



Australian Government
Registered Organisations Commission

26 November 2018

Ms Linda Scott
President
Local Government and Shires Association of New South Wales
By e-mail: lgsa@lgsa.org.au

Dear Ms Scott,

Section 269 application for certificate stating financial affairs of reporting unit are encompassed by financial affairs of associated State body for year ended 30 June 2018 (FR2018/213)

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009* in respect of the Local Government and Shires Association of New South Wales for the financial year ended 30 June 2018. The application was lodged with the Registered Organisations Commission on 5 November 2018.

I have granted the application. The certificate is attached.

If you wish to discuss this matter, please contact Kylie Ngo on (03) 9603 0764 or by email at Kylie.Ngo@roc.gov.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'CE', with a small horizontal line to the right.

Chris Enright
Executive Director
Registered Organisations Commission



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

s.269(2)(a)—Reporting unit's financial affairs encompassed by associated State body

Local Government and Shires Association of New South Wales
(FR2018/213)

MR ENRIGHT

MELBOURNE, 26 NOVEMBER 2018

Reporting unit's financial affairs encompassed by associated State body

[1] On 5 November 2018 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the Local Government and Shires Association of New South Wales (the reporting unit) for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of the Local Government and Shires Association of New South Wales (the Association), an associated State body, in respect of the financial year ending 30 June 2018.

[2] On 5 November 2018, the reporting unit lodged a copy of the audited accounts of the Association with the Registered Organisations Commission.

[3] I am satisfied that the Association:

- is registered under the *Industrial Relations Act 1996 (NSW)*, a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the reporting unit; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the reporting unit; and
- is an associated State body.

[4] I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the accounts with the relevant State authority;
- any members of the reporting unit who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the reporting unit who are members of the Association; and
- a report under s.254 of the Act has been prepared in respect of those activities of the reporting unit and has been provided to the members of the reporting unit with copies of the accounts.

[5] I am satisfied that the financial affairs of the reporting unit in respect of the financial year ending 30 June 2018, are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



DELEGATE OF THE COMMISSIONER

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Mr Stephen Kellett
Regulatory Compliance Branch
Fair Work Australia
80 William St
EAST SYDNEY NSW 2011

Dear Mr Kellett

Re: Application for exemption pursuant to section 269 of the Fair Work (Registered Organisation) Act 2009

I am the President of the Local Government & Shires Association of NSW (Federal Branch) and am authorised by the Branch to make Application for a certificate stating that:-

- (1) The financial affairs of the Federal Branch are encompassed by the financial affairs of the Local Government & Shires Association of NSW (State Organisation), an organisation of employers registered under the Industrial Relations Act 1996 (NSW), being an associated state body; and
- (2) That the Branch is taken to have satisfied part 3 of the Act.

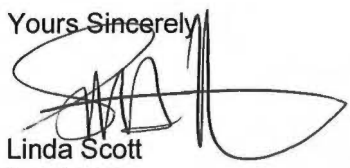
The grounds and reasons for this application are as follows:

1. The State Organisation is an organisation of employers registered under the Industrial Relations Act 1996 (NSW) and is an associated State body to the Branch.
2. The State organisation is composed entirely of the same members as the Federal Branch.
3. The officers of the State organisation are the same as the officers of the Federal Branch.
4. It is submitted that that the Federal Branch can be taken to have satisfied Part 3 of the Act, because of the following :-
 - (i) The State Organisation has in accordance with the State Act, prepared accounts, had those accounts audited, presented its audited accounts to its members and lodged the audited accounts with the Industrial Commission of NSW.
 - (ii) All members of the State Organisation and the Federal Branch have been provided a copy of 2017/18 LGNSW Annual Report which contains the Auditor's report, Balance Sheet, Statement of Income and Expenditure and other relevant information.
 - (iii) A copy of the 2017/18 LGNSW Annual Report which contains the accounts for the period ending 30 June 2018, the Audit Report and information required under s.254 is attached.

The Local Government & Shires Association of NSW submits that based on the grounds and reasons stated herein and the supporting documentation, the Federal Branch has satisfied the requirements of s.269 and consequently seeks relief as sought in this application.

If you have any queries with regard to this application please contact Mr Bruce Morcombe from this office on 9242 4191.

Yours Sincerely


Linda Scott
President

2/11/18

Local Government & Shires Association of NSW

CORPORATE & COMPLIANCE INFORMATION



LEGISLATION & RULES

LGNSW is registered federally under the *Fair Work (Registered Organisations) Act 2009* (Cth) and in NSW under the *Industrial Relations Act 1996*. Each act requires compliance with a set of rules which governs the way in which the Association is operated. The rules cover matters such as object and powers, memberships, control and governance, the annual conference, the Board, finance and auditing.

SIGNIFICANT CHANGES IN FINANCIAL AFFAIRS

There were no significant changes in the Association's financial affairs during 2017/18.

RIGHTS OF MEMBERS TO RESIGN

Under section 174 of the *Fair Work (Registered Organisations) Act 2009* and Rule 8 of the LGNSW Rules, a member of an organisation may resign from membership by written notice addressed and delivered to the Chief Executive.

BOARD MEETING ATTENDANCE 2017/18

	2017			2018		
	AUG	SEP	OCT	FEB	APRIL	JUNE
Linda Scott	✓	✓	✓	✓	✓	✓
Keith Rhoades AFSM	✓	✓	✓	✓	✓	✓
Khal Asfour	●	●	●	✓	✓	✓
Michael Banasik	✓	✓	✓	●	●	●
Scott Bennison	✓	✓	✓	●	●	●
Lindsay Brown	✓	X	✓	✓	X	●
Ruth Fagan	✓	X	✓	✓	✓	✓
Christine Forster	✓	X	✓	●	●	●
Lesley Furneaux-Cook	✓	✓	✓	✓	✓	✓
George Greiss	●	●	●	✓	X	✓
Alice Glachan	✓	✓	✓	●	●	●
Julie Griffiths	●	●	●	✓	✓	✓
Mazhar Hadid	✓	X	✓	✓	✓	✓
Paul Harmon	●	●	●	✓	✓	✓
Ray Harty OAM	✓	✓	✓	●	●	●
Yvonne Keane	✓	✓	●	●	●	●
Rod Kendall	✓	✓	✓	✓	✓	✓
Karen McKeown OAM	✓	✓	✓	✓	✓	✓
Phyllis Miller OAM	✓	✓	✓	✓	✓	✓
Marjorie O'Neill	●	●	●	✓	✓	✓
Bill Pickering	✓	✓	●	●	●	●
Denise Osborne	✓	✓	✓	●	●	●
Michael Regan	●	●	●	✓	✓	✓
Marianne Saliba	●	●	●	✓	✓	✓
Ben Shields	●	●	●	✓	✓	✓
Angelo Tsirekas	●	●	●	✓	✓	✓
Darriea Turley AM	✓	X	X	✓	✓	✓

- Not elected to the Board at the relevant time
- Ceased to be a councillor following local government elections on 9 September 2017
- Resigned from the Board

REPRESENTATION ON EXTERNAL BOARDS AND COMMITTEES

LGNSW and the local government sector are represented on a wide range of other external boards and committees in addition to StateCover and Local Government Super. In 2017/18 the LGNSW Board endorsed a new open, transparent and merit-based expression of interest process to identify councillors interested in representing the sector on external boards and committees, when vacancies arise.

Local Government Super and StateCover

The LGNSW Board nominates four directors to the boards of LGSS Pty Ltd (the trustee for Local Government Super) and StateCover. The Board undertakes an open, transparent and merit-based process to ensure the local government sector has strong representation on these significant boards. While the LGNSW Board makes the nomination, the final decision is made by the company. LGNSW Board nominees are subject to rigorous assessment by LGSS and StateCover to ensure the nominees are fit and proper persons to be appointed, and appropriately skilled. There was one vacant position on each Board at 30 June 2018.

Representation at 30 June 2018

StateCover	Date appointed	Term expires
Cr Bruce Miller Cowra Shire Council	27 March 2004 Re-appointed 15 November 2017	Annual General Meeting November 2020
Cr Keith Rhoades AFSM Coffs Harbour Shire Council	21 November 2012 Re-appointed 16 November 2016	Annual General Meeting November 2019
Cr Denise Osborne Greater Hume Shire Council	1 August 2016	Annual General Meeting November 2020
Local Government Super	Date appointed	Term expires
Cr Bruce Miller Cowra Shire Council	1 July 2011 Re-appointed 26 March 2017	25 March 2021
Cr Dominico Figliomeni GAICD Wollongong City Council	5 December 2017	4 December 2021
Cr Karen McKeown OAM Penrith City Council	10 April 2018	9 April 2022

OFFICER AND RELATED PARTY DISCLOSURE STATEMENT

in accordance with Section 293J Fair Work (Registered Organisations) Act 2009

I, Linda Scott, being the President of the Local Government and Shires Association of NSW, declare the following Officer and Related Party Disclosure Statement.

Organisation Name:	Local Government and Shires Association of NSW	Branch Name:	
Financial year start date:	1 July 2017	Financial year end date:	30 June 2018

Top Five Officers – Relevant remuneration and non-cash benefits

When all officers in the Local Government and Shires Association of NSW are ranked by relevant remuneration for the financial year, the following officers are ranked no lower than fifth:

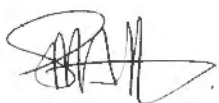
Name	Office	Actual amount of relevant remuneration	Value of relevant non-cash benefits	Form of relevant non-cash benefits
Cr Keith Rhoades AFSM	President (to 7 December 2017) Immediate Past President (from 8 December 2017)	LGNSW \$ 76,641.05 Ext. Boards \$ 57,009.00 Total \$ 133,650.05	NIL	N/A
Cr Linda Scott	Director (to 7 December 2017) President (from 8 December 2017)	LGNSW \$ 99,411.35 Ext. Boards \$ 0.00 Total \$ 99,411.35	NIL	N/A
Cr Lindsay Brown	Vice President Rural/Regional (to 6 April 2018)	LGNSW \$ 4,112.82 Ext. Boards \$ 56,329.39 Total \$ 60,442.21	NIL	N/A
Cr Lesley Furneaux-Cook	Director	LGNSW \$ 5,387.40 Ext. Board \$ 25,880.00 Total \$ 31,267.40	NIL	N/A
Cr Denise Osborne	Director (to 7 December 2017)	LGNSW \$ 3,719.72 Ext. Boards \$ 20,994.60 Total \$ 24,714.32	NIL	N/A

None of the officers listed above received non-cash benefits from the Local Government and Shires Association of NSW.

Payments to related parties and declared persons or bodies.

The Local Government and Shires Association of NSW did not make any payments to related parties or declared persons or bodies that are required to be disclosed.

