish them well in their future business undertakings. They must be congratulated for their staff's commitment to ensuring that this sale did not disrupt client relationships and service levels.

I would also like to thank the Board and staff of CanDeliver for their continued perseverance and commitment to achieving the most effective outcome for the Government.

David Lamont
Chairman

VISION

To be a major contributor to a prosperous regional business sector

MISSION

To facilitate and secure additional business opportunities for local service providers

Objectives

CanDeliver Limited was a public company, incorporated on 22 September 1997 under Corporations Law and the *Territory Owned Corporations Act 1990* (TOC Act), commencing trading on 1 October 1997. CanDeliver's main undertakings were sold to Rel Corp on 24 May 2000 and the company entered into a members' voluntary liquidation on 30 June 2000 to wind up the company.

After the ACT Legislative Assembly decided to dispose of the business in early December 1999 the Board's main objectives were to:

- ensure minimum disruption to clients; and
- achieve value for money for Government in the assignment and sale of its contracts.

Our services

CanDeliver was a prime contracting organisation providing a range of prime contracting and contract management services primarily to Government clients

Key achievements and highlights

At the Annual General Meeting on 9 November 1999 it was agreed that a review would be undertaken to consider the possibility of discontinuing the company's business operations. The Board agreed to look at options and make recommendations to the Government by mid November 1999.

Following this, on 25 November 1999 the Government agreed to:

- seek the agreement of the ACT Legislative Assembly to the disposal of CanDeliver's main undertakings;
- subject to the agreement of the Legislative Assembly, the disposal of the main undertakings of CanDeliver by assigning or selling the contracts to the existing subcontractors at a fair value; and
- the Board of CanDeliver undertaking the disposal process with assistance from the Departments of Treasury and Infrastructure and Justice and Community Safety.

It was the Government's intention that, in the first instance, all contracts should be offered to CanDeliver's existing business centre operator, Rel Corp Management Services Pty Ltd, to minimise disruption to clients and staff.

On 9 December 1999 in accordance with subsection 16(4) of the *Territory Owned Corporations Act (1990)* the ACT Legislative Assembly agreed by resolution to proceed with the disposal of the main undertakings of CanDeliver, subject to a fair market price being negotiated. This decision gave due consideration to maintaining value to the Territory and minimising disruption to CanDeliver's clients.

Organisational structure and corporate governance

The Board

CanDeliver's Board had responsibility for management control and direction, subject to any limitations on their power contained in the Constitution. All decisions relating to the operation of CanDeliver were made by or under the authority of the directors, in accordance with CanDeliver's Statement of Corporate Intent.

Directors of CanDeliver carried out the full range of duties and obligations required by Corporations Law and have additional obligations imposed by the *Territory Owned Corporations Act 1990*. As well as attending regular scheduled Board meetings they were expected to participate in public affairs functions.

Business Centre

While a small management team operated in CanDeliver, management of the company's business centre, the prime contracting role and all service delivery was outsourced to the ACT private sector. CanDeliver had a service agreement with RelCorp Management Services Pty Ltd to manage the business centre responsible for business development, bid preparation activities, prime contracting and contract management.

CanDeliver and its business centre had independent financial accounting and reporting systems to ensure independent control and accountability mechanisms were in place. All contracts were with CanDeliver Limited but were administered through the business centre and performance was assessed regularly by both financial and other performance management measures.

As part of the sale negotiations it was agreed that Rel Corp would take over the running of the business from 1 January 2000.

Operational activities

Staffing

The Managing Director was supported by an executive officer and an accountant, and was responsible for the management of the company, management of the Centre operator's contract supporting the CanDeliver Board and reporting to the Government. The Managing Director resigned on 1 November 1999.

As at 30 June 2000 CanDeliver had no staff working for the company.

Workers' Compensation was arranged for the company. No compensation claims existed for the 1999-2000 financial year.

Asset management strategy

The company had a four-year accommodation lease on level 2, 3 Hobart Place, Canberra City commencing occupation in July 1998.

