

Local Government Association of New South Wales

Financial Statements

For the Year Ended 30 June 2009

Local Government Association of New South Wales

For the Year Ended 30 June 2009

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Local Government Association of New South Wales

Income Statement

For the Year Ended 30 June 2009

		2009	2008
	Note	\$	\$
Revenue	2	8,656,713	7,539,567
Employee benefit expenses		(4,571,983)	(4,441,259)
Council services		(800,790)	(580,589)
Governance expenses		(749,650)	(763,472)
Administrative expenses		(1,243,301)	(1,169,204)
Grant funded programs		(1,171,975)	(727,475)
Cost contribution		(240,603)	(590,020)
Conference expenses		(475,860)	(454,976)
Decrease in value of investments		(1,163,166)	(928,696)
Other expenses		(4,810)	(1,423)
Share of net profit / (loss) of associates and joint ventures		(145,483)	9,812
Profit before income tax		(1,910,908)	(2,107,735)
Income tax expense		-	-
Profit attributable to members		(1,910,908)	(2,107,735)

Local Government Association of New South Wales

Balance Sheet

As At 30 June 2009

	Note	2009 \$	2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	406,808	181,423
Trade and other receivables	4	1,180,032	1,561,533
Financial assets	5	13,981,363	15,681,116
Other assets	6	146,290	117,189
Total current assets		15,714,493	17,541,261
Non-current assets			
Trade and other receivables	4	441,865	173,636
Investments accounted for using the equity method	7	-	145,483
Financial assets	5	2,100,000	2,100,000
Property, plant and equipment	8	4,233,748	4,422,439
Intangible assets	9	23,903	25,761
Total non-current assets		6,799,516	6,867,319
TOTAL ASSETS		22,514,009	24,408,580
LIABILITIES			
Current liabilities			
Trade and other payables	10	595,420	594,666
Short-term provisions	11	659,414	652,925
Other Liabilities	12	3,589,080	3,582,664
Total current liabilities		4,843,914	4,830,255
Non-current liabilities			
Other long-term provisions	11	168,861	166,183
Total non-current liabilities		168,861	166,183
TOTAL LIABILITIES		5,012,775	4,996,438
NET ASSETS		17,501,234	19,412,142
EQUITY			
Retained earnings		17,501,234	19,412,142
TOTAL EQUITY		17,501,234	19,412,142

Local Government Association of New South Wales

Statement of Changes in Equity

For the Year Ended 30 June 2009

	2009	
	Retained Earnings	Total
	\$	\$
Balance at 1 July 2008	19,412,142	19,412,142
Profit attributable to members	(1,910,908)	(1,910,908)
Balance at 30 June 2009	17,501,234	17,501,234

	2008	
	Retained Earnings	Total
	\$	\$
Balance at 1 July 2007	21,519,877	21,519,877
Profit attributable to members	(2,107,735)	(2,107,735)
Balance at 30 June 2008	19,412,142	19,412,142

Local Government Association of New South Wales

Cash Flow Statement

For the Year Ended 30 June 2009

	2009	2008
Note	\$	\$
Cash from operating activities:		
Receipts from customers	9,077,195	7,030,827
Payments to suppliers and employees	(8,770,349)	(7,761,317)
Interest received	210,794	244,958
Net cash provided by (used in) operating activities	14 517,640	(485,532)
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	61,443	84,915
Purchase of property, plant and equipment	(110,700)	(368,414)
Purchase of other non current assets	(27,393)	-
Proceeds from sale of investments	536,587	2,878,686
Loans to related parties	(385,264)	(863,010)
Net cash provided by (used in) investing activities	74,673	1,732,177
Cash flows from financing activities:		
Government grants	(366,928)	(1,606,480)
Net cash provided by (used in) financing activities	(366,928)	(1,606,480)
Net increase (decreases) in cash held	225,385	(359,835)
Cash at beginning of financial year	181,423	541,258
Cash at end of financial year	3 406,808	181,423

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Statement of Significant Accounting Policies

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Industrial Relations Act 1991. The Executive has determined that the Association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Basis of Preparation

The accounts of the Local Government Association of New South Wales ("LGA") represent LGA's equitable interest in the assets, liabilities, income and expenditure of the operations conducted jointly by the LGA and Shires Associations of New South Wales ("SA"). These operations include:

Secretariat

A joint venture agreement dated 26 July 2002 was entered into by LGA and SA to jointly operate a secretariat, Local Government and Shires Associations of New South Wales ("LGSA"), for the purposes of administering the affairs of both Associations. This agreement provides for the assets, liabilities, revenues and expenses of the LGSA, with the exception of the building at 28 Margaret Street, to be allocated on the following basis:

Shires Association of New South Wales	30%
Local Government Association of New South Wales	70%

Buildings

Freehold property at 28 Margaret Street, Sydney is owned equally by LGA and SA.

Local Online Communications and Linkages Ltd

Local Online Communications and Linkages Ltd is a company limited by guarantee incorporated and domiciled in Australia. The principal activities of Local Online Communications and Linkages Ltd during the financial year was the provision of online services to local councils in NSW. The share of profit / (loss) is allocated equally between LGA and SA.