Signed by the officer:



7 September 2018

Other Officers - Relevant remuneration and non-cash benefits

Name	Office	Actual amount of relevant remuneration	Value of relevant non-cash benefits	Form of relevant non-cash benefits
Cr Karen McKeown OAM	Director	LGNSW \$ 6,632.42 Ext. Boards \$ 14,782.50 Total \$ 21,414.92	NIL	N/A
Cr Rod Kendall	Director	LGNSW \$ 9,514.46 Ext. Boards \$ 660.00 Total \$ 10,174.46	NIL	N/A
Cr Phyllis Miller OAM	Director	LGNSW \$ 7,877.43 Ext. Boards \$ 1,870.00 Total \$ 9,747.43	NIL	N/A
Cr Marjorie O'Neill	Treasurer (from 8 December 2017)	LGNSW \$ 5,301.99	NIL	N/A
Cr Scott Bennison	Treasurer (to 7 December 2017)	LGNSW \$ 5,291.04	NIL	N/A
Cr Ruth Fagan	Director	LGNSW \$ 4,964.73	NIL	N/A
Cr Mazhar Hadid	Director	LGNSW \$ 4,557.39	NIL	N/A
Cr Darriea Turley AM	Director	LGNSW \$ 4,142.39	NIL	N/A
Cr Christine Forster	Director (to 7 December 2017)	LGNSW \$ 4,111.73	NIL	N/A
Cr Khal Asfour	Director (from 8 December 2017)	LGNSW \$ 3,735.05	NIL	N/A

Name	Office	Actual amount of relevant remuneration	Value of relevant non-cash benefits	Form of relevant non-cash benefits
Cr Angelo Tsirekas	Director (from 8 December 2017)	LGNSW \$ 3,534.66	NIL	N/A
Cr Marianne Saliba	Director (from 8 December 2017)	LGNSW \$ 3,320.04	NIL	N/A
Cr Bill Pickering	Vice President Metropolitan (to 9 September 2017)	LGNSW \$ 2,912.70	NIL	N/A
Cr Michael Regan	Director (from 8 December 2017)	LGNSW \$ 2,905.04	NIL	N/A
Cr Ben Shields	Director (from 8 December 2017)	LGNSW \$ 2,905.04	NIL	N/A
Cr Paul Harmon	Director (from 8 December 2017)	LGNSW \$ 2,490.03	NIL	N/A
Cr George Greiss	Director (from 8 December 2017)	LGNSW \$ 2,490.03	NIL	N/A
Cr Julie Griffiths	Director (from 8 December 2017)	LGNSW \$ 2,075.03	NIL	N/A
Cr Michael Banasik	Director (to 7 December 2017)	LGNSW \$ 2,067.36	NIL	N/A
Cr Alice Glachan	Director (to 7 December 2017)	LGNSW \$ 2,067.36	NIL	N/A
Cr Ray Harty OAM	Director (to 7 December 2017)	LGNSW \$ 1,237.35	NIL	N/A
Cr Yvonne Keane	Director (to 9 September 2017)	LGNSW \$ 830.01	NIL	N/A

GRANTS & DONATIONS

LGNSW administered the following grants exceeding \$1,000 in 2017/18.

Lift and Change

Purpose: Providing adult lift and change facilities in council-owned accessible toilets through retrofitting or by new building.

Funding provided by: Department of Family and Community Services

MidCoast Council	\$35,000
Newcastle City Council	\$35,000

Disability Inclusion Action Plans

Purpose: To assist councils effectively plan for and deliver on the diverse needs of people with disability in their community.

Funding provided by: Department of Family and Community Services

Coonamble Shire Council	\$4,545.45
Council of the City of Sydney	\$5,000.00
Orange City Council	\$5,000.00
Penrith City Council	\$5,000.00
Port Macquarie-Hastings Council	\$5,000.00
Willoughby City Council	\$4,545.45

Building Resilience to Climate Change

Purpose: Providing council support to adapt to climate change.

Funding provided by: Office of the Environment and Heritage, NSW Environmental Trust and Climate Change Fund

Blacktown City Council	\$16,000.00
Lake Macquarie City Council	\$10,200.00
Northern Beaches Council	\$16,000.00
Parkes Shire Council	\$12,000.00
Penrith City Council	\$16,000.00

Flying Fox Management

Purpose: To assist in managing the impact of large-scale flying fox colonies.

Funding provided by: Office of the Environment and Heritage

Albury City Council	\$15,000.00
Armidale Regional Council	\$15,000.00
Bathurst Regional Council	\$31,036.00
Bega Valley Shire Council	\$15,000.00
Bellingen Shire Council	\$49,940.00
Cessnock City Council	\$40,000.00
Clarence Valley Council	\$19,418.00
Coffs Harbour City Council	\$28,000.00
Hunter Councils	\$19,000.00
Ku-ring-gai Council	\$40,000.00
Liverpool City Council	\$13,636.36
Nambucca Shire Council	\$15,400.00
Shoalhaven City Council	\$37,704.00
Singleton Council	\$12,100.00
Sutherland Shire Council	\$105,611.00

Council Roadside Reserves

Purpose: To conserve and improve roadside environments.

Funding provided by: NSW Environmental Trust

Ballina Shire Council	\$40,000.00
Bega Valley Shire Council	\$37,760.00
Bellingen Shire Council	\$40,000.00
Bourke Shire Council	\$76,800.00
Coffs Harbour City Council	\$40,000.00
Edward River Council	\$38,400.00
Glen Innes Severn Council	\$36,000.00
Griffith City Council	\$37,200.00
Hawkesbury City Council	\$35,200.00
Hunter Councils	\$79,445.00
Moree Plains Shire Council	\$40,000.00
Narrandera Shire Council	\$32,800.00
Oberon Council	\$38,064.00
Parkes Shire Council	\$40,000.00
Penrith City Council	\$40,000.00
Port Stephens Council	\$40,000.00
Queanbeyan-Palerang Regional Council	\$64,000.00
Snowy Valleys Council	\$63,696.00
Temora Shire Council	\$37,600.00
Wagga Wagga City Council	\$70,400.00
Wingecarribee Shire Council	\$36,800.00

FINANCIAL STATEMENTS



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Local Government New South Wales

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Local Government New South Wales and the entities it controls (the Company and its subsidiaries (the Association)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Association, is in accordance with the Industrial Relations Act 1996, including:

- (i) presenting fairly the Association's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009

I declare that management's use of the going concern basis in the preparation of the financial statements of the Association is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

CHARTERED ACCOUNTANTS & ADVISORS

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Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

Responsibilities of the Directors for the Financial Report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Industrial Relations Act 1996 and Fair Work (Registered Organisations) Act 2009 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of this financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

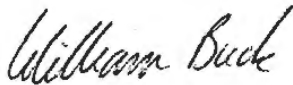
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the Fair Work (Registered Organisations) Act 2009.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the Fair Work (Registered Organisations) Act 2009, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the Fair Work (Registered Organisations) Act 2009.

In our opinion, there are no matters to report.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

Registration number (as registered by the Registered Organisations Commissioner under the Fair Work (Registered Organisations) Act 2009): AA2018/24

**Local Government New South Wales
Board's declaration
30 June 2018**

In the opinion of the Board the financial report as set out on the following pages:

1. Presents fairly, in all material respects, the consolidated financial position of the Association (consisting of Local Government New South Wales ('LGNSW') and the entities it controlled at the end of, or during, the year) and the financial position of Local Government New South Wales as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Standards Board.
2. Has been prepared to meet the requirements of the Industrial Relations Act 1996 and Fair Work (Registered Organisations) Act 2009.
3. At the date of this statement, there are reasonable grounds to believe that Local Government New South Wales will be able to pay its debts as and when they fall due.
4. During the 2017/18 financial year and since the end of that year:
 - a) meetings of the committee of management were held in accordance with the rules of LGNSW;
 - b) the financial affairs of LGNSW have been managed in accordance with the rules of LGNSW; and
 - c) the financial records of LGNSW have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act

This statement is made and signed for and on behalf of Local Government New South Wales by:

Cr Linda Scott
(President)



Dated this **5** Day of September 2018

Notice to Members

Subsections (1) and (2) of section 512 of the Industrial Relations Act 1991, preserved as regulations under section 282(3) Industrial Relations Act 1996, provide that:

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation. [Industrial Relations Regulation 1992, clause 60]
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

Local Government New South Wales
Statements of profit or loss and other comprehensive income
For the year ended 30 June 2018

		LGNSW CONSOLIDATED		LGNSW	
	Note	2018	2017	2018	2017
		\$	\$	\$	\$
Revenue					
Membership subscription		4,989,784	5,036,523	4,989,784	5,036,523
Capitation fees and other revenue from another reporting unit	4	-	-	-	-
Council services		2,961,174	2,783,199	2,349,853	2,412,073
Commission received	6	8,979,583	7,760,735	1,703,965	1,618,234
Conferences and seminars		2,196,223	1,745,378	1,986,787	1,618,608
Investment income	6	1,246,330	1,636,015	1,244,435	1,635,018
Trust distributions		-	-	1,749,760	-
Cost contribution income		-	-	-	951,830
Other revenue		150,992	227,947	54,212	150,394
Revenue from recovery of wages activity		-	-	-	-
		<u>20,524,086</u>	<u>19,189,797</u>	<u>14,078,796</u>	<u>13,422,680</u>
Grant income	7	2,567,931	2,406,165	2,567,931	2,406,165
Expenses					
Employee benefits expense	8	(11,023,891)	(10,028,870)	(7,448,619)	(7,103,948)
Capitation fees and other expenses to another reporting unit	9	-	-	-	-
Affiliation fees	10	(589,910)	(579,043)	(589,910)	(579,043)
Administrative expenses	11	(5,546,993)	(4,264,588)	(3,983,353)	(3,020,373)
Grant expenses	12	(2,567,931)	(2,406,165)	(2,567,931)	(2,406,165)
Council services		(2,241,253)	(2,654,448)	(1,074,747)	(1,222,334)
Depreciation and amortisation expense	13	(391,712)	(338,766)	(302,683)	(250,223)
Legal costs	14	(109,791)	(208,291)	(72,492)	(148,272)
Audit fees	39	(41,541)	(35,047)	(30,041)	(23,547)
Net losses from sale of assets	15	(11,999)	(5,804)	(9,955)	-
Profit before income tax expense		<u>566,996</u>	<u>1,074,940</u>	<u>566,996</u>	<u>1,074,940</u>
Income tax expense		-	-	-	-
Profit after income tax expense for the year attributable to the owners of Local Government New South Wales	35	<u>566,996</u>	<u>1,074,940</u>	<u>566,996</u>	<u>1,074,940</u>
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the owners of Local Government New South Wales		<u><u>566,996</u></u>	<u><u>1,074,940</u></u>	<u><u>566,996</u></u>	<u><u>1,074,940</u></u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Local Government New South Wales
Statements of financial position
As at 30 June 2018