Statutory requirements

Territory Owned Corporations Act 1990

CanDeliver Limited is required under section 22(2)(e) of the *Territory Owned Corporations Act 1990* to include in its annual report an assessment of the company's performance in relation to the targets and performance measures set out in CanDeliver's Statement of Corporate Intent.

Section 22(2)(f) of the *Territory Owned Corporations Act 1990* requires corporations to report on any directions given by the voting shareholders under section 17 of the Act. During the reporting period no directions were issued under section 17.

Territory Owned Corporations (Amendment) Act 1999 No.10

The Act took effect on 23 June 1999 and requires the Minister to consult with an ACT Legislative Assembly committee when there is a change to the company's directors. There were no new members of the Board in 1999-2000. The Managing Director resigned on 1 November 2000 and another director resigned on 27 June 2000 and neither was replaced.

Public Interest Disclosure Act 1994

Under the *Public Interest Disclosure Act 1994* the company is required to include information in its Annual Report in regard to public interest disclosures it receives and handles. The company received no public interest disclosures during the year.

PERFORMANCE AGAINST 1999-00 TARGETS

PERFORMANCE MEASURES	1999-00 Target	Achieved by 30 June 2000
<i>Financial targets</i>		
<ul style="list-style-type: none"> • Monthly gross revenues 	Average of \$195,000 by December 1999	<ul style="list-style-type: none"> • Target achieved. An average of \$209,000 to December 1999
<ul style="list-style-type: none"> • Monthly gross revenues 	Minimum of \$540,000 by June 2000	<ul style="list-style-type: none"> • Not achieved. Business ceased to operate 1 January 2000
<ul style="list-style-type: none"> • Operating profit after tax equivalents and after abnormal revenue 	\$956,000 from 1999-00	<ul style="list-style-type: none"> • Achieved. Operating result after tax equivalents and after abnormal items for the year was \$1,081,985
<i>Service delivery targets</i>		
<ul style="list-style-type: none"> • Client delivery, cost and quality targets achieved 	At least 90%	<ul style="list-style-type: none"> • 90%
<ul style="list-style-type: none"> • Client complaints and help line calls resolved within two working days 	At least 75%	<ul style="list-style-type: none"> • 90%
<ul style="list-style-type: none"> • Clients satisfied with service based on results obtained from appropriate feedback mechanisms 	100%	<ul style="list-style-type: none"> • 100%
<i>Customer targets</i>		
<ul style="list-style-type: none"> • % service delivery provided by locally based businesses 	100%	<ul style="list-style-type: none"> • Achieved
<ul style="list-style-type: none"> • Value of contracts (one-off and ongoing payments) 	\$3,715,000 (target revenue to 30 June 2000)	<ul style="list-style-type: none"> • On target - achieved \$1,275,000 revenue • Business ceased to operate from 1 January 2000
<ul style="list-style-type: none"> • %/number of bids successful 	20% bids	<ul style="list-style-type: none"> • Not achieved

Key performance indicators

	Planned 1999-2000	Actual 1999-2000
PROFITABILITY		
Return on assets	(149.17)%	333%
Return on equity	(1,826.53)%	628%
Profit margin	(24.09)%	14.26%
LIQUIDITY		
Current ratio	1.04	2.10
Cash position	0.36	0.55
Receivables turnover	10.58	14.96
FINANCIAL STABILITY		
Debt ratio	0.93	0.47
Capital ratio	12.33	0.89
DEBT		
Debt coverage	N/A	N/A

The operating profit after income tax equivalents and extraordinary items of the company for the financial period ending 30 June 2000 was \$1,081,985.

Outlook

As forecasted in the 2000-2001 Budget Papers CanDeliver's main undertakings were sold to Rel Corp on 24 May 2000 and the company entered into a members' voluntary liquidation on 30 June 2000 with the view of winding up the company. It is expected that the formal administration will be finalised in December 2000 and the company will be deregistered three months from that time.