Local Government Procurement Partnership

Local Government Procurement Partnership is a partnership established on 18 November 2005. The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd, both companies incorporated and domiciled in Australia. The principal activities of the partnership during the financial year was providing tendering and purchasing service. The revenue and expenses are allocated equally between LGA and SA.

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Statement of Significant Accounting Policies continued

(a) Basis of Preparation continued

Local Government Procurement Partnership Pty Ltd

Local Government Procurement Partnership Pty Ltd is a proprietorship company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company manages the principal activities of Local Government Procurement Partnership.

LGP (LGA NSW) Pty Ltd

LGP (LGA NSW) Pty Ltd is a proprietorship company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of a LGP (LGA NSW) Trust.

LGP (SA NSW) Pty Ltd

LGP (SA NSW) Pty Ltd is a proprietorship company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of a LGP (SA NSW) Trust.

LGP (LGA NSW) Trust

LGP (LGA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Local Government Association of New South Wales.

LGP (SA NSW) Trust

LGP (SA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Shires Association of New South Wales.

(b) Income Tax

The Associations are tax-exempt bodies under Section 50-25 of the Income Tax Assessment Act 1997.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on annual valuations by external independent valuers, less subsequent depreciation on the depreciable amount.

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Statement of Significant Accounting Policies continued

(c) Property, Plant and Equipment continued

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(d) Intangible assets

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Statement of Significant Accounting Policies continued

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Held-to-maturity investments

These investments have fixed maturities, and it is the Association's intention to hold these investments to maturity. Any held-to-maturity investments held by the Association are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

1 Statement of Significant Accounting Policies continued

(g) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

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

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Goods and Services Tax (GST)

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

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

(j) Recognition of Grants and Other Contributions

Grants and other contributions are recognised as revenue when they have been expended for the purpose for which they were given. Any unexpended amounts are shown as liabilities.

(k) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Association's share of post acquisition reserves of its associates.

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

	2009	2008
	\$	\$
2 Revenue		
Operating activities		
- Commissions received	1,396,942	1,012,626
- Council services	1,520,465	1,376,905
- Conferences and seminars	717,269	692,306
- Subscriptions	2,736,360	2,532,785
- Interest received	195,473	241,051
- Grant income	2,089,148	1,680,399
- Other revenue	1,056	3,495
	<u>8,656,713</u>	<u>7,539,567</u>
3 Cash and Cash Equivalents		
Cash on hand	700	700
Cash at bank	406,108	180,723
	<u>406,808</u>	<u>181,423</u>
Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	406,808	181,423
	<u>406,808</u>	<u>181,423</u>
4 Trade and Other Receivables		
CURRENT		
Trade receivables	943,816	1,186,428
Loans to other related parties	490	8,520
Interest receivable	4,048	19,369
Receivable from Local Government Procurement Partnership	231,678	347,216
	<u>1,180,032</u>	<u>1,561,533</u>
NON-CURRENT		
Amounts receivable from:		
- Shires Association of New South Wales	441,865	173,636
	<u>441,865</u>	<u>173,636</u>

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

	2009	2008
	\$	\$
5 Financial Assets		
CURRENT		
At fair value through profit and loss		
Investments at fair value with Chifley Financial Services	11,297,442	13,160,608
Investment in associated companies	25	25
Held to maturity investments		
Local Government Financial Services	<u>2,683,896</u>	2,520,483
	<u>13,981,363</u>	<u>15,681,116</u>
NON-CURRENT		
At fair value through profit and loss		
Shares in StateCover Mutual Limited	<u>2,100,000</u>	2,100,000
6 Other Assets		
CURRENT		
Prepayments	<u>146,290</u>	117,189
	<u>146,290</u>	<u>117,189</u>
7 Investments Accounted for Using the Equity Method		
Local Online Communications and Linkages Ltd	<u>-</u>	<u>145,483</u>

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

	2009	2008
	\$	\$
8 Property Plant and Equipment		
LAND AND BUILDINGS		
Land		
At cost	518,819	518,819
Total land	<u>518,819</u>	<u>518,819</u>
Buildings		
At cost	3,290,560	3,290,560
Less accumulated depreciation	(164,175)	(94,881)
Total buildings	<u>3,126,385</u>	<u>3,195,679</u>
Total land and buildings	<u>3,645,204</u>	<u>3,714,498</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	119,445	97,757
Less accumulated depreciation	(48,216)	(21,768)
Total plant and equipment	<u>71,229</u>	<u>75,989</u>
Furniture, fixture and fittings		
At cost	419,075	419,320
Less accumulated depreciation	(174,948)	(133,302)
Total furniture, fixture and fittings	<u>244,127</u>	<u>286,018</u>
Motor vehicles		
At cost	104,794	149,559
Less accumulated depreciation	(36,814)	(32,687)
Total motor vehicles	<u>67,980</u>	<u>116,872</u>
Office equipment		
At cost	542,889	494,300
Less accumulated depreciation	(454,162)	(399,420)
Total office equipment	<u>88,727</u>	<u>94,880</u>
Painting and artworks		
At cost	2,730	6,516
Total painting and artworks	<u>2,730</u>	<u>6,516</u>
Leasehold improvements		
At cost	139,149	139,149
Less accumulated depreciation	(25,398)	(11,483)
Total leasehold improvements	<u>113,751</u>	<u>127,666</u>
Total plant and equipment	<u>588,544</u>	<u>707,941</u>
Total property, plant and equipment	<u>4,233,748</u>	<u>4,422,439</u>