		LGNSW CONSOLIDATED		LGNSW	
	Note	2018	2017	2018	2017
		\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	17	7,300,660	8,823,617	4,461,652	7,060,893
Trade and other receivables	18	6,309,169	5,947,862	6,468,140	5,535,871
Available-for-sale financial assets	19	5,754,052	5,078,709	5,754,052	5,078,709
Held to maturity investments	20	14,671	43,151	14,671	43,151
Prepayments	21	558,069	553,602	501,679	486,634
Total current assets		<u>19,936,621</u>	<u>20,446,941</u>	<u>17,200,194</u>	<u>18,205,258</u>
Non-current assets					
Trade and other receivables	22	-	-	291,627	-
Available-for-sale financial assets	23	3,000,000	3,000,000	3,000,000	3,000,000
Held to maturity investments	24	17,004,261	17,154,819	17,004,261	17,154,819
Land and buildings	25	7,926,192	8,113,096	7,926,192	8,113,096
Property, plant and equipment	26	617,011	498,651	492,752	333,460
Intangible assets	27	27,905	10,965	-	-
Investment in associates	28	-	-	36	36
Total non-current assets		<u>28,575,369</u>	<u>28,777,531</u>	<u>28,714,868</u>	<u>28,601,411</u>
Total assets		<u>48,511,990</u>	<u>49,224,472</u>	<u>45,915,062</u>	<u>46,806,669</u>
Liabilities					
Current liabilities					
Trade and other payables	29	3,349,403	3,520,943	1,380,624	1,493,230
Short term provisions	30	1,678,234	1,690,001	1,334,427	1,441,975
Other financial liabilities	31	9,004,027	10,162,444	8,809,227	10,073,346
Total current liabilities		<u>14,031,664</u>	<u>15,373,388</u>	<u>11,524,278</u>	<u>13,008,551</u>
Non-current liabilities					
Employee provisions	32	250,666	188,420	160,006	134,336
Total non-current liabilities		<u>250,666</u>	<u>188,420</u>	<u>160,006</u>	<u>134,336</u>
Total liabilities		<u>14,282,330</u>	<u>15,561,808</u>	<u>11,684,284</u>	<u>13,142,887</u>
Net assets		<u>34,229,660</u>	<u>33,662,664</u>	<u>34,230,778</u>	<u>33,663,782</u>
Equity					
Issued capital	33	56	56	-	-
Settled sum		20	20	-	-
General funds	34	2,217,289	2,217,289	2,217,289	2,217,289
Retained earnings	35	32,012,295	31,445,299	32,013,489	31,446,493
Total equity		<u>34,229,660</u>	<u>33,662,664</u>	<u>34,230,778</u>	<u>33,663,782</u>

The above statements of financial position should be read in conjunction with the accompanying notes

Local Government New South Wales
Statements of changes in equity
For the year ended 30 June 2018

LGNSW CONSOLIDATED	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
Balance at 1 July 2016	2,217,289	20	30,370,415	32,587,724
Profit after income tax expense for the year	-	-	1,074,940	1,074,940
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,074,940	1,074,940
Balance at 30 June 2017	<u>2,217,289</u>	<u>20</u>	<u>31,445,355</u>	<u>33,662,664</u>

LGNSW CONSOLIDATED	General funds \$	Settled sum \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017	2,217,289	20	31,445,355	33,662,664
Profit after income tax expense for the year	-	-	566,996	566,996
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	566,996	566,996
Balance at 30 June 2018	<u>2,217,289</u>	<u>20</u>	<u>32,012,351</u>	<u>34,229,660</u>

LGNSW	General funds \$	Retained earnings \$	Total equity \$
Balance at 1 July 2016	2,217,289	30,371,553	32,588,842
Profit after income tax expense for the year	-	1,074,940	1,074,940
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,074,940	1,074,940
Balance at 30 June 2017	<u>2,217,289</u>	<u>31,446,493</u>	<u>33,663,782</u>

LGNSW	General funds \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017	2,217,289	31,446,493	33,663,782
Profit after income tax expense for the year	-	566,996	566,996
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	566,996	566,996
Balance at 30 June 2018	<u>2,217,289</u>	<u>32,013,489</u>	<u>34,230,778</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes

Local Government New South Wales
Statements of cash flows
For the year ended 30 June 2018

		LGNSW CONSOLIDATED		LGNSW	
	Note	2018	2017	2018	2017
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		21,858,467	19,715,201	13,457,683	13,123,452
Payments to suppliers and employees		(22,335,936)	(19,249,147)	(15,976,622)	(14,128,953)
Investment income		948,555	923,632	765,440	921,977
Net cash from/(used in) operating activities	41	471,086	1,389,686	(1,753,499)	(83,524)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		4,091	32,768	-	-
Net movements in investments		(198,530)	1,733,336	(17,310)	1,733,336
Purchase of property, plant and equipment		(328,082)	(129,137)	(285,026)	(93,491)
Purchase of intangibles		(28,116)	-	-	-
Net cash from/(used in) investing activities		(550,637)	1,636,967	(302,336)	1,639,845
Cash flows from financing activities					
Net receipts from other reporting units/controlled entity	42	-	-	900,000	137,923
Net movement in government grant funding received		(1,443,406)	19,722	(1,443,406)	19,722
Net cash from/(used in) financing activities		(1,443,406)	19,722	(543,406)	157,645
Net increase/(decrease) in cash and cash equivalents		(1,522,957)	3,046,375	(2,599,241)	1,713,966
Cash and cash equivalents at the beginning of the financial year		8,823,617	5,777,242	7,060,893	5,346,927
Cash and cash equivalents at the end of the financial year	17	7,300,660	8,823,617	4,461,652	7,060,893

The above statements of cash flows should be read in conjunction with the accompanying notes

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 1. Statement by the Board

The financial statements cover both Local Government New South Wales as an individual entity and the Association consisting of Local Government New South Wales and the entities it controlled at the end of, or during, the year, together referred to as "the Association". The financial statements are presented in Australian dollars, which is the Association's functional and presentation currency.

The financial statements were authorised for issue on 5 September 2018.

Note 2. Significant accounting policies

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

AASB 10 Consolidated Financial Statements

The Association has applied AASB 10, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Association not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 12 Disclosure of Interests in Other Entities

The Association has applied AASB 12. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities.

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ('AASB') and the Associations Incorporations Act 2009, the Industrial Relations Act 1996 and Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, Local Government New South Wales is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Comparative amounts

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principals of Consolidation

Consolidated Entities

The following is the list of consolidated entities. All consolidated entities have a 30 June financial year end.

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 2. Significant accounting policies (continued)

Association

By agreement dated 5 September 1994, and amended by agreement dated 26 July 2002, the Local Government Association of New South Wales ("LGA") and the Shires Association of New South Wales ("SA") (collectively referred to as "LGNSW") established an unincorporated joint venture (the "Secretariat") to be a joint operating fund. As from 1 March 2013 a new constitution came into effect, amalgamating the Local Government Association of NSW "LGA NSW" and the Shires Association of NSW "SA NSW" into a single organisation, namely the Local Government and Shires Association of New South Wales (the "Association"), known as Local Government NSW.

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 are incorporated and domiciled in Australia. The principal activity of the partnership during the financial year was providing tendering and purchasing services.

Local Government Procurement Pty Ltd

Local Government Procurement Partnership Pty Ltd is a proprietary 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 proprietary 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 proprietary 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 Association as defined above.

LGP (SA NSW) Trust

LGP (SA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above.

All intercompany balances and transactions including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Association.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Donation income

Donation income is recognised upon receipt.

Receivables

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 2. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Procurement commission

Commission income represents amounts raised against suppliers and contractors, based on commission rates as agreed to between the parties upon entering procurement contracts and the level of financial activity between suppliers and contractors and the partnership's customers, as reported to the partnership during the financial year.

Rendering of services

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

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

Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Association recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Note 2. Significant accounting policies (continued)

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and liabilities

Fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Held-to-maturity investments

Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Note 2. Significant accounting policies (continued)

Impairment of financial assets

The Association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise grant; it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting unit obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 2. Significant accounting policies (continued)

Revaluations - land and buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The useful lives of the Association's intangible assets are:

Website & Software 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.

Significant costs associated with the development of the revenue generating aspects of the website are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Taxation

The Association is exempt from income tax under section 50.15 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 2. Significant accounting policies (continued)

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

Investment - StateCover Mutual Limited

LGNSW has facilitated the establishment and management of pooled Workers Compensation Insurance for its members, by way of a limited public company.

As part of this, LGNSW has provided \$3.0 million (in return for shares) to ensure that prudent financial reserve ratios required by APRA could be met. A fee is paid to LGNSW for this facilitation, governance and other services. The shares do not entitle the LGNSW to any share of profits or distributions.

Members of the scheme are fully responsible under the terms of insurance (and the company's constitution) to ensure that the company's prudential solvency requirements are met by way of Capital Shortfall calls and thereby maintain the level of LGNSW's share capital.

Comparative figures

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2018. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are set out below.

AASB 9 Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes below will have a minimal and immaterial impact on the Association:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances;
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows;
- requirements for impairment of financial assets.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Effective Date of AASB 15 and AASB 2016-3 Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers and Interpretation 31 Revenue—Barter Transactions Involving Advertising Services.

AASB 15 introduces a five-step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Entities are permitted to adopt the guidance under one of the following methods: the "full retrospective" method, which applies the guidance to each period presented (prior year restated) or the "modified retrospective" method, in which the guidance is only applied to the year of adoption, with the cumulative effect of initially applying the guidance recognised as an adjustment to retained earnings. AASB 15 is applicable for financial reporting periods commencing on or after 1 January 2018, and the Association has elected to adopt the modified retrospective method, with year-end 30 June 2019 being the year of adoption.

Due to the nature of the revenue streams of the Association, management do not expect that adoption of AASB 15 will have a material impact on the financial performance of the Association.

AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 introduces a single lessee accounting model that requires all leases to be accounted for on balance sheet. A lessee will be required to recognise an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset) and a liability to make lease payments (i.e. lease liability). Two exemptions are available for leases with a term less than 12 months or if the underlying asset is of low value.

The lessor accounting requirements are substantially the same as in AASB 117. Lessors will therefore continue to classify leases as either operating or finance leases.

AASB 16 will replace AASB 117 Leases, Interpretation 4 Determining Whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Association is a party to one significant lease arrangement as a lessee. The adoption of AASB 16 is mandatory for financial reporting periods commencing on or after 1 January 2019, and whilst management is still in the process of quantifying the exact impact of this standard, it is not expected to have a material impact on the financial performance and position of the Association.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy

The Association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Association tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Capitation fees and other revenue from another reporting unit

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Capitation fees received	-	-	-	-

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Note 5. Levies

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Levies	-	-	-	-

Note 6. Investment income and commission received

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Investment income				
Interest from deposits held with financial institutions	673,028	704,315	671,133	702,660
Interest from related party	-	-	-	658
Dividends income from equity portfolio	263,498	219,317	263,498	219,317
Available for sale - unrealised gains/(losses)	362,859	232,165	362,859	232,165
Held to maturity - unrealised gains/(losses)	(32,542)	303,335	(32,542)	303,335
Gain/(loss) on sale of investments	(20,513)	176,883	(20,513)	176,883
Total investment income generated	1,246,330	1,636,015	1,244,435	1,635,018

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Commission received				
Commission - StateWide Mutual	503,099	486,303	503,099	486,303
Commission - StateCover Mutual	1,020,866	951,931	1,020,866	951,931
Commission - supplier contracts	7,275,618	6,142,501	-	-
Management fees	180,000	180,000	180,000	180,000
Total commission received	8,979,583	7,760,735	1,703,965	1,618,234

Note 7. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Grants received	2,567,931	2,406,165	2,567,931	2,406,165
Donations received	-	-	-	-
Total grants or donations received	2,567,931	2,406,165	2,567,931	2,406,165

The Association does not fund grants and donations in its own capacity, but only acts in the capacity of an administrator of the respective grant programs. Administration includes providing managerial facilitation services and ensuring that grant funds and related donations are applied to meet the grants' objectives.