CANDELIVER LIMITED

ACN 079 815 357

2000 ANNUAL REPORT

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CANDELIVER LIMITED

COMPANY PARTICULARS

Directors	Colin David Lamont Peter Frederick Fairburn Amanda Johanne Thomas-Westende	Chairman Deputy Chairman
Secretary	Amanda Johanne Thomas-Westende	
Principal Place of Business	Ferrier Hodgson 12 Moore Street CANBERRA ACT 2600	
Postal Address	GPO Box 1129 CANBERRA ACT 2601	
Registered Office	Minter Ellison Level 9 15 London Circuit CANBERRA CITY ACT 2601	
Auditors	ACT Auditor General Scala House, 11 Torrens Street, BRADDON ACT 2601	
Solicitor	Minter Ellison Level 9, 15 London Circuit CANBERRA CITY ACT 2601	
Bankers	Reserve Bank of Australia 20-22 London Circuit CANBERRA CITY ACT 2601 Commonwealth Bank of Australia London Circuit & Ainslie Avenue CANBERRA CITY ACT 2601	

CANDELIVER LIMITED

DIRECTORS' REPORT

Your directors submit their report for the period ending 30 June 2000.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report:

C D Lamont
P F Fairburn
A J Thomas-Westende

JM Carr was a director from the beginning of the financial year until her resignation on 1 November 1999.

S J Byron was a director from the beginning of the financial year until his resignation on 27 June 2000.

Principal Activities

The principal activity of the company during the financial year was to bid for large public sector out-sourcing of corporate service contracts using local business firms in a consortia to be involved in bids that would otherwise be beyond their capacity.

However, the business was sold on 25 May 2000 and the company ceased to trade at that date.

The company entered into a members voluntary liquidation on 30 June 2000 with the view of winding up the company.

Trading Results

The operating profit after income tax equivalents and extraordinary items of the company for the financial period ending 30 June 2000 was \$1,081,985 (1999 loss \$790,031)

Dividends

The directors recommend that no dividend be declared for the year under review.

Review of Operations

The company sold the business during the year and ceased to trade on 25 May 2000. The company entered into a members voluntary liquidation on 30 June 2000 with the view of winding up the company.

A summary of revenues and results is set out below:

	2000	2000	1999	1999
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Prime Contracting	1,275,322	182,837	1,117,353	106,984
Other	12,409	12,409	324,312	324,312
	<u>1,287,731</u>	<u>195,246</u>	<u>1,441,665</u>	<u>431,296</u>
Less: Unallocated expenses		717,077		1,221,327
Operating profit/(loss)		(521,831)		(790,031)
Income tax equivalent attributable to operating profit/(loss)		0		0
Operating profit/(loss) after income tax equivalent		(521,831)		(790,031)
Profit on extraordinary items before income tax equivalent		1,603,816		0
Income tax equivalent attributable to profit on extraordinary items		0		0
Profit on extraordinary items after income tax equivalent		1,603,816		0
Operating profit/(loss) and extraordinary items after income tax equivalent		<u>1,081,985</u>		<u>(790,031)</u>

CANDELIVER LIMITED

DIRECTORS' REPORT

State of Affairs

The company sold the business during the year and ceased to trade on 25 May 2000. The company entered into a members' voluntary liquidation on 30 June 2000 with the view of winding up the company.

Significant Events After the Balance Date

Matters or circumstances have not arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent years.

Likely Developments and Expected Results of Operations

It is expected that the formal administration will be finalised in December 2000 and the company will be deregistered.

Information on Directors

Director	Experience	Special Responsibilities	Particulars of Directors' Interests*
C D Lamont	Non-executive director Previously Deputy Chief Minister in the ACT Legislative Assembly Director of a public company involved in the insurance industry	Chairperson	-
P F Fairburn	Non-executive director Director of a public company involved in delivering specialist supplies and advice in the concrete, building, construction and refuse industries over the last 27 years	Deputy Chairperson	-
A J Thomas- Westende	Non-executive director Director of a number of public companies involved in private investment and the manufacturing and marketing of office furniture over the last 20 years	Company Secretary	-

* Share capital of five \$1.00 ordinary shares including two voting and three non-voting shares are held by ACTG shareholders on trust for the ACT.