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

8 Property Plant and Equipment continued

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Painting and Artworks	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current Year									
Balance at the beginning of year	518,819	3,195,679	75,989	286,018	116,872	94,880	6,516	127,666	4,422,439
Additions	-	-	22,819	490	28,296	59,095	-	-	110,700
Disposals	-	-	-	(404)	(56,908)	(8,941)	-	-	(66,253)
Depreciation expense	-	(69,294)	(27,579)	(41,977)	(20,280)	(56,307)	(3,786)	(13,915)	(233,138)
Carrying amount at the end of year	518,819	3,126,385	71,229	244,127	67,980	88,727	2,730	113,751	4,233,748
Prior Year									
Balance at the beginning of year	518,819	3,252,004	55,677	287,138	175,275	105,660	6,516	-	4,401,089
Additions	-	33,496	39,640	44,619	55,865	49,098	-	145,696	368,414
Disposals	-	-	-	-	(80,524)	(1,551)	-	(6,515)	(88,590)
Transfers	-	5,060	-	(5,060)	-	-	-	-	-
Depreciation expense	-	(94,881)	(19,328)	(40,679)	(33,744)	(58,327)	-	(11,515)	(258,474)
Carrying amount at the end of year	518,819	3,195,679	75,989	286,018	116,872	94,880	6,516	127,666	4,422,439

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

	2009	2008
	\$	\$
9 Intangible Assets		
Website and software development		
Cost	94,116	66,521
Accumulated amortisation and impairment	<u>(70,213)</u>	<u>(40,760)</u>
Net carrying value	<u>23,903</u>	<u>25,761</u>
10 Trade and Other Payables		
CURRENT		
Unsecured liabilities		
Trade payables	595,420	594,666
	<u>595,420</u>	<u>594,666</u>
11 Provisions		
CURRENT		
Employee entitlements	659,414	652,925
	<u>659,414</u>	<u>652,925</u>
NON-CURRENT		
Employee benefits	168,861	166,183
	<u>168,861</u>	<u>166,183</u>
12 Other Liabilities		
CURRENT		
Legal assistance funds held	7,982	271,984
Scholarship funds held	325,201	310,447
Unspent government grants	2,624,617	2,742,297
Other deferred income	631,280	257,936
	<u>3,589,080</u>	<u>3,582,664</u>

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

13 Financial Instruments

Financial instrument composition and maturity analysis

The Association's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash and cash equivalents	0.85	4.75	406,808	181,423	-	-	406,808	181,423
Receivables	-	-	-	-	947,864	1,205,797	947,864	1,205,797
Investments	3.23	7.41	2,683,896	2,520,483	13,397,467	15,260,633	16,081,363	17,781,116
Receivable from related parties	-	-	-	-	674,033	529,372	674,033	529,372
Total Financial Assets			3,090,704	2,701,906	15,019,364	16,995,802	18,110,068	19,697,708
Financial Liabilities:								
Trade and sundry payables	-	-	-	-	595,420	594,666	595,420	594,666
Total Financial Liabilities			-	-	595,420	594,666	595,420	594,666

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

Local Government Association of New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2009

	2009	2008
	\$	\$
14 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net income/loss for the period	(1,910,908)	(2,107,735)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation and amortisation	262,389	280,464
Loss on disposal of property, plant and equipment	4,810	3,675
Cost contribution	240,603	590,020
Unrealised (gains)/losses on investments	1,163,166	928,696
Share of associated companies net profit	145,483	(9,812)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	257,933	159,688
(Increase)/decrease in prepayments	(29,101)	4,218
Increase/(decrease) in trade payables and accruals	754	23,929
Increase/(decrease) in deferred income	373,344	(423,470)
Increase/(decrease) in provisions	9,167	64,795
	<u>517,640</u>	<u>(485,532)</u>

15 Executive Remuneration

(a) President - Local Government Association of New South Wales

Honarium	93,850	89,819
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The president is reimbursed for travel, accommodation and related expenses incurred on the Association's business.

(b) Executive Council - Local Government Association of New South Wales

Reimbursement of expenses incurred in attending Executive Council and Committee meetings is payable in accordance with the policy determined by the Executive.

An amount per day covering all expenses is payable to Executive members. For country members an overnight rate may be claimed. The overnight rate is payable only when members are required to stay the night before or after a meeting.

16 Association Details

The principal place of business is:

28 Margaret Street
Sydney NSW 2000