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Note 8. Employee benefits expense

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Holders of office				
Wages and salaries	(155,280)	(155,065)	(155,280)	(155,065)
Superannuation	(15,023)	(15,556)	(15,023)	(15,556)
Subtotal employee expenses - holders of office	<u>(170,303)</u>	<u>(170,621)</u>	<u>(170,303)</u>	<u>(170,621)</u>
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Employees other than office holders				
Wages and salaries	(8,769,785)	(8,087,348)	(5,903,913)	(5,597,526)
Superannuation	(853,277)	(775,440)	(573,473)	(555,744)
Leave and other entitlements	(159,227)	(165,905)	(26,869)	(238,356)
Other employee expenses	(1,071,299)	(829,556)	(774,061)	(541,701)
Subtotal employee expenses - employees other than office holders	<u>(10,853,588)</u>	<u>(9,858,249)</u>	<u>(7,278,316)</u>	<u>(6,933,327)</u>
Total employee expenses	<u>(11,023,891)</u>	<u>(10,028,870)</u>	<u>(7,448,619)</u>	<u>(7,103,948)</u>

Note 9. Capitation fees and other expenses to another reporting unit

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Capitation fees paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 10. Affiliation fees

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Australian Local Government Association	<u>(589,910)</u>	<u>(579,043)</u>	<u>(589,910)</u>	<u>(579,043)</u>

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Note 11. Administration expenses

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	(105,072)	(99,143)	(105,072)	(99,143)
Conference and meeting expenses	(2,146,154)	(1,852,225)	(1,881,709)	(1,653,519)
Contractors/consultants	(1,512,551)	(782,407)	(1,230,254)	(592,962)
Governance expenses	(167,026)	(150,205)	(167,026)	(150,205)
Property expenses	(9,697)	(7,910)	(7,688)	(2,958)
Office expenses	(234,824)	(210,338)	(133,693)	(120,642)
Information communications technology	(529,902)	(334,389)	(388,605)	(216,453)
Other	(560,153)	(578,091)	(69,306)	(184,491)
Subtotal administration expenses	<u>(5,265,379)</u>	<u>(4,014,708)</u>	<u>(3,983,353)</u>	<u>(3,020,373)</u>
	LGNSW CONSOLIDATED	LGNSW	2018	2017
	2018	2017	2018	2017
	\$	\$	\$	\$
Operating lease rentals:				
Minimum lease payments	<u>(281,614)</u>	<u>(249,880)</u>	<u>-</u>	<u>-</u>
Total administration expenses	<u>(5,546,993)</u>	<u>(4,264,588)</u>	<u>(3,983,353)</u>	<u>(3,020,373)</u>

Note 12. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Grants				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	(1,590,301)	(975,981)	(1,590,301)	(975,981)
Total administration expenses	(977,630)	(1,430,184)	(977,630)	(1,430,184)
Donations				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
Total grants or donations paid	<u>(2,567,931)</u>	<u>(2,406,165)</u>	<u>(2,567,931)</u>	<u>(2,406,165)</u>

Note 13. Depreciation and amortisation

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Depreciation				
Buildings	(186,904)	(186,904)	(186,904)	(186,904)
Property, plant and equipment	(193,632)	(131,645)	(115,779)	(63,319)
Amortisation				
Intangibles	(11,176)	(20,217)	-	-
Total depreciation and amortisation expense	<u>(391,712)</u>	<u>(338,766)</u>	<u>(302,683)</u>	<u>(250,223)</u>

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Note 14. Legal costs

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Litigation	-	-	-	-
Other legal matters	(109,791)	(208,291)	(72,492)	(148,272)
Total legal costs	<u>(109,791)</u>	<u>(208,291)</u>	<u>(72,492)</u>	<u>(148,272)</u>

Note 15. Net losses from the sale of assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Plant and equipment	<u>(2,044)</u>	<u>(5,804)</u>	<u>-</u>	<u>-</u>

Note 16. Other expenses

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Penalties - via ROI Act or RO Regulations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 17. Current assets - cash and cash equivalents

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - LGNSW funds	5,037,347	4,402,729	2,282,100	2,722,662
Cash at bank - grant funds	2,178,552	4,337,231	2,178,552	4,337,231
Cash on deposit	82,705	81,601	-	-
	<u>7,300,660</u>	<u>8,823,617</u>	<u>4,461,652</u>	<u>7,060,893</u>

Note 18. Current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade receivables	6,100,307	5,770,354	4,144,907	3,734,421
Provision for doubtful debts	(6,397)	(45,000)	-	-
Loans to related parties – Local Government Procurement Partnership	-	-	437,132	1,628,759
Receivable from LGP (LGA NSW) Trust	-	-	874,880	-
Receivable from LGP (SA NSW) Trust	-	-	874,880	-
Interest and other receivables	746	2,531	746	2,531
GST receivable	214,513	219,977	135,595	170,160
	<u>6,309,169</u>	<u>5,947,862</u>	<u>6,468,140</u>	<u>5,535,871</u>

The Association does not have significant concentration of credit risk with respect to any single counterparty and manages its exposure as outlined in Note 36.

Note 19. Current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Mutual Investment - Equities	5,754,052	5,078,709	5,754,052	5,078,709

Note 20. Current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Call account	14,671	43,151	14,671	43,151

Note 21. Current assets - prepayments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Prepayments	407,333	452,073	350,943	385,105
Premium on investments	150,736	101,529	150,736	101,529
	558,069	553,602	501,679	486,634

Note 22. Non-current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Loans to related parties – Local Government Procurement Partnership	-	-	291,627	-

This represents the level of working capital that Local Government Procurement Partnership requires to operate on a day to day basis.

Note 23. Non-current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Shares in StateCover Mutual Limited	3,000,000	3,000,000	3,000,000	3,000,000

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Note 24. Non-current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Term deposit - Commonwealth Bank of Australia	250,000	-	250,000	-
Term deposit - Bank of Melbourne	-	2,000,000	-	2,000,000
Mutual Investment - Fixed interest - National Australia Bank	2,059,398	2,529,112	2,059,398	2,529,112
Mutual Investment - Fixed interest - ANZ Bank	-	1,009,962	-	1,009,962
Mutual Investment - Fixed interest - Bank of Queensland	2,051,916	2,063,934	2,051,916	2,063,934
Mutual Investment - Fixed interest - Bendigo Bank	3,946,598	5,227,542	3,946,598	5,227,542
Mutual Investment - Fixed interest - Westpac Bank	8,696,349	2,202,387	8,696,349	2,202,387
Mutual investment - Fixed interest - Commonwealth Bank of Australia	-	2,121,882	-	2,121,882
	<u>17,004,261</u>	<u>17,154,819</u>	<u>17,004,261</u>	<u>17,154,819</u>

Note 25. Non-current assets - land and buildings

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Land and buildings - at fair value	9,117,860	9,117,860	9,117,860	9,117,860
Less: Accumulated depreciation	(1,191,668)	(1,004,764)	(1,191,668)	(1,004,764)
	<u>7,926,192</u>	<u>8,113,096</u>	<u>7,926,192</u>	<u>8,113,096</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	8,113,096	8,300,000	8,113,096	8,300,000
Depreciation expense	(186,904)	(186,904)	(186,904)	(186,904)
Closing fair value	<u>7,926,192</u>	<u>8,113,096</u>	<u>7,926,192</u>	<u>8,113,096</u>

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Note 26. Non-current assets - property, plant and equipment

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Leasehold improvements - at cost	78,724	78,724	-	-
Less: Accumulated depreciation	(43,181)	(27,436)	-	-
	<u>35,543</u>	<u>51,288</u>	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	919,955	847,753	907,925	841,377
Less: Accumulated depreciation	(663,749)	(633,257)	(659,964)	(629,888)
	<u>256,206</u>	<u>214,496</u>	<u>247,961</u>	<u>211,489</u>
Motor vehicles - at cost	145,711	170,816	39,404	39,404
Less: Accumulated depreciation	(82,464)	(70,064)	(7,692)	(304)
	<u>63,247</u>	<u>100,752</u>	<u>31,712</u>	<u>39,100</u>
Office equipment - at cost	706,137	548,551	475,153	354,969
Less: Accumulated depreciation	(448,022)	(420,336)	(265,974)	(275,998)
	<u>258,115</u>	<u>128,215</u>	<u>209,179</u>	<u>78,971</u>
Paintings and artworks	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>
	<u>617,011</u>	<u>498,651</u>	<u>492,752</u>	<u>333,460</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvements \$	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
LGNSW CONSOLIDATED					
Balance at 1 July 2016	67,033	251,289	126,716	94,693	539,731
Additions	-	-	39,404	89,733	129,137
Disposals	-	-	(38,572)	-	(38,572)
Depreciation expense	<u>(15,745)</u>	<u>(32,893)</u>	<u>(26,796)</u>	<u>(56,211)</u>	<u>(131,645)</u>
Balance at 30 June 2017	51,288	218,396	100,752	128,215	498,651
Additions	-	72,171	-	255,911	328,082
Disposals	-	-	(6,135)	(9,955)	(16,090)
Depreciation expense	<u>(15,745)</u>	<u>(30,461)</u>	<u>(31,370)</u>	<u>(116,056)</u>	<u>(193,632)</u>
Balance at 30 June 2018	<u>35,543</u>	<u>260,106</u>	<u>63,247</u>	<u>258,115</u>	<u>617,011</u>

* Furniture and Fixtures for the purposes of reconciliation includes the paintings and artworks balance.

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Note 26. Non-current assets - property, plant and equipment (continued)

LGNSW	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2016	247,915	-	55,373	303,288
Additions	-	39,404	54,087	93,491
Depreciation expense	(32,526)	(304)	(30,489)	(63,319)
Balance at 30 June 2017	215,389	39,100	78,971	333,460
Additions	66,548	-	218,478	285,026
Disposals	-	-	(9,955)	(9,955)
Depreciation expense	(30,076)	(7,388)	(78,315)	(115,779)
Balance at 30 June 2018	<u>251,861</u>	<u>31,712</u>	<u>209,179</u>	<u>492,752</u>

* Furniture and Fixtures for the purposes of reconciliation includes the paintings and artworks balance.

Note 27. Non-current assets - intangible assets

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Website and software development - at cost	485,823	457,707	276,659	276,659
Less: Accumulated amortisation	(457,918)	(446,742)	(276,659)	(276,659)
	<u>27,905</u>	<u>10,965</u>	<u>-</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

LGNSW CONSOLIDATED	Website & Software Development \$	Total \$
Balance at 1 July 2016	31,182	31,182
Amortisation expense	(20,217)	(20,217)
Balance at 30 June 2017	10,965	10,965
Additions	28,116	28,116
Amortisation expense	(11,176)	(11,176)
Balance at 30 June 2018	<u>27,905</u>	<u>27,905</u>

Note 28. Non-current assets - investment in associates

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Investment in related party's Trust companies	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>

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Note 29. Current liabilities - trade and other payables

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade payables	674,564	917,574	338,870	532,262
Sundry payables and accrued expenses	1,658,183	1,689,853	308,447	269,780
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs - other	9,432	7,150	3,300	7,150
GST payable	1,007,224	906,366	730,007	684,038
	<u>3,349,403</u>	<u>3,520,943</u>	<u>1,380,624</u>	<u>1,493,230</u>

Note 30. Current liabilities - short term provisions

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Annual leave - Employees other than office holders	684,675	739,014	550,755	636,394
Long service leave - Employees other than office holders	993,559	950,987	783,672	805,581
	<u>1,678,234</u>	<u>1,690,001</u>	<u>1,334,427</u>	<u>1,441,975</u>

Note 31. Current liabilities - other financial liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Scholarship funds held	585,896	587,020	585,896	587,020
Unspent government grants	2,045,461	3,487,743	2,045,461	3,487,743
Other deferred income	6,372,670	6,087,681	6,177,870	5,998,583
	<u>9,004,027</u>	<u>10,162,444</u>	<u>8,809,227</u>	<u>10,073,346</u>

Note 32. Non-current liabilities - employee provisions

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Long service leave - Employees other than office holders	<u>250,666</u>	<u>188,420</u>	<u>160,006</u>	<u>134,336</u>

Note 33. Equity - issued capital

	LGNSW CONSOLIDATED			
	2018	2017	2018	2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>

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Note 34. Equity - general funds

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revaluation surplus reserve	<u>2,217,289</u>	<u>2,217,289</u>	<u>2,217,289</u>	<u>2,217,289</u>

Note 35. Equity - retained earnings

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Retained earnings at the beginning of the financial year	31,445,299	30,370,359	31,446,493	30,371,553
Profit after income tax expense for the year	<u>566,996</u>	<u>1,074,940</u>	<u>566,996</u>	<u>1,074,940</u>
Retained earnings at the end of the financial year	<u>32,012,295</u>	<u>31,445,299</u>	<u>32,013,489</u>	<u>31,446,493</u>

Note 36. Financial instruments

Financial risk management policies

Managing the financial risk exposures of Local Government NSW ("LGNSW") is the responsibility of the Board committee ("Board"). The Board monitors LGNSW's financial risk management policies and exposures and approves financial transactions within the scope of its authority.