Voting shares are held by the Chief Minister and another Minister authorised under subsection 13(1) of the *Territory Owned Corporations Act 1990*.

Directors' Benefits

During or since the financial year no director of the company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the accounts or a fixed salary as a full time employee, by reason of a contract entered into by the company or a body corporate that was related to the company when the contract was made or when the directors received, or become entitled to receive, the benefit with:

- a director, or
- a firm of which the director is a member, or
- an entity in which a director has a substantial financial interest.

CANDELIVER LIMITED

DIRECTORS' REPORT

Meetings of Directors

The number of meetings of the company's directors (including meetings of committees of directors) held during the period ending 30 June 2000, and the number of meetings attended by each director were:

	Full Meetings Of Directors
Number of meetings held	8
Number of meetings attended by:	
C D Lamont	8
P F Fairburn	8
J M Carr (retired 1 November 1999 - 3 meetings while a director)	3
S J Byron (retired 27 June 2000 - 8 meetings while a director)	8
A J Thomas-Westende	8

Indemnification and Insurance of Directors

During the financial year, the company paid a premium of \$39,681 to insure the directors of the company.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the directors in their capacity as directors of the company.

Signed in accordance with a resolution of the directors.

For and on behalf of the Board.

CD Lamont
Chairperson
October 2000

CANDELIVER LIMITED

PROFIT AND LOSS STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

	<i>Note</i>	<i>2000</i> \$	<i>1999</i> \$
Revenue from operating activities	2	1,275,322	1,437,027
Revenue from outside the operating activities	2	<u>14,644</u>	<u>4,638</u>
Total revenue	2	<u><u>1,289,966</u></u>	<u><u>1,441,665</u></u>
Operating profit/(loss) before extraordinary items and income tax equivalent	3	(521,831)	(790,031)
Income tax equivalent attributable to operating profit/(loss)	5	<u>0</u>	<u>0</u>
Operating profit/(loss) after income tax equivalent		<u>(521,831)</u>	<u>(790,031)</u>
Profit on extraordinary items before income tax equivalent	4	1,603,816	0
Income tax equivalent attributable to profit on extraordinary items		<u>0</u>	<u>0</u>
Profit on extraordinary items after income tax equivalent		<u>1,603,816</u>	<u>0</u>
Operating profit/(loss) and extraordinary items after income tax equivalent		1,081,985	(790,031)
Retained profits at the beginning of the financial year		<u>(909,695)</u>	<u>(119,664)</u>
Total available for appropriation		<u>172,290</u>	<u>(909,695)</u>
Dividends paid		<u>0</u>	<u>0</u>
Accumulated profits/(losses) at the end of the financial year		<u><u>172,290</u></u>	<u><u>(909,695)</u></u>

The accompanying notes form part of these financial statements.

CANDELIVER LIMITED

BALANCE SHEET AS AT 30 JUNE 2000

	<i>Note</i>	<i>2000</i> \$	<i>1999</i> \$
Current Assets			
Cash		178,533	148,858
Receivables	6	85,189	125,953
Other	7	61,698	50,627
Total Current Assets		325,420	325,438
Non Current Assets			
Receivables	8	0	11,416
Property, plant and Equipment	9	0	5,988
Total Non Current Assets		0	17,404
Total Assets		325,420	342,842
Current Liabilities			
Creditors and borrowings	10	153,125	295,762
Provisions	11	0	87,707
Total Current Liabilities		153,125	383,469
Non Current Liabilities			
Creditors and borrowings	12	0	869,063
Total Non Current Liabilities		0	869,063
Total Liabilities		153,125	1,252,532
Net Assets		172,295	(909,690)
Shareholders' Equity			
Share capital	13	5	5
Accumulated losses	14	172,290	(909,695)
Total Shareholders' Equity		172,295	(909,690)

The accompanying notes form part of these financial statements.