It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

The Board's overall risk management strategy seeks to assist LGNSW in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which primarily expose LGNSW to interest rate risk are term deposits and cash and cash equivalents.

	2018		2017	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
LGNSW CONSOLIDATED				
Cash and cash equivalents	2.00%	7,300,660	2.00%	8,823,617
Receivables	-	6,094,656	-	5,727,885
Investments (subject to interest rate risk)	4.13%	<u>17,018,932</u>	4.12%	<u>17,197,970</u>
Net exposure to cash flow interest rate risk		<u>30,414,248</u>		<u>31,749,472</u>

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$243,196/(\$243,196) (2017: \$260,216/(\$260,216)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Note 36. Financial instruments (continued)

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to LGNSW.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Depending on the division within LGNSW, credit terms are generally 30 days from the invoice date. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound.

Credit risk exposures:

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 18.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA and consist exclusively of term deposits products.

Liquidity risk

Liquidity risk arises from the possibility that LGNSW might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

LGNSW maintains a very strong cash investment position at all times and does not consider liquidity risk to be significant.

Financial assets pledged as collateral:

No financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

The following tables detail the Association's expected maturity profile of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
LGNSW CONSOLIDATED - 2018	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	3,349,403	-	-	-	3,349,403
Unspent government grants	-	2,285,471	345,886	-	-	2,631,357
Deferred income	-	6,372,670	-	-	-	6,372,670
Total non-derivatives		12,007,544	345,886	-	-	12,353,430

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Note 36. Financial instruments (continued)

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
LGNSW CONSOLIDATED - 2017	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	3,520,943	-	-	-	3,520,943
Unspent government grants	-	2,003,010	2,071,753	-	-	4,074,763
Deferred income	-	6,087,681	-	-	-	6,087,681
Total non-derivatives		11,611,634	2,071,753	-	-	13,683,387
LGNSW - 2018	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,380,624	-	-	-	1,380,624
Unspent government grants	-	2,285,471	345,886	-	-	2,631,357
Other deferred income	-	6,177,870	-	-	-	6,177,870
Total non-derivatives		9,843,965	345,886	-	-	10,189,851
LGNSW - 2017	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,493,230	-	-	-	1,493,230
Unspent government grants	-	2,003,010	2,071,753	-	-	4,074,763
Other deferred income	-	5,998,583	-	-	-	5,998,583
Total non-derivatives		9,494,823	2,071,753	-	-	11,566,576

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed above.

Fair values

Fair value estimation

The fair values of financial assets and financial liabilities can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 36. Financial instruments (continued)

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Association and Local Government NSW are as follows:

	2018		2017	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
LGNSW CONSOLIDATED				
<i>Assets</i>				
Cash and cash equivalents	7,300,660	7,300,660	8,823,617	8,823,617
Trade and other receivables	6,309,169	6,309,169	5,947,862	5,947,862
Term deposits	14,671	14,671	43,151	43,151
Mutual investments	17,004,261	17,004,261	17,154,819	17,154,819
Mutual equities	5,754,052	5,754,052	5,078,709	5,078,709
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>39,382,813</u>	<u>39,382,813</u>	<u>40,048,158</u>	<u>40,048,158</u>
<i>Liabilities</i>				
Trade and other payables	(3,349,403)	(3,349,403)	(3,520,943)	(3,520,943)
Unspent government grants	(2,631,357)	(2,631,357)	(4,074,763)	(4,074,763)
Other deferred income	(6,372,670)	(6,372,670)	(6,087,681)	(6,087,681)
	<u>(12,353,430)</u>	<u>(12,353,430)</u>	<u>(13,683,387)</u>	<u>(13,683,387)</u>
	2018		2017	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
LGNSW				
<i>Assets</i>				
Cash and cash equivalents	4,461,652	4,461,652	7,060,893	7,060,893
Trade and other receivables (*)	4,281,248	4,281,248	3,907,112	3,907,112
Term deposits	14,671	14,671	43,151	43,151
Mutual investments	17,004,261	17,004,261	17,154,819	17,154,819
Mutual equities	5,754,052	5,754,052	5,078,709	5,078,709
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
Investment in LGP Trust Companies (**)	36	36	36	36
	<u>34,515,920</u>	<u>34,515,920</u>	<u>36,244,720</u>	<u>36,244,720</u>
<i>Liabilities</i>				
Trade and other payables	(1,380,624)	(1,380,624)	(1,493,230)	(1,493,230)
Unspent government grants	(2,631,357)	(2,631,357)	(4,074,763)	(4,074,763)
Other deferred income	(6,177,870)	(6,177,870)	(5,998,583)	(5,998,583)
	<u>(10,189,851)</u>	<u>(10,189,851)</u>	<u>(11,566,576)</u>	<u>(11,566,576)</u>

* Exclusive of related party receivables (Note 37)

** Investments represent equity instruments deemed held at fair value due to the rights and entitlements attached to those instruments.

Local Government New South Wales
Notes to the financial statements
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Note 36. Financial instruments (continued)

Fair value hierarchy

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
LGNSW CONSOLIDATED - 2018				
Term deposits	-	14,671	-	14,671
Mutual investments	-	17,004,261	-	17,004,261
Mutual equities	5,754,052	-	-	5,754,052
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>5,754,052</u>	<u>20,018,932</u>	<u>-</u>	<u>25,772,984</u>
LGNSW CONSOLIDATED - 2017				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	43,151	-	43,151
Mutual investments	-	17,154,819	-	17,154,819
Mutual equities	5,078,709	-	-	5,078,709
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>5,078,709</u>	<u>20,197,970</u>	<u>-</u>	<u>25,276,679</u>
LGNSW - 2018				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Mutual investments	-	17,004,261	-	17,004,261
Mutual equities	5,754,052	-	-	5,754,052
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>5,754,052</u>	<u>20,018,932</u>	<u>36</u>	<u>25,773,020</u>
LGNSW - 2017				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	43,151	-	43,151
Mutual investments	-	17,154,819	-	17,154,819
Mutual equities	5,078,709	-	-	5,078,709
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>5,078,709</u>	<u>20,197,970</u>	<u>36</u>	<u>25,276,715</u>

Note 37. Related party disclosures

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue received from LGP (LGA NSW) Trust includes the following:				
Trust distributions	-	-	874,880	-

Note 37. Related party disclosures (continued)

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Revenue received from LGP (SA NSW) Trust includes the following:				
Trust distributions	-	-	874,880	-
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue received from Local Government Procurement Partnership includes the following:				
Cost contribution income	-	-	-	951,830
Interest revenue	-	-	-	658
	-	-	-	952,488
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Amounts receivable from LGP (LGA NSW) Trust includes the following:				
Trust distribution receivable	-	-	874,880	-
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Amounts receivable from LGP (SA NSW) Trust includes the following:				
Trust distribution receivable	-	-	874,880	-
	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
Amounts receivable from Local Government Procurement Partnership includes the following:				
Trade and other receivables	-	-	728,759	1,628,759

Up to the financial year ended 30 June 2017, no distributions had been declared with Local Government Procurement Partnership (LGPP) profit being expensed as a 'management fee' owed to LGNSW, representing in-kind services to the Partnership. Given the continued increase in LGPP turnover and profits as well as the activation of the LGP Management Committee and increased focus on governance, it was considered appropriate for the formal distribution of profits through the Trust arrangements to commence for the financial year end 30 June 2018. It should be noted that this results in exactly the same outcome (that is, LGNSW ends up with the profit).

The transactions between related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for income and distributions at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year end 30 June 2018, the Association has not recorded any impairment of receivables relating to amounts owed by related parties (2017: \$nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Local Government New South Wales
Notes to the financial statements
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Note 38. Key management personnel disclosures

Boards

Key management personnel, as defined by the Association, represents the president of the Board as the head of the Association: Councillor Keith Rhoades (to 7 December 2017) and Linda Scott (from 8 December 2017)

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Short-term employee benefits				
Salary (including annual leave taken)	155,280	155,065	155,280	155,065
	LGNSW CONSOLIDATED	LGNSW	LGNSW	LGNSW
	2018	2017	2018	2017
Post-employment benefits				
Superannuation	15,023	15,556	15,023	15,556
	LGNSW CONSOLIDATED	LGNSW	LGNSW	LGNSW
	2018	2017	2018	2017
	\$	\$	\$	\$
Other long-term benefits				
Long service leave	-	-	-	-
	LGNSW CONSOLIDATED	LGNSW	LGNSW	LGNSW
	2018	2017	2018	2017
Termination benefits	-	-	-	-

Transactions between key management personnel and their close family members

There were no transactions between key management personnel and their close family members for the years ended 30 June 2018 and 30 June 2017.

Note 39. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Chartered Accountants, the auditor of the Local Government NSW:

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Audit services</i>				
Audit of the financial statements	30,000	30,000	18,500	20,395
<i>Other services</i>				
Tax and other consulting services	7,715	11,630	3,790	11,630
	37,715	41,630	22,290	32,025

Local Government New South Wales
Notes to the financial statements
30 June 2018

Note 40. Contingent liabilities, assets and commitments

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Commitments for minimum lease payments in relation to operating leases are as follows</i>				
Not later than 12 months	254,404	240,950	-	-
Between 12 months and 5 years	296,805	522,058	-	-
	<u>551,209</u>	<u>763,008</u>	<u>-</u>	<u>-</u>

The operating lease represents the office leases by a related party for Suite 13.01, Level 55 Clarence St, Sydney. The lease agreement terminates on the 31 August 2020 with an option for another 5 years. The lease was signed on 1 August 2015 and no commitment existed in previous financial years, when operations were conducted from group owned premises. The commitments are shown net of monthly rent abatements received, which will continue to be received until the termination of the lease.

The Association has obtained bank guarantees for the purpose of rental contracts amounting to \$197,140 (2017: \$197,140) provided by Commonwealth Bank.

Note 41. Reconciliation of profit after income tax to net cash from/(used in) operating activities

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Profit after income tax expense for the year	566,996	1,074,940	566,996	1,074,940
Adjustments for:				
Depreciation and amortisation	391,712	338,766	302,683	250,223
Net loss on disposal of property, plant and equipment	11,999	5,804	9,955	-
Capital (gain)/loss on floating rate note investments	(330,317)	(535,500)	(511,537)	(535,500)
Net (gain)/loss on sale of investments	32,542	(176,883)	32,542	(176,883)
Trust distributions	-	-	(1,749,760)	-
Cost contribution income	-	-	-	(951,830)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(361,307)	(253,936)	(374,136)	913,193
(Increase)/decrease in prepayments	(4,467)	(150,536)	(15,045)	(145,859)
Increase/(decrease) in trade payables and accruals	(260,638)	9,190	(112,606)	(565,116)
Increase/(decrease) in deferred income	374,087	1,081,902	179,287	(79,908)
Increase/(decrease) in provisions	50,479	(4,061)	(81,878)	133,216
Net cash from/(used in) operating activities	<u>471,086</u>	<u>1,389,686</u>	<u>(1,753,499)</u>	<u>(83,524)</u>

Note 42. Cash flow information

	LGNSW CONSOLIDATED		LGNSW	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash inflows				
Local Government Procurement Partnership	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>137,923</u>

Note 43. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Local Government Procurement Partnership

Independent auditor's report to partners

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Local Government Procurement Partnership (the Partnership), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and partners' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Partnership as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Partnership in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the partners' financial reporting responsibilities under the Partnership deed. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the Partnership deed and is appropriate to meet the needs of the partners and for such internal control as management determines is necessary to enable the preparation and fair presentation of a 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 Partnership's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

CHARTERED ACCOUNTANTS & ADVISORS

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Those charged with governance are responsible for overseeing the Partnership's financial reporting process.


Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.


A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of our independent auditor's report.

A handwritten signature in black ink that reads "William Buck".

William Buck
Chartered Accountants
ABN 16 021 300 521

A handwritten signature in black ink that reads "Rainer Ahrens".

R. Ahrens
Director
Sydney, 5 September 2018

**Local Government Procurement Partnership
Partners' declaration
30 June 2018**

In the partners' opinion:

- the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the New South Wales legislation the Associations Incorporation Act 2009 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 2 to the financial statements;
- the attached financial statements and notes presents fairly the partnership's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the partnership will be able to pay its debts as and when they become due and payable.

This declaration is made on behalf of the partners by:

A handwritten signature in black ink, appearing to be 'Linda Scott', written over a horizontal line.

Cr Linda Scott
(on behalf of the partners)

5 September 2018

Local Government Procurement Partnership
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	3	8,195,050	6,719,605
Expenses			
Employee benefits expense		(3,674,563)	(2,987,219)
Rebates to councils		(1,166,506)	(1,432,114)
Cost contribution expense - LGNSW		-	(951,830)
Administration		(1,169,996)	(1,023,763)
Consultancy costs		(223,660)	(146,072)
Conference expense		(119,492)	(83,602)
Gain/(loss) on sale of non-current assets		(2,044)	(5,804)
Depreciation, amortisation and impairment		(89,029)	(88,543)
Finance costs		-	(658)
Profit before income tax expense		1,749,760	-
Income tax expense		-	-
Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership		1,749,760	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the partners of Local Government Procurement Partnership		1,749,760	-
Distribution to partners:			
LGP (LGA NSW) Trust (50% Partner)		874,880	-
LGP (SA NSW) Trust (50% Partner)		874,880	-
Total distribution to partners		1,749,760	-
Retained partners' funds at the end of the financial year of Local Government Procurement Partnership		-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Local Government Procurement Partnership
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	5	2,838,390	1,762,106
Trade and other receivables	6	2,027,921	2,040,750
Prepayments	7	56,390	66,968
Total current assets		<u>4,922,701</u>	<u>3,869,824</u>
Non-current assets			
Property, plant and equipment	8	124,259	165,191
Intangibles	9	27,905	10,965
Total non-current assets		<u>152,164</u>	<u>176,156</u>
Total assets		<u>5,074,865</u>	<u>4,045,980</u>
Liabilities			
Current liabilities			
Trade and other payables	10	4,153,971	3,654,772
Provisions	11	343,807	248,026
Other financial liabilities	12	194,800	89,098
Total current liabilities		<u>4,692,578</u>	<u>3,991,896</u>
Non-current liabilities			
Trade and other payables	13	291,627	-
Provisions	14	90,660	54,084
Total non-current liabilities		<u>382,287</u>	<u>54,084</u>
Total liabilities		<u>5,074,865</u>	<u>4,045,980</u>
Net assets		<u>-</u>	<u>-</u>
Partners' funds			
Total partners' funds		<u>-</u>	<u>-</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Local Government Procurement Partnership
Statement of changes in equity
For the year ended 30 June 2018

	Partners' funds \$	Total partners' funds \$
Balance at 1 July 2016	-	-
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 30 June 2017	-	-
	<hr/>	<hr/>
	Partners' funds \$	Total partners' funds \$
Balance at 1 July 2017	-	-
Profit after income tax expense for the year	1,749,760	1,749,760
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	1,749,760	1,749,760
Profit distribution to LGP (LGA NSW) Trust	(874,880)	(874,880)
Profit distribution to LGP (SA NSW) Trust	(874,880)	(874,880)
	<hr/>	<hr/>
Balance at 30 June 2018	-	-
	<hr/>	<hr/>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Local Government Procurement Partnership
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		8,205,984	6,462,215
Payments to suppliers and employees		<u>(6,164,514)</u>	<u>(4,835,341)</u>
		2,041,470	1,626,874
Interest received		1,895	1,806
Finance costs		<u>-</u>	<u>(658)</u>
Net cash from operating activities	15	<u>2,043,365</u>	<u>1,628,022</u>
Cash flows from investing activities			
Proceeds from sale of non-current assets		4,091	32,768
Purchase of property, plant and equipment		<u>(43,056)</u>	<u>(35,646)</u>
Purchase of intangibles		<u>(28,116)</u>	<u>-</u>
Net cash used in investing activities		<u>(67,081)</u>	<u>(2,878)</u>
Cash flows from financing activities			
Net movement in related party loans		<u>(900,000)</u>	<u>(292,735)</u>
Net cash used in financing activities		<u>(900,000)</u>	<u>(292,735)</u>
Net increase in cash and cash equivalents		1,076,284	1,332,409
Cash and cash equivalents at the beginning of the financial year		<u>1,762,106</u>	<u>429,697</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>2,838,390</u></u>	<u><u>1,762,106</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 1. General information

Local Government Procurement Partnership is a partnership, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 5 September 2018.

Note 2. Significant accounting policies

Basis of preparation

In the partners' opinion, the partnership is not a reporting entity because there are no users dependent on general purpose financial statements. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the partnership deed.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the partners have determined are appropriate to meet their needs. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Revenue recognition

Procurement commission

Commission income represents amounts raised against suppliers and contractors, based on commission rates as agreed to between the parties upon entering procurement contracts and the level of financial activity between suppliers and contractors and the partnership's customers, as reported to the partnership during the financial year.

Income tax

As the partnership is a tax exempt institution in terms of subsection 50-10 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33.33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 2. Significant accounting policies (continued)

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the partnership will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Development costs

Development costs are capitalised only when the project will deliver future economic benefits and these benefits can be measured reliably.

Impairment of non-financial assets

At each reporting date, the partnership reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Employee benefits

Provision is made for the partnership's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one period have been measured at the amounts expected to be paid when the liability is settled, plus related on costs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 3. Revenue

	2018	2017
	\$	\$
Commissions	7,275,618	6,142,501
Council services	611,321	371,126
Conferences and seminars	209,436	126,770
Interest revenue	1,895	1,655
Other revenue	96,780	77,553
	<u>8,195,050</u>	<u>6,719,605</u>

	2018	2017
	\$	\$
Interest revenue		
Interest received from:		
Financial institutions	<u>1,895</u>	<u>1,655</u>

Note 4. Profit from ordinary activities (includes):

	2018	2017
	\$	\$
Expenses		
Depreciation of property, plant and equipment	(77,853)	(68,326)
Amortisation of intangible assets	<u>(11,176)</u>	<u>(20,217)</u>
	<u>(89,029)</u>	<u>(88,543)</u>

	2018	2017
	\$	\$
Remuneration of auditor		
Auditing or reviewing the financial report	<u>(11,500)</u>	<u>(11,500)</u>

	2018	2017
	\$	\$

Finance costs		
Related entities	<u>-</u>	<u>(658)</u>

	2018	2017
--	-------------	-------------

Gain/(loss) on sale of non-current assets		
Gain/(loss) on sale of non-current assets	<u>2,044</u>	<u>(5,804)</u>

Note 5. Current assets - cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	1,000	1,000
Cash at bank	2,754,685	1,679,505
Cash on deposit	<u>82,705</u>	<u>81,601</u>
	<u>2,838,390</u>	<u>1,762,106</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 6. Current assets - trade and other receivables

	2018	2017
	\$	\$
Trade receivables	1,955,400	2,035,933
Less: Provision for doubtful debts	(6,397)	(45,000)
GST receivable	78,918	49,817
	<u>2,027,921</u>	<u>2,040,750</u>

Note 7. Current assets - prepayments

	2018	2017
	\$	\$
Prepayments	<u>56,390</u>	<u>66,968</u>

Note 8. Non-current assets - property, plant and equipment

	2018	2017
	\$	\$
Leasehold improvements - at cost	78,724	78,724
Less: Accumulated depreciation	(43,181)	(27,436)
	<u>35,543</u>	<u>51,288</u>
Fixtures and fittings - at cost	12,030	6,376
Less: Accumulated depreciation	(3,785)	(3,369)
	<u>8,245</u>	<u>3,007</u>
Motor vehicles - at cost	106,307	131,412
Less: Accumulated depreciation	(74,772)	(69,760)
	<u>31,535</u>	<u>61,652</u>
Office equipment - at cost	230,984	193,582
Less: Accumulated depreciation	(182,048)	(144,338)
	<u>48,936</u>	<u>49,244</u>
	<u>124,259</u>	<u>165,191</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 8. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvements \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 2016	67,033	3,374	126,716	39,320	236,443
Additions	-	-	-	35,646	35,646
Disposals	-	-	(38,572)	-	(38,572)
Depreciation expense	(15,745)	(367)	(26,492)	(25,722)	(68,326)
Balance at 30 June 2017	51,288	3,007	61,652	49,244	165,191
Additions	-	5,623	-	37,433	43,056
Disposals	-	-	(6,135)	-	(6,135)
Depreciation expense	(15,745)	(385)	(23,982)	(37,741)	(77,853)
Balance at 30 June 2018	35,543	8,245	31,535	48,936	124,259

Note 9. Non-current assets - intangibles

	2018 \$	2017 \$
Website - at cost	209,164	181,048
Less: Accumulated amortisation	(181,259)	(170,083)
	27,905	10,965

Note 10. Current liabilities - trade and other payables

	2018 \$	2017 \$
Trade payables	340,126	383,656
Accrued rebates	1,268,135	1,281,977
Sundry payables and accrued expenses	81,601	138,052
GST payable	277,217	222,328
Payable to Local Government NSW	437,132	1,628,759
Payable to LGP (LGA NSW) Trust	874,880	-
Payable to LGP (SA NSW) Trust	874,880	-
	4,153,971	3,654,772