CANDELIVER LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING 30 JUNE 2000

	<i>Note</i>	2000 \$	1999 \$
Cash Flows from Operating Activities			
Receipts from customers		1,295,738	1,415,958
Extraordinary items		819,380	0
Payments to suppliers and employees		<u>(2,078,914)</u>	<u>(2,175,570)</u>
		36,204	(759,612)
Interest received		12,560	4,773
Borrowing costs		<u>(21,469)</u>	<u>(1,147)</u>
Net Cash inflow/(outflow) from operating activities	15	<u>27,295</u>	<u>(755,986)</u>
Cash Flows from Investing Activities			
Proceeds from sale of plant & equipment		2,880	
Payments for property, plant and equipment		<u>(500)</u>	<u>(6,610)</u>
Net Cash inflow/(outflow) from investing activities		<u>2,380</u>	<u>(6,610)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		<u>0</u>	<u>850,000</u>
Net Cash inflow/(outflow) from investing activities		<u>0</u>	<u>850,000</u>
Net Increase in Cash Held		29,675	87,404
Cash at the beginning of the financial year		<u>148,858</u>	<u>61,454</u>
Cash at the End of the Financial Year		<u><u>178,533</u></u>	<u><u>148,858</u></u>

The accompanying notes form part of these financial statements.

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

1 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with accounting standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law on the basis that it is no longer a going concern.

The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements.

(a) *Income Tax Equivalents*

The company is exempt from income tax under the provisions of the *Income Tax Assessment Act 1936*. However, the company is required to make an equivalent payment to the ACT Government by virtue of the *Territory Owned Corporations Act 1990*. The company adopts the liability method of tax-effect accounting whereby income tax equivalent expense shown in the profit and loss account is based on the operating profit before income tax equivalent adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax equivalent and taxable income, are brought to account as either provision for deferred income tax equivalent or an asset described as future income tax equivalent benefit at the rate of income tax equivalent applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax equivalent benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax equivalent benefits in relation to tax loss equivalents are not brought to account unless there is virtual certainty of realisation of the benefit.

(b) *Leases*

Leases of fixed assets, where substantially all the risk and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised recording the asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(c) *Employee Entitlements*

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at the present value of the estimated future cash flows to be made for those entitlements.

Contributions are made by the company to an employee superannuation fund and are charged as an expense when incurred.

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

(d) *Cash*

For the purposes of the statement of cash flows, cash includes cash on hand and call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

(e) *Receivables and Revenue Recognition*

(i) *Receivables*

Trade debtors are recognised for major business activities as follows:

Market testing, contract management and prime contracting – revenue is recognised where there is a signed unconditional contract of sale.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(ii) *Trade and Other Creditors*

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid with 30 days of recognition.

(f) *Depreciation of Property, Plant and Equipment*

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the company. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

Plant and equipment	5-10 years	2000	1999
		\$	\$
2 Revenue			
Revenue from Operating Activities			
Sales revenue		1,275,322	1,117,353
Other services		0	319,674
		1,275,322	1,437,027
Revenue from Outside the Operating Activities			
Interest - other persons/corporations		13,510	4,638
Sale of non-current assets		1,134	0
		14,644	4,638
Operating revenue		1,289,966	1,441,665

3 Operating Profit

Operating loss before abnormal items and income tax equivalent is arrived at after crediting and charging the following specific items:

Credits

Interest revenue	13,510	4,638
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Charges

Interest paid to:		
Other persons/corporations	294	28,322
Other provisions		
Employee entitlements	(87,707)	85,838