Note 11. Current liabilities - provisions

	2018 \$	2017 \$
Employee benefits	343,807	248,026

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 12. Current liabilities - other financial liabilities

	2018	2017
	\$	\$
Deferred income	194,800	89,098

Note 13. Non-current liabilities - trade and other payables

	2018	2017
	\$	\$
Payable to Local Government NSW	291,627	-

Note 14. Non-current liabilities - provisions

	2018	2017
	\$	\$
Employee benefits	90,660	54,084

Note 15. Reconciliation of profit after income tax to net cash from operating activities

	2018	2017
	\$	\$
Profit after income tax expense for the year	1,749,760	-
Adjustments for:		
Depreciation	89,029	88,543
Cost contribution - LGNSW	-	951,830
(Gain)/loss on disposal of property, plant and equipment	2,044	5,804
Change in operating assets and liabilities:		
(Increase)/decrease in other receivables	12,829	(305,401)
(Increase)/decrease in other assets	10,578	(4,677)
Increase/(decrease) in trade and other payables	(58,934)	940,102
Increase in other financial liabilities	105,702	89,098
Increase/(decrease) in provisions	132,357	(137,277)
Net cash from operating activities	2,043,365	1,628,022

Note 16. Information on partners

The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd ATF LGP (LGA NSW) Trust and LGP (SA NSW) Pty Ltd ATF LGP (SA NSW) Trust. LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd are companies incorporated and domiciled in Australia.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2018

Note 17. Related party transactions

(a) Identification of Related Parties

LGP (LGA NSW) Pty Ltd
LGP (LGA NSW) Trust
LGP (SA NSW) Pty Ltd
LGP (SA NSW) Trust
Local Government NSW
Local Government Procurement Pty Ltd

(b) Items paid for and amounts

The partnership has a net balance payable of \$728,759 (2017: \$1,628,759) to Local Government NSW representing the expenses paid by Local Government NSW on behalf of the partnership. Interest paid on advances to the partnership by Local Government NSW during the year amounted to \$0 (2017: \$658).

The partnership also has net balances payable of \$874,880 (2017: \$0) to LGP (LGA NSW) Trust and \$874,880 (2017: \$0) to LGP (SA NSW) Trust as a result of the distribution of its profits.

Local Government Procurement Pty Ltd

Compilation report to the directors

ACN 117 201 046

We have compiled the accompanying special purpose financial statements of Local Government Procurement Pty Ltd which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the company that satisfies the information needs of the directors.

The Responsibility of Directors

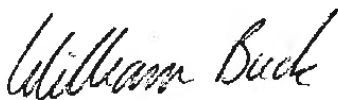
The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 11 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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Local Government Procurement Pty Ltd
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

Directors

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

Michael Paul Braybrooks
John Douglas Truman
Peter Douglas Dennis – appointed 1 July 2018
Penelope Jane Holloway – appointed 1 July 2018
Elizabeth Mary Henderson – appointed 1 July 2018
Robert Murjanto Lagaida – appointed 1 July 2018
Donna Therese Rygate – resigned 30 June 2018
Kevin William Schreiber – resigned 30 June 2018
Keith David Rhoades – resigned 30 June 2018
Gregory John Murdoch – resigned 30 June 2018

Principal activities

The principal activities of the company during the financial year were managing the activities of Local Government Procurement Partnership.

No significant change in the nature of these activities occurred during the financial year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$nil (30 June 2017: \$nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors:



Director

11 September 2018

Local Government Procurement Pty Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Local Government Procurement Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors:



Director

11

September 2018

Local Government Procurement Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018 \$	2017 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of Local Government Procurement Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of Local Government Procurement Pty Ltd	-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Local Government Procurement Pty Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Local Government Procurement Pty Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2016	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2017	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2017	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	<u>12</u>	<u>12</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Local Government Procurement Pty Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Net cash from operating activities		-	-
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Local Government Procurement Pty Ltd
Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

Basis of preparation

Local Government Procurement Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The directors of the company have prepared the financial statements of the company on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	12	12

Note 3. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
Ordinary shares - fully paid	12	12	12	12

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Company details

The registered office of the company is:

Local Government Procurement Pty Ltd
Level 21, 123 Pitt Street
Sydney NSW 2000

LGP (LGA NSW) Trust

Compilation report to the directors of the trustee company

We have compiled the accompanying special purpose financial statements of LGP (LGA NSW) Trust which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the trust that satisfies the information needs of the directors.

The Responsibility of Directors


The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

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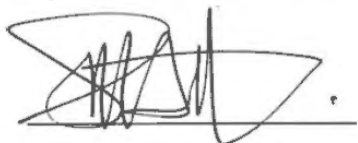
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LGP (LGA NSW) Trust
Directors' declaration
30 June 2018

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

- the financial statements and notes, as set out on pages 4 to 8, present fairly the trust's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
- in the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.
- the attached financial statements and notes give a true and fair view of the trust's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

Signed on behalf of the Board of Directors of the trustee company.



Director

5 September 2018

LGP (LGA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Income		
Distribution income received from Local Government Procurement Partnership	874,880	-
Profit before income tax expense	874,880	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust	874,880	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the beneficiaries of LGP (LGA NSW) Trust	<u>874,880</u>	<u>-</u>
Distribution to beneficiaries:		
Local Government New South Wales	874,880	-
Total distribution to beneficiaries	<u>874,880</u>	<u>-</u>
Retained profits at the end of the financial year of LGP (LGA NSW) Trust	<u>-</u>	<u>-</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LGP (LGA NSW) Trust
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	291	291
Related party receivables	3	874,880	-
Total current assets		<u>875,171</u>	<u>291</u>
Total assets		<u>875,171</u>	<u>291</u>
Liabilities			
Current liabilities			
Related party payables	4	874,880	-
Total current liabilities		<u>874,880</u>	<u>-</u>
Non-current liabilities			
Related party payables	5	850	850
Total non-current liabilities		<u>850</u>	<u>850</u>
Total liabilities		<u>875,730</u>	<u>850</u>
Net liabilities		<u>(559)</u>	<u>(559)</u>
Equity			
Issued capital		10	10
Accumulated losses		<u>(569)</u>	<u>(569)</u>
Total deficiency in equity		<u>(559)</u>	<u>(559)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

LGP (LGA NSW) Trust
Statement of changes in equity
For the year ended 30 June 2018

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2016	10	(569)	(559)
Profit after income tax expense for the year	-	-	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	-	-
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	-	-
Balance at 30 June 2017	10	(569)	(559)

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2017	10	(569)	(559)
Profit after income tax expense for the year	-	874,880	874,880
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	874,880	874,880
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(874,880)	(874,880)
Balance at 30 June 2018	10	(569)	(559)

The above statement of changes in equity should be read in conjunction with the accompanying notes

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

Basis of preparation

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs the requirements of the trust deed and the directors of the trust.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Distributions

The trust's distribution policy is to distribute 100% of its profits to its sole beneficiary, Local Government New South Wales.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when it is expected to be realised within 12 months after the reporting period, and a liability is classified as current when it is due to be settled within 12 months after the reporting period.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

Note 3. Current assets - related party receivables

	2018 \$	2017 \$
Local Government Procurement Partnership	874,880	-
	<u>874,880</u>	<u>-</u>

Note 4. Current liabilities - related party payables

	2018 \$	2017 \$
Local Government New South Wales	874,880	-
	<u>874,880</u>	<u>-</u>

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2018

Note 5. Non-current liabilities - related party payables

	2018	2017
	\$	\$
Local Government Procurement Partnership	500	500
Local Government New South Wales	350	350
	<hr/>	<hr/>
	850	850
	<hr/>	<hr/>

Note 6. Trust Details

The registered office of the trust is:

LGP (LGA NSW) Trust
Level 8, 28 Margaret Street
Sydney NSW 2000

LGP (LGA NSW) Pty Ltd

Compilation report to the directors

ACN 117 201 055

We have compiled the accompanying special purpose financial statements of LGP (LGA NSW) Pty Ltd which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the company that satisfies the information needs of the directors.

The Responsibility of Directors

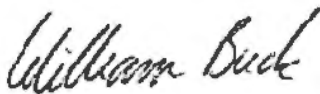
The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

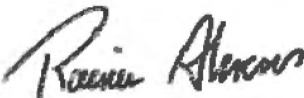
On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

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Level 7, 3 Horwood Place
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LGP (LGA NSW) Pty Ltd
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

Directors

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

Linda Margaret Scott - appointed 3 July 2018
Donna Therese Rygate - resigned 4 July 2018
Keith David Rhoades - resigned 1 December 2017
Kevin William Schrieber - resigned 6 November 2017

Principal activities

The principal activity of the company during the financial year was acting as trustee for the LGP (LGA NSW) Trust.

No significant change in the nature of this activity occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$nil (30 June 2017: \$nil).

No dividends were paid or declared during the year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors.



Director

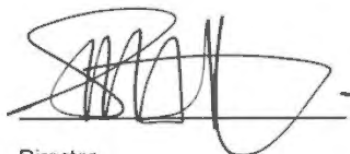
5, September 2018

LGP (LGA NSW) Pty Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of LGP (LGA NSW) Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors:



Director

S. September 2018

LGP (LGA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of LGP (LGA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of LGP (LGA NSW) Pty Ltd	-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LGP (LGA NSW) Pty Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		12	12
Total assets		12	12
Liabilities			
Total liabilities		-	-
Net assets		12	12
Equity			
Issued capital	3	12	12
Total equity		12	12

The above statement of financial position should be read in conjunction with the accompanying notes

LGP (LGA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2016	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2017	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2017	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	<u>12</u>	<u>12</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

LGP (LGA NSW) Pty Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Net cash from operating activities		-	-
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

LGP (LGA NSW) Pty Ltd
Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

Basis of preparation

LGP (LGA NSW) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements. These financial statements have been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	12	12

Note 3. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
Ordinary shares - fully paid	12	12	12	12

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Trust liabilities and right of indemnity

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial report if it is not probable that the company will have to meet any of those trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

Liabilities of the LGP (LGA NSW) Trust not recorded in the financial statements of the company were:

Note 4. Trust liabilities and right of indemnity (continued)

	2018 \$	2017 \$
Current Liabilities		
Related party payables	874,880	-
Non-current Liabilities		
Related party payables	850	850

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were endorsed by a guarantee of financial support from Local Government New South Wales (the "Association") and were sufficient to discharge all liabilities of the trust at 30 June 2018 and 30 June 2017.

Note 5. Contingent liabilities

A contingent liability exists relative to any future claims which may be made against the company arising from trusteeship dealings.

Note 6. Company Details

The registered office of the company is:

LGP (LGA NSW) Pty Ltd
Level 8, 28 Margaret Street
Sydney NSW 2000

LGP (SA NSW) Trust

Compilation report to the directors of the trustee company

We have compiled the accompanying special purpose financial statements of LGP (SA NSW) Trust which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the trust that satisfies the information needs of the directors.

The Responsibility of Directors

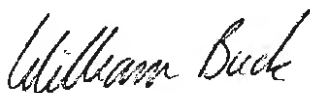
The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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Level 29, 66 Goulburn Street
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Telephone: +61 2 8836 1500
williambuck.com

**LGP (SA NSW) Trust
Directors' declaration
30 June 2018**

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in note 1 to the financial statements.