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

	2000	1999
	\$	\$
4 Extraordinary Items		
Start up payments paid by ACT Government	1,570,000	0
Net Profit on sale of business	135,000	0
Costs of winding up	(101,184)	0
Extraordinary items before income tax equivalent	1,603,816	0
Applicable income tax equivalent expense on extraordinary charge	0	0
Extraordinary items after income tax equivalent	<u>1,603,816</u>	<u>0</u>
5 Income Tax Equivalent		
The prima facie tax equivalent, using the applicable tax rates on operating profit differs from the income tax equivalent provided in the accounts as follows:		
Prima facie tax equivalent on operating profit and extraordinary items calculated at 36%	389,515	(284,411)
Tax effect of permanent differences -		
Fines and penalties	0	43
Entertainment	372	432
Extraordinary revenue	(565,200)	0
Future Income Tax Benefit equivalent not brought to account	<u>175,313</u>	<u>283,936</u>
Income tax equivalent attributable to operating profit	<u>0</u>	<u>0</u>
6 Receivables (Current)		
Trade debtors	75,974	122,607
Sundry debtors	<u>9,215</u>	<u>3,346</u>
	<u>85,189</u>	<u>125,953</u>
7 Other – Current Assets		
Prepayments	0	50,333
Unexpired interest	0	294
Floats held	57,842	0
Other	<u>3,856</u>	<u>0</u>
	<u>61,698</u>	<u>50,627</u>
8 Receivables (Non Current)		
Deposits	<u>0</u>	<u>11,416</u>
9 Property Plant and Equipment (Non Current)		
Plant and Equipment at cost	4,850	6,610
Less: Accumulated depreciation	(994)	(622)
Less: Balance transferred to current assets on liquidation	<u>(3,856)</u>	<u>0</u>
	<u>0</u>	<u>5,988</u>

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

	2000	1999
	\$	\$
10 Creditors and Borrowings (Current)		
Trade creditors	13,619	188,760
Other creditors	57,842	0
Accrued expenditure	81,664	94,569
Unsecured loan	<u>0</u>	<u>12,433</u>
	<u>153,125</u>	<u>295,762</u>
11 Provisions (Current)		
Provision for employee entitlements	<u>0</u>	<u>87,707</u>
12 Creditors and Borrowings (Non Current)		
Trade creditors	0	19,063
Unsecured loan	<u>0</u>	<u>850,000</u>
	<u>0</u>	<u>869,063</u>
13 Share Capital		
Paid up capital		
2 voting shares of \$1.00 each	2	2
3 non-voting shares of \$1.00 each	<u>3</u>	<u>3</u>
	<u>5</u>	<u>5</u>
14 Accumulated Profits/(Losses)		
Balance at 1 July 1999	(909,695)	(119,664)
Net Profit/(Loss) for period	<u>1,081,985</u>	<u>(790,031)</u>
Balance at 30 June 2000	<u>172,290</u>	<u>(909,695)</u>
15 Reconciliation of Operating Profit after Income Tax Equivalent to Net Cash Inflow from Operating Activities		
Operating profit/(loss) after income tax equivalent	(521,831)	(790,031)
Extraordinary items	1,603,816	0
Depreciation	886	622
Profit on disposal of plant & equipment	(1,134)	
Change in operating assets and liabilities		
Decrease in trade debtors	52,180	(29,424)
Increase in other current assets	(7,215)	(18,938)
Decrease in trade creditors	(142,637)	(4,053)
Decrease in non current liabilities	(869,063)	0
Decrease in other provisions	<u>(87,707)</u>	<u>85,838</u>
Net cash inflow/(outflow) from operating activities	<u>27,295</u>	<u>(755,986)</u>

CANDELIVER LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30 JUNE 2000**

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

16 Financial Instruments

Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets			
Cash		Cash is stated at its nominal amount.	Interest earned on this bank account is recorded as revenue.
Trade debtors	6	These receivables are recognised at their nominal amounts due less any provision for bad or doubtful debts. Provisions are made when collection of the debt is judged to be less than likely.	Credit terms are 30 days from date of invoice.
Financial Liabilities			
Trade creditors and accrued expenses	10	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is by suppliers' credit terms, and no longer than 30 days from date of invoice.

30 June 2000

Interest Rate Risk

Financial instrument	Note	Floating Interest Rate 2000 \$	Fixed Interest Rate 1 Year or less \$	Non-interest Bearing 2000 \$	Total 2000 \$	Weighted Average Effective Interest Rate 2000 %
Financial Assets (Recognised)						
Cash at bank	1	178,533			178,533	
Trade & Other debtors	6	57,842		85,189	143,031	N/a
Total Financial Assets (Recognised)		236,375		85,189	321,564	
Total Assets					325,420	
Financial Liabilities (Recognised)						
Trade creditors and accrued expenses	10			153,125	153,125	N/a
Total Financial Liabilities (Recognised)			0	153,125	153,125	
Total Liabilities					153,125	

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

16 Financial Instruments (continued)

30 June 1999

Interest Rate Risk

Financial instrument	Note	Floating Interest Rate 1999 \$	Fixed Interest Rate 1 Year or less \$	Non- interest Bearing 1999 \$	Total 1999 \$	Weighted Average Effective Interest Rate 1999 %
Financial Assets (Recognised)						
Cash at bank	1	148,858			148,858	
Trade & Other debtors	6			125,953	125,953	N/a
Total Financial Assets (Recognised)		148,858		125,953	274,811	
Total Assets					342,842	
Financial Liabilities (Recognised)						
Trade creditors and accrued expenses	10			302,392	302,392	N/a
Other loans – Current	10		12,433		12,433	12.56
Other loans – Non Current			500,000	350,000	850,000	6.80
Total Financial Liabilities (Recognised)			512,433	652,392	1,164,825	
Total Liabilities					1,252,533	

Net Fair Values of Financial Assets and Liabilities

	2000 Total Carrying Amount \$	2000 Aggregate net Fair Value \$	1999 Total Carrying Amount \$	1999 Aggregate net Fair Value \$
Financial Assets				
Cash at bank	178,533	178,533	148,858	148,858
Trade debtors	143,031	143,031	125,953	125,953
Total Financial Assets	321,564	321,564	274,811	274,811
Financial Liabilities (recognised)				
Trade creditors and accrued expenses	153,125	153,125	302,392	302,392
Other loans – current	0	0	12,433	12,433
Other loans – non current	0	0	850,000	850,000
Total Financial Liabilities (recognised)	153,125	153,125	1,164,825	1,164,825

Credit Risk Exposure

The company has no significant exposures to any concentrations of credit risk.

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

17 Commitments for Expenditure

Remuneration Commitments	<i>2000</i>	<i>1999</i>
	\$	\$
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Not later than one year	<u>0</u>	<u>75,000</u>

18 Remuneration of Directors

Income paid or payable, or otherwise made available, to directors by the company in connection with the management of affairs of the company	84,961	193,510
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The number of directors whose total income from the company was within the specified bands are as follows:

\$	\$		
0	9,999	3	3
10,000	19,999	1	0
30,000	39,999	0	1
50,000	59,999	1	0
140,000	149,999	0	1

19 Related Parties

Directors

The directors of CanDeliver Limited at any time during the year were:

C D Lamont
P F Fairburn
S J Byron
J M Carr
A J Thomas-Westende

Remuneration and Retirement Benefits

Information on remuneration of directors and amounts paid in respect of superannuation for directors are included at Note 18.

20 Remuneration of Auditors

Under Section 18 of the Territory Owned Corporations Act 1990 the Auditor General is the nominated company auditor. The auditor's remuneration disclosure is mandatory as it is deemed to be material because of its nature.

Remuneration for audit or review of the financial reports of the company	2000	1999
Auditor	3,500	3,500

CANDELIVER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2000

21 Segment Information

The company's main source of income was as a prime contractor in the Australian Capital Territory.

22 Economic Dependency

Prior to the cessation of trading the company was dependent on the ACT government for financial support until it secured a significant volume of business from Commonwealth outsourcing contracts or other contracts or arrangements.

23 Subsequent Events

There were no significant events after balance date.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 15 to 25

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2000 and of their performance, as presented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Law, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when are due and payable.

This declaration is made in accordance with a resolution of the directors.

CD Lamont
Chairperson

Canberra
October 2000