- the financial statements and notes, as set out on pages 4 to 8, present fairly the trust's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
- in the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.
- the attached financial statements and notes give a true and fair view of the trust's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

Signed on behalf of the Board of Directors of the trustee company.



Director

5 September 2018

LGP (SA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Income		
Distribution income received from Local Government Procurement Partnership	874,880	-
Profit before income tax expense	874,880	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the beneficiaries of LGP (SA NSW) Trust	874,880	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the beneficiaries of LGP (SA NSW) Trust	<u>874,880</u>	<u>-</u>
Distribution to beneficiaries:		
Local Government New South Wales	874,880	-
Total distribution to beneficiaries	<u>874,880</u>	<u>-</u>
Retained profits at the end of the financial year of LGP (SA NSW) Trust	<u>-</u>	<u>-</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LGP (SA NSW) Trust
Statement of financial position
As at 30 June 2018

	Note	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	2	291	291
Related party receivables	3	874,880	-
Total current assets		<u>875,171</u>	<u>291</u>
Total assets		<u>875,171</u>	<u>291</u>
Liabilities			
Current liabilities			
Related party payables	4	874,880	-
Total current liabilities		<u>874,880</u>	<u>-</u>
Non-current liabilities			
Related party payables	5	850	850
Total non-current liabilities		<u>850</u>	<u>850</u>
Total liabilities		<u>875,730</u>	<u>850</u>
Net liabilities		<u>(559)</u>	<u>(559)</u>
Equity			
Issued capital		10	10
Accumulated losses		<u>(569)</u>	<u>(569)</u>
Total deficiency in equity		<u>(559)</u>	<u>(559)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

LGP (SA NSW) Trust
Statement of changes in equity
For the year ended 30 June 2018

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2016	10	(569)	(559)
Profit after income tax expense for the year	-	-	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	-	-
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	-	-
Balance at 30 June 2017	<u>10</u>	<u>(569)</u>	<u>(559)</u>
	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
Balance at 1 July 2017	10	(569)	(559)
Profit after income tax expense for the year	-	874,880	874,880
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	874,880	874,880
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(874,880)	(874,880)
Balance at 30 June 2018	<u>10</u>	<u>(569)</u>	<u>(559)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

Basis of preparation

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs the requirements of the trust deed and the directors of the trust.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Distributions

The trust's distribution policy is to distribute 100% of its profits to its sole beneficiary, Local Government New South Wales.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when it is expected to be realised within 12 months after the reporting period, and a liability is classified as current when it is due to be settled within 12 months after the reporting period.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

Note 3. Current assets - related party receivables

	2018 \$	2017 \$
Local Government Procurement Partnership	874,880	-
	<u>874,880</u>	<u>-</u>

Note 4. Current liabilities - related party payables

	2018 \$	2017 \$
Local Government New South Wales	874,880	-
	<u>874,880</u>	<u>-</u>

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2018

Note 5. Non-current liabilities - related party payables

	2018	2017
	\$	\$
Local Government Procurement Partnership	500	500
Local Government New South Wales	350	350
	<hr/>	<hr/>
	850	850
	<hr/>	<hr/>

Note 6. Trust Details

The registered office of the trust is:

LGP (SA NSW) Trust
Level 8, 28 Margaret Street
Sydney NSW 2000

LGP (SA NSW) Pty Ltd

Compilation report to the directors

ACN 117 201 064

We have compiled the accompanying special purpose financial statements of LGP (SA NSW) Pty Ltd which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance and financial position of the company that satisfies the information needs of the directors.

The Responsibility of Directors


The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our Responsibility

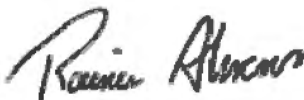
On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements are prepared exclusively for the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



William Buck
Chartered Accountants
ABN 16 021 300 521



R. Ahrens
Director
Sydney, 5 September 2018

CHARTERED ACCOUNTANTS & ADVISORS

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Sydney NSW 2000
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Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

**LGP (SA NSW) Pty Ltd
Directors' report
30 June 2018**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

Directors

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

Linda Margaret Scott - appointed 3 July 2018
Donna Therese Rygate - resigned 4 July 2018
Michael Paul Braybrooks - resigned 1 November 2017

Principal activities

The principal activity of the company during the financial year was acting as trustee for the LGP (SA NSW) Trust.

No significant change in the nature of this activity occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$nil (30 June 2017: \$nil).

No dividends were paid or declared during the year.


Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Signed on behalf of the Board of Directors.

A handwritten signature in black ink, appearing to be 'M. P. Braybrooks', written over a horizontal line.

Director

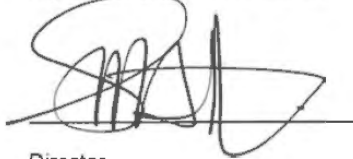
5. September 2018

LGP (SA NSW) Pty Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of LGP (SA NSW) Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors:



Director

5. September 2018

LGP (SA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	2018	2017
	\$	\$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of LGP (SA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of LGP (SA NSW) Pty Ltd	-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LGP (SA NSW) Pty Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		12	12
Total assets		12	12
Liabilities			
Total liabilities		-	-
Net assets		12	12
Equity			
Issued capital	3	12	12
Total equity		12	12

The above statement of financial position should be read in conjunction with the accompanying notes

LGP (SA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Ordinary Shares \$	Total equity \$
Balance at 1 July 2016	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2017	<u>12</u>	<u>12</u>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2017	12	12
Profit after income tax expense for the year	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	<u>12</u>	<u>12</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

LGP (SA NSW) Pty Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Net cash from operating activities		-	-
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

LGP (SA NSW) Pty Ltd
Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

Basis of preparation

LGP (SA NSW) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements. These financial statements have been prepared in order to meet the needs of the directors.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of directors. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of this report are as follows:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	12	12

Note 3. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
Ordinary shares - fully paid	12	12	12	12

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Trust liabilities and right of indemnity

The company acts solely as trustee of a trust and liabilities have been incurred on behalf of that trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial report if it is not probable that the company will have to meet any of those trust liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from trust assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial statements.

Liabilities of the LGP (SA NSW) Trust not recorded in the financial statements of the company were:

Note 4. Trust liabilities and right of indemnity (continued)

	2018 \$	2017 \$
Current Liabilities		
Related party payables	874,880	-
Non-current Liabilities		
Related party payables	850	850

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were endorsed by a guarantee of financial support from Local Government New South Wales (the "Association") and were sufficient to discharge all liabilities of the trust at 30 June 2018 and 30 June 2017.

Note 5. Contingent liabilities

A contingent liability exists relative to any future claims which may be made against the company arising from trusteeship dealings.

Note 6. Company Details

The registered office of the company is:

LGP (SA NSW) Pty Ltd
Level 8, 28 Margaret Street
Sydney NSW 2000

LGNSW thanks Parramatta and Albury city councils, Kempsey Shire Council, the Environment Protection Authority, the Office of Environment and Heritage and Asbestos Awareness for generously donating photographs.



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25 September 2018

Ms Linda Scott
President
Local Government and Shires Association of New South Wales

By Email: lgsa@lgsa.org.au

Dear Ms Scott,

Re: Lodgement of Financial Report - [FR2018/213]
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Local Government and Shires Association of New South Wales (the reporting unit) ended on 30 June 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 28 September 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 December 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into operation with effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (also available on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,



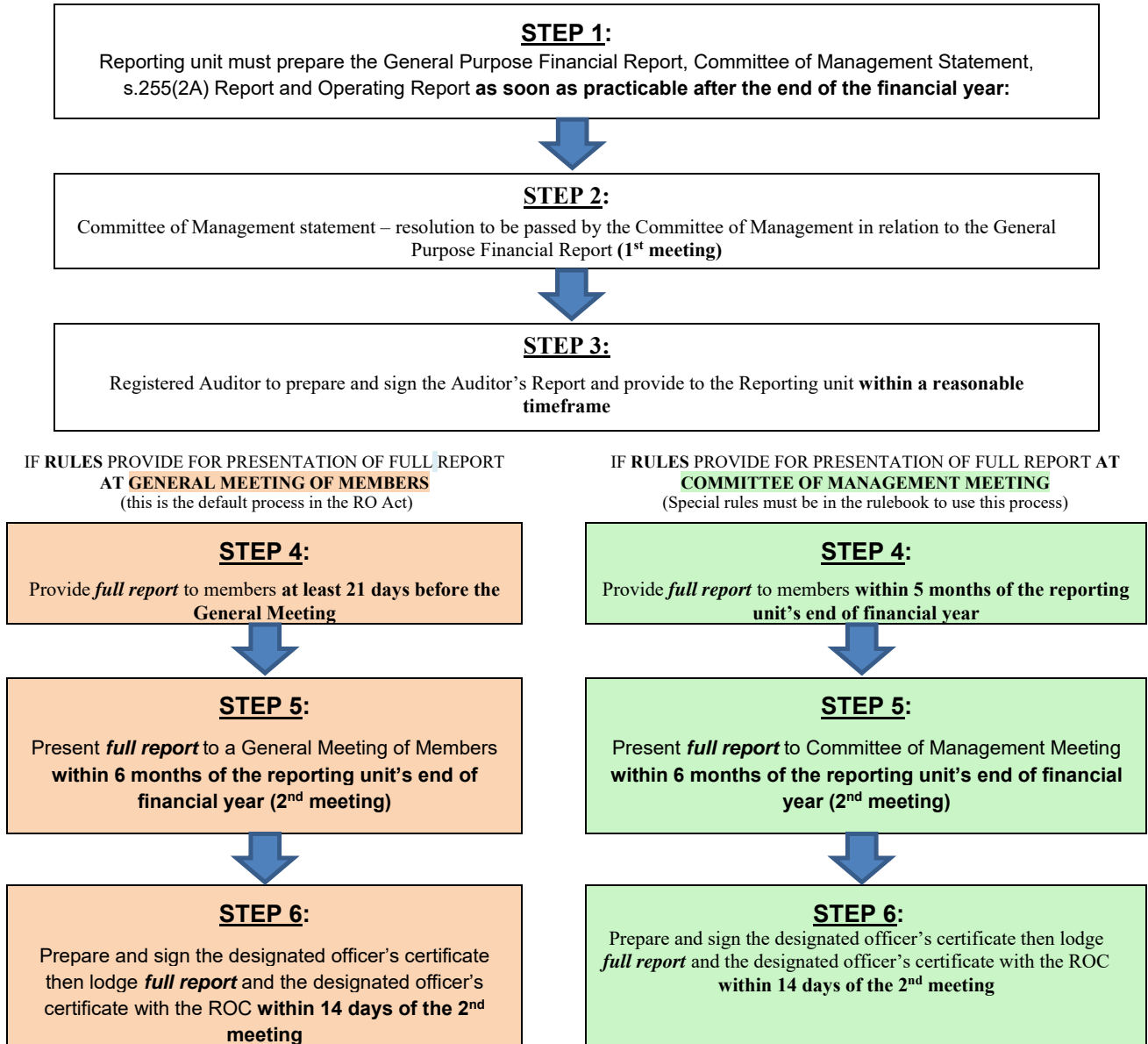
Sarah Wilkin
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



Fact sheet



Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.





The Loans, Grants & Donations Statement



Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL. Common misconceptions Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants OR donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice