



Australian Government  
Registered Organisations Commission

10 January 2020

Linda Scott  
President  
Local Government NSW  
Sent via email: [lgnsw@lgnsw.org.au](mailto:lgnsw@lgnsw.org.au)  
[bruce.morcombe@lgnsw.org.au](mailto:bruce.morcombe@lgnsw.org.au)

Dear Linda 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 2019 (FR2019/235)**

I refer to the application lodged pursuant to section 269 of the Fair Work (Registered Organisations) Act 2009 (**RO Act**) in respect of the Local Government NSW (**reporting unit**) for the financial year ended 30 June 2019. The application was lodged with the Registered Organisations Commission (**ROC**) on 13 November 2019. I also acknowledge further information provided to the ROC on 20 December 2019 regarding the application.

I have granted the application. The certificate is attached.

You are not required to take any further action in respect of the application and report lodged. I make the following comments to assist you when you next prepare an application under section 269.

**Reference to the ROC**

I note that the section 269 application was addressed to the Regulatory Compliance Branch of Fair Work Australia. Following the enactment of the Fair Work (Registered Organisations) Amendments Act 2016, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. Please ensure that future lodgements are addressed to the Commissioner of the ROC.

**Purpose of section 269 certificate**

The reporting unit's section 269 application includes a copy of the audited report of the Local Government & Shires Association of NSW (the **associated State body**), an organisation of employers registered under the Industrial Relations Act 1996 (NSW) (the **State Act**). The auditor's report and the Note to the financial statements of the lodged report indicate that the submitted financial report was prepared under both the State Act and the RO Act.

The reporting unit's correspondence to the ROC dated 20 December 2019 advises that the associated State body prepares its financial report under the State Act and the RO Act for transparency reasons.

Please note that the purpose of a section 269 certificate is to reduce the reporting requirements for eligible reporting units. For a section 269 certificate to be issued, a requirement under subsection 269(2)(b) is that the reporting units associated State body has, in accordance with the prescribed State legislation, prepared accounts, had those accounts audited, provided a

copy of the audited accounts to its members and lodged the audited accounts with the relevant State authority. The preparation of the associated State body's financial report under both legislative requirements appears contrary to the purpose of section 269.

Please ensure in future years, if a similar application is to be made, that the financial report of the associated State body is prepared in accordance with the relevant State legislation under which it is registered.

### **Officer-Related party remuneration and payment disclosures**

Section 293J of Part 2A of Chapter 9 of the RO Act now requires an organisation or a branch of an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration<sup>1</sup> and payments<sup>2</sup> paid during the relevant financial year. The reporting unit lodged this statement with the ROC on 16 December 2019.

I note that the financial report of the associated State body also includes an officer and related party disclosure statement on page 30. The reporting unit has confirmed in the correspondence dated 20 December 2019 that this statement was prepared as a requirement under the RO Act for the reporting unit.

Please note that the officer and related party disclosure statement is a requirement of the federally-registered entity. The officer and related party disclosure statement is separate from, and does not form part of, the financial reporting requirements under section 253 of Part 3 of Chapter 8 of the RO Act and is not a requirement under the State Act.

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

Yours sincerely



**Chris Enright**  
**Executive Director**  
**Registered Organisations Commission**

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<sup>1</sup> see section 293BC

<sup>2</sup> see section 293G



# CERTIFICATE

Fair Work (Registered Organisations) Act 2009  
s.269(2)(a)—Reporting unit's financial affairs encompassed by associated State body

**Local Government NSW**  
(FR2019/235)

MR ENRIGHT

MELBOURNE, 10 JANUARY 2020

*Reporting unit's financial affairs encompassed by associated State body*

[1] On 13 November 2019 an application was made under s.269(2)(a) of the Fair Work (Registered Organisations) Act 2009 (**the Act**) by the Local Government NSW (**the reporting unit**) for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of Local Government & Shires Association of NSW (**the Association**), an associated State body, in respect of the financial year ending 30 June 2019.

[2] On 13 November 2019, 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 2019, 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

Printed by authority of the Commonwealth Government Printer

Our ref: R90/0190-03 Out-29873

13 November 2019

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

Dear Mr Kellett

**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.

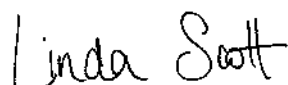
The grounds and reasons for this application are as follows:

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 2018/19 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 2018/19 LGNSW Annual Report which contains the accounts for the period ending 30 June 2019, 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

A handwritten signature in black ink that reads "Linda Scott". The script is cursive and fluid, with the first letters of "Linda" and "Scott" being capitalized and prominent.

Cr Linda Scott  
**President**



# Corporate & Compliance Information



LGNSW employees are dedicated people, skilled in their areas of technical expertise and committed to their work.

As at 30 June 2019, LGNSW employed 55.1 full-time equivalent staff.

# LGNSW Board



The LGNSW Board operates in accordance with the resolutions of the Conference and is responsible for governance of the Association between Conferences. It is established by and acts in accordance with the Rules of the Association. There were 19 Board members at 30 June 2019. A new Vice President (Rural/Regional) was elected in September 2018 to fill a casual vacancy.

The Board met six times during 2018/19, and the Senior Executive Group four times. Board working committees also met to provide guidance on key focus areas.

*(left-to-right) Cr Julie Griffiths, Cr Angelo Tsirekas, Cr Marjorie O'Neill, Cr Keith Rhoades AFSM, Cr Ben Shields, Cr Karen McKeown OAM, Cr Phyllis Miller OAM, Cr Marianne Saliba, Cr Scott Ferguson, Cr Linda Scott, Cr Rod Kendall, Cr Mazhar Hadid, Cr Paul Harmon, Cr Ruth Fagan, Cr George Greiss, Cr Lesley Furneaux-Cook, Cr Darriea Turley AM. Not present: Cr Khal Asfour, Cr Michael Regan.*

## Board Members

*As at 30 June 2019*

### President

**Cr Linda Scott**  
City Of Sydney Council

### Immediate Past President

**Cr Keith Rhoades AFSM**  
Coffs Harbour City Council

### Treasurer

**Cr Marjorie O'Neill**  
Waverley Council

### Vice-President Rural/Regional

**Cr Scott Ferguson**  
Blayney Shire Council

### Vice-President Metropolitan/Urban

**Cr Angelo Tsirekas**  
City of Canada Bay Council

### Directors Regional/Rural

**Cr Ruth Fagan**  
Cowra Council

**Cr Paul Harmon**  
Inverell Shire Council

**Cr Rod Kendall**  
Wagga Wagga City Council

**Cr Phyllis Miller OAM**  
Forbes Shire Council

**Cr Marianne Saliba**  
Shellharbour City Council

**Cr Ben Shields**  
Dubbo Regional Council

**Cr Darriea Turley AM**  
Broken Hill City Council

### Directors Metropolitan/Urban

**Cr Khal Asfour**  
Canterbury-Bankstown Council

**Cr Lesley Furneaux-Cook**  
Burwood Council

**Cr George Greiss**  
Campbelltown City Council

**Cr Julie Griffiths**  
Blacktown City Council

**Cr Mazhar Hadid**  
Liverpool City Council

**Cr Karen McKeown OAM**  
Penrith City Council

**Cr Michael Regan**  
Northern Beaches Council



## Board Working Committees

### Board working committees also met to provide strategic guidance on key focus areas.

As at 30 June 2019 the board working committees' key focus areas were: campaigns and advocacy, member value, and policy review. Other key focus areas during the year were the rules review and the capability framework.

### Board Working Committees as at 30 June 2019:

- **Campaigns & Advocacy:** Cr Linda Scott, Cr Ben Shields, Cr Keith Rhoades AFSM, Cr Khal Asfour, Cr Lesley Furneaux-Cook.
- **Member Value:** Cr Linda Scott, Cr George Greiss, Cr Marianne Saliba, Cr Marjorie O'Neill, Cr Michael Regan, Cr Paul Harmon, Cr Darriea Turley AM, Cr Karen McKeown OAM, Cr Mazhar Hadid, Cr Rod Kendall.
- **Policy Review:** Cr Linda Scott, Cr Angelo Tsirekas, Cr Julie Griffiths, Cr Phyllis Miller OAM, Cr Ruth Fagan, Cr Scott Ferguson.
- **Capability:** Cr Linda Scott, Cr Darriea Turley AM, Cr Karen McKeown OAM, Cr Mazhar Hadid, Cr Rod Kendall.  
\*This Committee was dissolved by Board resolution on 7 June 2019 and its members transferred to the Member Value Committee.

## Governance & Reporting

### 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 that govern how the Association operates. The rules cover 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 2018/19.

### 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 2018/19

	AUG	OCT	2018 DEC	FEB	APR	2019 JUN
Cr Linda Scott	✓	✓	✓	✓	✓	✓
Cr Keith Rhoades AFSM	✓	✓	×	✓	✓	✓
Cr Khal Asfour	✓	✓	✓	×	✓	×
Cr Ruth Fagan	✓	×	✓	✓	✓	✓
Cr Scott Ferguson	N/A	✓	✓	✓	✓	✓
Cr Lesley Furneaux-Cook	✓	✓	✓	✓	✓	✓
Cr George Greiss	✓	✓	✓	✓	✓	✓
Cr Julie Griffiths	×	✓	✓	×	✓	✓
Cr Mazhar Hadid	✓	×	✓	✓	✓	✓
Cr Paul Harmon	✓	✓	✓	×	×	✓
Cr Rod Kendall	✓	✓	✓	✓	✓	✓
Cr Karen McKeown OAM	✓	✓	✓	✓	✓	✓
Cr Phyllis Miller OAM	✓	✓	✓	✓	✓	✓
Cr Marjorie O'Neill	✓	✓	✓	✓	×	✓
Cr Michael Regan	✓	✓	✓	✓	✓	×
Cr Marianne Saliba	✓	✓	✓	✓	✓	✓
Cr Ben Shields	✓	✓	✓	✓	✓	✓
Cr Angelo Tsirekas	✓	✓	✓	×	✓	✓
Cr Darriea Turley AM	✓	✓	×	✓	✓	✓

## Representation On External Boards & Committees

LGNSW and the local government sector are represented on a wide range of external boards and committees, in addition to StateCover and Local Government Super. When vacancies arise LGNSW undertakes an open, transparent and merit-based expression of interest process to identify councillors interested in representing the sector on external boards and significant committees.

### Local Government Super & StateCover

The LGNSW Board nominates 4 directors to the Board of StateCover. LGNSW also nominates directors to the Board of LGSS Pty Ltd (the trustee for Local Government Super). Following changes to the LGSS constitution in June 2019 the number of LGNSW directors changed from 4 to 3. In future the Board will nominate 3 directors to the LGSS Board. 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 nominees are subject to rigorous assessment by Local Government Super and StateCover to ensure the nominees are fit and proper persons to be appointed and appropriately skilled.

### Representation at 30 June 2019

StateCover	Date appointed	Term Expires
<b>Cr Bruce Miller</b> Cowra Shire Council	27 March 2004 Re-appointed 15 November 2017	Annual General Meeting November 2020
<b>Cr Keith Rhoades AFSM</b> Coffs Harbour Shire Council	21 November 2012 Re-appointed 16 November 2016	Annual General Meeting November 2019
<b>Cr Denise Osborne</b> Greater Hume Shire Council	1 August 2016 Re-appointed November 2017	Annual General Meeting November 2020
<b>Cr Jerome Laxale</b> Ryde City Council	10 September 2018	Annual General Meeting November 2019

Local Government Super	Date appointed	Term Expires
<b>Cr Bruce Miller</b> Cowra Shire Council	1 July 2011 Re-appointed 26 March 2017	25 March 2021
<b>Cr Dominico Figliomeni GAICD</b> Wollongong City Council	5 December 2017	4 December 2021
<b>Cr Karen McKeown OAM</b> Penrith City Council	10 April 2018	9 April 2022
<b>Cr Khal Asfour</b> Canterbury Bankstown City Council	16 August 2018	15 August 2022*

\*Due to constitutional changes after 30 June 2019, Cr Khal Asfour has stepped down from the LGSS Board.

## Officer & 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.

<b>Organisation Name:</b>	Local Government and Shires Association of NSW	<b>Branch Name:</b>	N/A
<b>Financial year start date:</b>	1 July 2018	<b>Financial year end date:</b>	30 June 2019

### 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
1. Cr Linda Scott	President	LGNSW	\$ 175,178.26	\$ 2,644.71	Life and income protection insurance
		External Boards	\$ -		
		<b>Total</b>	<b>\$ 175,178.26</b>		
2. Cr Karen McKeown	Director	LGNSW	\$ 7,875.27	NIL	N/A
		External Boards	\$ 69,707.00		
		<b>Total</b>	<b>\$ 77,582.27</b>		
3. Cr Keith Rhoades	Immediate Past President	LGNSW	\$ 23,804.25	NIL	N/A
		External Boards	\$ 53,049.00		
		<b>Total</b>	<b>\$ 76,853.25</b>		
4. Cr Khal Asfour	Director	LGNSW	\$ 11,296.06	NIL	N/A
		External Boards	\$ 61,087.99		
		<b>Total</b>	<b>\$ 72,384.05</b>		
5. Cr Lesley Furneaux-Cook	Director	LGNSW	\$ 10,923.75	NIL	N/A
		External Boards	\$ 25,880.00		
		<b>Total</b>	<b>\$ 36,803.75</b>		

Only one of the officers listed above received non-cash benefits from the Local Government and Shires Association of NSW in the form of life and income protection insurance which is provided to all salaried members of the organisation.

### 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:

Dated: 10/9/2019

## 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 Phyllis Miller	Director	LGNSW	\$ 15,504.14	NIL	N/A
		External Boards	\$ 1,870.00		
		<b>Total</b>	<b>\$ 17,374.14</b>		
Cr Rod Kendall	Director	LGNSW	\$ 15,504.17	NIL	N/A
		External Boards	\$ 251.35		
		<b>Total</b>	<b>\$ 15,755.52</b>		
Cr Ben Shields	Director	LGNSW	\$ 10,093.74	NIL	N/A
Cr Marjorie O'Neill	Treasurer	LGNSW	\$ 9,618.53	NIL	N/A
Cr Darriea Turley	Director	LGNSW	\$ 8,891.45	NIL	N/A
Cr George Greiss	Director	LGNSW	\$ 7,087.95	NIL	N/A
Cr Marianne Saliba	Director	LGNSW	\$ 6,071.80	NIL	N/A
Cr Scott Ferguson	Director	LGNSW	\$ 5,410.42	NIL	N/A
Cr Michael Regan	Director	LGNSW	\$ 5,055.65	NIL	N/A
Cr Ruth Fagan	Director	LGNSW	\$ 4,869.49	NIL	N/A
Cr Angelo Tsirekas	Director	LGNSW	\$ 4,809.28	NIL	N/A
Cr Mazhar Hadid	Director	LGNSW	\$ 4,445.74	NIL	N/A
Cr Paul Harmon	Director	LGNSW	\$ 4,445.72	NIL	N/A
Cr Julie Griffiths	Director	LGNSW	\$ 3,420.81	NIL	N/A



## Grants & Donations

LGNSW administered the following grants exceeding \$1,000 in 2018/19.

### Building resilience to climate change stage 2

**Purpose:** providing council support to adapt to climate change.

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

Northern Beaches Council	\$	16,000.00
Sydney Coastal Councils Group Inc	\$	16,000.00
Wagga Wagga City Council	\$	11,751.00
Dubbo Regional Council	\$	16,000.00
	<b>\$</b>	<b>59,751.00</b>

### Flying fox

**Purpose:** To help councils manage flying-foxes and work with local communities

**Funding provided by:** Office of the Environment and Heritage

Clarence Valley Council	\$	8,422.00
Cessnock City Council	\$	1,535.00
Coffs Harbour City Council	\$	7,000.00
Lake Macquarie City Council	\$	9,000.00
Bellingen Shire Council	\$	8,735.00
Sutherland Shire Council	\$	4,150.00
Hunters Hill Council	\$	16,000.00
Richmond Valley Council	\$	15,000.00
Byron Shire Council	\$	28,000.00
Ku-ring-gai Council	\$	50,000.00
Wollondilly Shire Council	\$	15,000.00
	<b>\$</b>	<b>162,842.00</b>

### Council roadside reserves

**Purpose:** to conserve and improve roadside environments

**Funding provided by:** NSW Environmental Trust

Wingecarribee Shire Council	\$	4,149.50
Parkes Shire Council	\$	10,000.00
Glen Innes Severn Council	\$	9,000.00
Bellingen Shire Council	\$	10,000.00
	<b>\$</b>	<b>33,149.50</b>

**Total grants** **\$255,742.50**

## Member councils

As at 30 June 2019, 126 of the general-purpose councils in NSW were members of the organisation. The total number of members, including associate members, was 139.

### Ordinary Members

- |   |   |  |
|---|---|--|
| 1. Albury City Council                    | 43. Dubbo Regional Council                      | 85. Narrandera Shire Council             |
| 2. Armidale Regional Council              | 44. Dungog Shire Council                        | 86. Narromine Shire Council              |
| 3. Ballina Shire Council                  | 45. Edward River Council                        | 87. Newcastle City Council               |
| 4. Balranald Shire Council                | 46. Fairfield City Council                      | 88. Northern Beaches Council             |
| 5. Bathurst Regional Council              | 47. Federation Council                          | 89. North Sydney Council                 |
| 6. Bayside Council                        | 48. Forbes Shire Council                        | 90. Oberon Council                       |
| 7. Bega Valley Shire Council              | 49. Georges River Council                       | 91. Orange City Council                  |
| 8. Bellingen Shire Council                | 50. Gilgandra Shire Council                     | 92. Parkes Shire Council                 |
| 9. Berrigan Shire Council                 | 51. Glen Innes Severn Council                   | 93. Penrith City Council                 |
| 10. Blacktown City Council                | 52. Greater Hume Shire Council                  | 94. Port Macquarie-Hastings Council      |
| 11. Bland Shire Council                   | 53. Griffith City Council                       | 95. Port Stephens Council                |
| 12. Blayney Shire Council                 | 54. Gunnedah Shire Council                      | 96. Queanbeyan-Palerang Regional Council |
| 13. Blue Mountains City Council           | 55. Gwydir Shire Council                        | 97. Randwick City Council                |
| 14. Bogan Shire Council                   | 56. Hawkesbury City Council                     | 98. Richmond Valley Council              |
| 15. Bourke Shire Council                  | 57. Hay Shire Council                           | 99. Shellharbour City Council            |
| 16. Brewarrina Shire Council              | 58. Hills Shire Council                         | 100. Shoalhaven City Council             |
| 17. Broken Hill City Council              | 59. Hilltops Council                            | 101. Singleton Council                   |
| 18. Burwood Council                       | 60. Council of the Municipality of Hunters Hill | 102. Snowy Monaro Regional Council       |
| 19. Byron Shire Council                   | 61. Inner West Council                          | 103. Snowy Valleys Council               |
| 20. Cabonne Council                       | 62. Inverell Shire Council                      | 104. Strathfield Municipal Council       |
| 21. Camden Council                        | 63. Junee Shire Council                         | 105. Sutherland Shire Council            |
| 22. Campbelltown City Council             | 64. Kempsey Shire Council                       | 106. Tamworth Regional Council           |
| 23. Canterbury-Bankstown Council          | 65. Ku-ring-gai Council                         | 107. Temora Shire Council                |
| 24. Carrathool Shire Council              | 66. Kyogle Council                              | 108. Tenterfield Shire Council           |
| 25. Central Coast Council                 | 67. Lachlan Shire Council                       | 109. Tweed Shire Council                 |
| 26. Central Darling Shire Council         | 68. Lake Macquarie City Council                 | 110. Upper Hunter Shire Council          |
| 27. Cessnock City Council                 | 69. Lane Cove Municipal Council                 | 111. Upper Lachlan Shire Council         |
| 28. City of Canada Bay Council            | 70. Leeton Shire Council                        | 112. Uralla Shire Council                |
| 29. City of Lithgow Council               | 71. Lismore City Council                        | 113. Wagga Wagga City Council            |
| 30. City of Parramatta Council            | 72. Liverpool City Council                      | 114. Walcha Council                      |
| 31. Clarence Valley Council               | 73. Liverpool Plains Shire Council              | 115. Walgett Shire Council               |
| 32. Cobar Shire Council                   | 74. Lockhart Shire Council                      | 116. Warren Shire Council                |
| 33. Coffs Harbour City Council            | 75. Maitland City Council                       | 117. Warrumbungle Shire Council          |
| 34. Coolamon Shire Council                | 76. MidCoast Council                            | 118. Waverley Council                    |
| 35. Coonamble Shire Council               | 77. Mid-Western Regional Council                | 119. Weddin Shire Council                |
| 36. Cootamundra-Gundagai Regional Council | 78. Moree Plains Shire Council                  | 120. Wentworth Shire Council             |
| 37. Council of the City of Ryde           | 79. Mosman Municipal Council                    | 121. Willoughby City Council             |
| 38. Council of the City of Sydney         | 80. Murray River Council                        | 122. Wingecarribee Shire Council         |
| 39. Council of the Municipality of Kiama  | 81. Murrumbidgee Council                        | 123. Wollondilly Shire Council           |
| 40. Council of the Shire of Hornsby       | 82. Muswellbrook Shire Council                  | 124. Wollongong City Council             |
| 41. Cowra Shire Council                   | 83. Nambucca Shire Council                      | 125. Woollahra Municipal Council         |
| 42. Cumberland Council                    | 84. Narrabri Shire Council                      | 126. Yass Valley Council                 |

### Associate Members

- |   |   |  |
|---|---|--|
| 1. Castlereagh-Macquarie County Council | 6. Kimbriki Resource Recovery Centre                      | 11. Rous County Council                              |
| 2. Central Murray County Council        | 7. Lord Howe Island Board                                 | 12. Upper Macquarie County Council                   |
| 3. Central Tablelands County Council    | 8. New England Tablelands (Noxious Plants) County Council | 13. Western Sydney Regional Organisation of Councils |
| 4. Goldenfields Water County Council    | 9. Norfolk Island Regional Council                        |  |
| 5. Hawkesbury River County Council      | 10. Riverina Water County Council                         |  |

# Local Government Procurement



Local Government Procurement (LGP) is a wholly-owned entity of Local Government NSW. LGP adds value by getting the best possible deal when procuring goods and services, saving councils time and money. The more councils use LGP contracts and services, the greater the potential returns available to councils and LGNSW, keeping membership fees low.

## LGP saved the sector

# \$22m

in costs for goods and services

## Contracts Negotiated For The Sector

In 2018/19 the local government sector spent \$767 million through LGP contracts delivering value through negotiated pricing, access to leading and local suppliers and by reducing procurement risk. LGP had 31 contracts in operation, encompassing 890 LGP Approved Contractors.



John Truman (Chairperson, Local Government Procurement Board), Cindy Garrahy (Program Leader, Contracts and Leases, Armidale Regional Council) and Luke Kenny (Chief Executive Officer, Local Government Procurement)

## Procurement Solutions For The Sector

Local Government Procurement (LGP) **saved the sector \$22 million** in costs for goods and services during 2018/19 and delivered specialised procurement training to almost 800 local government staff.

In addition, LGP allocated **\$1.4 million in rebates** for regional organisations of councils, joint organisations and councils.

LGP is a prescribed entity under s55 of the Local Government Act 1993 (NSW) and the Local Government (General) Regulation 2005 (NSW), which means councils do not need to go to tender for values greater than the tendering threshold (as they otherwise would be required to do).

## Financial Results

LGP's revenue growth continued in 2018/19 with a 7% increase on the previous year resulting in a gross surplus (before allocation of rebates) of \$3.8 million.

# \$1.4m

in rebates paid to councils, JOs and ROCs

*\*Note: LGP is a partnership business that involves trusts and companies designed at the inception of LGP. In the interests of transparency, this annual report contains a set of audited accounts for each of the LGP entities, as well as a consolidated set of accounts for LGNSW encompassing all the entities.*

### Specialised Consulting Service

In 2018/19 we provided advice and support to councils through 22 procurement projects, including probity advice and audit services. Using our efficiency and analytics program (LEAP) we have helped nine councils identify more than \$5.2 million in savings. Our Sustainable Choice program helps the sector integrate sustainability systematically into procurement through ISO20400 Sustainable Procurement training.

**\$5.2m**  
savings for 9 councils  
in LEAP initiative



### Procurement Skills

LGP delivered specialised, cost-effective training, qualifications and e-Learning to more than 800 people during the year. LGP has introduced a virtual classroom, allowing people from any geographic location the opportunity to remotely attend the courses conducted at our office in Sydney.

### Services & Resources

In addition to fee-for-service work, LGP provided free advice to councils, on legislation compliance, procurement, governance, and probity. This is complemented by a suite of procurement business tools, including procurement management resources with guidelines and benchmarking materials.

### Network Events

LGP delivered seven procurement and engineering network events attended by more than 290 delegates and three sustainability forums attended by more than 70 delegates. These events provided the opportunity for local government staff to hear from guest speakers, collaborate with their peers and discuss current issues.

### Conference & Awards

Our annual Local Government Procurement Conference in October 2018, was attended by 98 delegates. The LGP annual awards were presented at the conference, recognising excellence and achievement in Local Government Procurement.



# 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 2019, 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 2019 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 2019, 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.

##### ACCOUNTANTS & ADVISORS

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Sydney NSW 2000

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Parramatta NSW 2150

Telephone: +61 2 8263 4000  
**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](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.

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

**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'R. Ahrens'.

**R. Ahrens**  
Director  
Sydney, 10<sup>th</sup> September 2019

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 2019**

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 2019 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 2018/19 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 10 Day of September 2019

Cr Marjorie O'Neill  
(Treasurer)



Dated this 10 Day of September 2019

**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 2019**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Revenue</b>					
Membership subscription		5,138,150	4,989,784	5,138,150	4,989,784
Capitation fees and other revenue from another reporting unit		-	-	-	-
Council services		3,198,510	2,961,174	2,431,013	2,349,853
Commission received	5	10,576,630	8,979,583	1,782,764	1,703,965
Conferences and seminars		2,160,296	2,196,223	1,880,196	1,986,787
Investment income	5	1,266,318	1,246,330	1,262,847	1,244,435
Trust distributions		-	-	2,260,066	1,749,760
Other revenue		322,874	150,992	177,945	54,212
Revenue from recovery of wages activity		-	-	-	-
		<u>22,662,778</u>	<u>20,524,086</u>	<u>14,932,981</u>	<u>14,078,796</u>
Grant income	6	1,342,531	2,567,931	1,342,531	2,567,931
<b>Expenses</b>					
Employee benefits expense	7	(12,098,536)	(11,023,891)	(7,915,784)	(7,448,619)
Capitation fees and other expenses to another reporting unit		-	-	-	-
Affiliation fees	8	(599,632)	(589,910)	(599,632)	(589,910)
Administrative expenses	9	(6,277,240)	(5,546,993)	(4,340,540)	(3,983,353)
Grant expenses	10	(1,342,532)	(2,567,931)	(1,342,532)	(2,567,931)
Council services		(2,461,161)	(2,241,253)	(954,421)	(1,074,747)
Depreciation and amortisation expense	11	(403,546)	(391,712)	(330,025)	(302,683)
Legal costs	12	(173,218)	(109,791)	(157,404)	(72,492)
Audit fees	36	(57,676)	(41,541)	(45,676)	(30,041)
Net losses from sale of assets	13	(6,707)	(11,999)	(4,437)	(9,955)
		<u>585,061</u>	<u>566,996</u>	<u>585,061</u>	<u>566,996</u>
<b>Profit before income tax expense</b>		585,061	566,996	585,061	566,996
Income tax expense		-	-	-	-
<b>Profit after income tax expense for the year attributable to the owners of Local Government New South Wales</b>	32	585,061	566,996	585,061	566,996
Other comprehensive income for the year, net of tax		-	-	-	-
<b>Total comprehensive income for the year attributable to the owners of Local Government New South Wales</b>		<u>585,061</u>	<u>566,996</u>	<u>585,061</u>	<u>566,996</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 2019**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	14	10,218,195	7,300,660	6,897,489	4,461,652
Trade and other receivables	15	5,988,120	6,309,169	6,025,858	6,468,140
Available-for-sale financial assets	16	6,601,378	5,754,052	6,601,378	5,754,052
Held to maturity investments	17	122,008	14,671	122,008	14,671
Prepayments	18	692,819	558,069	579,421	501,679
Total current assets		<u>23,622,520</u>	<u>19,936,621</u>	<u>20,226,154</u>	<u>17,200,194</u>
<b>Non-current assets</b>					
Trade and other receivables	19	-	-	668,313	291,627
Investments at cost	20	3,000,000	3,000,000	3,000,000	3,000,000
Held to maturity investments	21	16,502,395	17,004,261	16,502,395	17,004,261
Land and buildings	22	7,739,288	7,926,192	7,739,288	7,926,192
Property, plant and equipment	23	846,131	617,011	722,196	492,752
Intangible assets	24	15,998	27,905	-	-
Investment in associates	25	-	-	36	36
Total non-current assets		<u>28,103,812</u>	<u>28,575,369</u>	<u>28,632,228</u>	<u>28,714,868</u>
<b>Total assets</b>		<u>51,726,332</u>	<u>48,511,990</u>	<u>48,858,382</u>	<u>45,915,062</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	26	4,301,934	3,349,403	2,141,466	1,380,624
Short term provisions	27	1,792,972	1,678,234	1,391,340	1,334,427
Other financial liabilities	28	10,503,498	9,004,027	10,340,298	8,809,227
Total current liabilities		<u>16,598,404</u>	<u>14,031,664</u>	<u>13,873,104</u>	<u>11,524,278</u>
<b>Non-current liabilities</b>					
Employee provisions	29	313,207	250,666	169,439	160,006
Total non-current liabilities		<u>313,207</u>	<u>250,666</u>	<u>169,439</u>	<u>160,006</u>
<b>Total liabilities</b>		<u>16,911,611</u>	<u>14,282,330</u>	<u>14,042,543</u>	<u>11,684,284</u>
<b>Net assets</b>		<u>34,814,721</u>	<u>34,229,660</u>	<u>34,815,839</u>	<u>34,230,778</u>
<b>Equity</b>					
Settled sum and issued capital		56	56	-	-
General funds	31	2,217,289	2,217,289	2,217,289	2,217,289
Retained earnings	32	32,597,376	32,012,315	32,598,550	32,013,489
<b>Total equity</b>		<u>34,814,721</u>	<u>34,229,660</u>	<u>34,815,839</u>	<u>34,230,778</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 2019**

<b>LGNSW CONSOLIDATED</b>	<b>General funds \$</b>	<b>Settled sum and issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	2,217,289	56	31,445,319	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>56</u>	<u>32,012,315</u>	<u>34,229,660</u>

<b>LGNSW CONSOLIDATED</b>	<b>General funds \$</b>	<b>Settled sum and issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	2,217,289	56	32,012,315	34,229,660
Profit after income tax expense for the year	-	-	585,061	585,061
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	585,061	585,061
Balance at 30 June 2019	<u>2,217,289</u>	<u>56</u>	<u>32,597,376</u>	<u>34,814,721</u>

<b>LGNSW</b>	<b>General funds \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
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>

<b>LGNSW</b>	<b>General funds \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	2,217,289	32,013,489	34,230,778
Profit after income tax expense for the year	-	585,061	585,061
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	585,061	585,061
Balance at 30 June 2019	<u>2,217,289</u>	<u>32,598,550</u>	<u>34,815,839</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 2019**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from customers		23,128,580	21,858,467	13,368,175	13,457,683
Payments to suppliers and employees		(22,013,404)	(22,335,936)	(14,983,228)	(15,976,622)
Investment income		1,142,471	948,555	1,139,000	765,440
Net cash from/(used in) operating activities	40	<u>2,257,647</u>	<u>471,086</u>	<u>(476,053)</u>	<u>(1,753,499)</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		32,611	4,091	26,000	-
Net movements in investments		(328,950)	(198,530)	(328,950)	(17,310)
Purchase of property, plant and equipment		(474,704)	(328,082)	(403,002)	(285,026)
Purchase of intangibles		-	(28,116)	-	-
Net cash used in investing activities		<u>(771,043)</u>	<u>(550,637)</u>	<u>(705,952)</u>	<u>(302,336)</u>
<b>Cash flows from financing activities</b>					
Net receipts from other reporting units/controlled entity	41	-	-	2,186,911	900,000
Net movement in government grant funding received		1,430,931	(1,443,406)	1,430,931	(1,443,406)
Net cash from/(used in) financing activities		<u>1,430,931</u>	<u>(1,443,406)</u>	<u>3,617,842</u>	<u>(543,406)</u>
Net increase/(decrease) in cash and cash equivalents		2,917,535	(1,522,957)	2,435,837	(2,599,241)
Cash and cash equivalents at the beginning of the financial year		7,300,660	8,823,617	4,461,652	7,060,893
Cash and cash equivalents at the end of the financial year	14	<u>10,218,195</u>	<u>7,300,660</u>	<u>6,897,489</u>	<u>4,461,652</u>

*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 2019**

**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 10<sup>th</sup> September 2019.

**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 15 Revenue from Contracts with Customers*

The Association has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

*AASB 16 Leases*

The Association has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

**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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

**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.

**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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

**Revenue recognition**

The Association recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*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.

*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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

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.

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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

*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.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Association intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Investments*

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. 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.

*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.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

*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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

**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.

**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.



**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

**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.

**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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

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.

**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 2019. 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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

The Association will adopt this standard from 1 July 2019 onwards and is currently in the process of assessing its impact.

**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.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*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.

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

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

*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. Levies**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Levies	-	-	-	-

**Note 5. Investment income and commission received**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Investment income</b>				
Interest from deposits held with financial institutions	662,058	673,028	658,587	671,133
Dividends income from equity portfolio	332,345	263,498	332,345	263,498
Available for sale - unrealised gains/(losses)	235,321	362,859	235,321	362,859
Held to maturity - unrealised gains/(losses)	(55,737)	(32,542)	(55,737)	(32,542)
Gain/(loss) on sale of investments	92,331	(20,513)	92,331	(20,513)
Total investment income generated	1,266,318	1,246,330	1,262,847	1,244,435
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
<b>Commission received</b>				
Commission - JLT	508,576	503,099	508,576	503,099
Commission - StateCover	1,094,188	1,020,866	1,094,188	1,020,866
Commission - supplier contracts	8,793,866	7,275,618	-	-
Management fees	180,000	180,000	180,000	180,000
Total commission received	10,576,630	8,979,583	1,782,764	1,703,965

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 6. Grants or donations**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Grants received	1,342,531	2,567,931	1,342,531	2,567,931
Donations received	-	-	-	-
Total grants or donations received	<u>1,342,531</u>	<u>2,567,931</u>	<u>1,342,531</u>	<u>2,567,931</u>

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.

**Note 7. Employee benefits expense**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Holders of office</b>				
Wages and salaries	(154,414)	(155,280)	(154,414)	(155,280)
Superannuation	(20,778)	(15,023)	(20,778)	(15,023)
Subtotal employee expenses - holders of office	<u>(175,192)</u>	<u>(170,303)</u>	<u>(175,192)</u>	<u>(170,303)</u>

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Employees other than office holders</b>				
Wages and salaries	(9,511,837)	(8,769,785)	(6,316,655)	(5,903,913)
Superannuation	(970,618)	(853,277)	(658,264)	(573,473)
Leave and other entitlements	(253,792)	(159,227)	(122,192)	(26,869)
Other employee expenses	(1,187,097)	(1,071,299)	(643,481)	(774,061)
Subtotal employee expenses - employees other than office holders	<u>(11,923,344)</u>	<u>(10,853,588)</u>	<u>(7,740,592)</u>	<u>(7,278,316)</u>
Total employee expenses	<u>(12,098,536)</u>	<u>(11,023,891)</u>	<u>(7,915,784)</u>	<u>(7,448,619)</u>

**Note 8. Affiliation fees**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australian Local Government Association	<u>(599,632)</u>	<u>(589,910)</u>	<u>(599,632)</u>	<u>(589,910)</u>

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 9. Administration expenses**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	(148,950)	(105,072)	(148,950)	(105,072)
Conference and meeting expenses*	(1,597,172)	(1,646,646)	(1,328,923)	(1,382,201)
Contractors/consultants*	(1,413,038)	(1,512,551)	(890,794)	(1,230,254)
Governance expenses	(213,569)	(167,026)	(213,569)	(167,026)
Property expenses*	(402,708)	(299,496)	(391,110)	(297,487)
Office expenses*	(277,672)	(315,542)	(191,242)	(214,411)
Information communications technology*	(976,961)	(582,488)	(757,474)	(441,191)
Other*	(928,319)	(636,558)	(397,060)	(145,711)
<b>Subtotal administration expenses</b>	<b>(5,958,389)</b>	<b>(5,265,379)</b>	<b>(4,319,122)</b>	<b>(3,983,353)</b>
	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Operating lease rentals:				
Minimum lease payments	(318,851)	(281,614)	(21,418)	-
<b>Total administration expenses</b>	<b>(6,277,240)</b>	<b>(5,546,993)</b>	<b>(4,340,540)</b>	<b>(3,983,353)</b>

\* Please note, in the current year administrative expenditure has been reviewed and updated to better reflect the classification of expenditure incurred, both for the year ended 30 June 2019 and the comparative period.

**Note 10. Grants or donations**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Grants				
Total paid that were \$1,000 or less	(625)	-	(625)	-
Total paid that exceeded \$1,000	(255,743)	(1,590,301)	(255,743)	(1,590,301)
Total administration expenses	(1,086,164)	(977,630)	(1,086,164)	(977,630)
Donations	-	-	-	-
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
<b>Total grants or donations paid</b>	<b>(1,342,532)</b>	<b>(2,567,931)</b>	<b>(1,342,532)</b>	<b>(2,567,931)</b>



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**Note 11. Depreciation and amortisation**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Depreciation				
Buildings	(186,904)	(186,904)	(186,904)	(186,904)
Property, plant and equipment	(204,735)	(193,632)	(143,121)	(115,779)
Amortisation	-	-	-	-
Intangibles	(11,907)	(11,176)	-	-
Total depreciation and amortisation expense	<u>(403,546)</u>	<u>(391,712)</u>	<u>(330,025)</u>	<u>(302,683)</u>

**Note 12. Legal costs**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Litigation	-	-	-	-
Other legal matters	(173,218)	(109,791)	(157,404)	(72,492)
Total legal costs	<u>(173,218)</u>	<u>(109,791)</u>	<u>(157,404)</u>	<u>(72,492)</u>

**Note 13. Net losses from the sale of assets**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Plant and equipment	<u>(6,707)</u>	<u>(11,999)</u>	<u>(4,437)</u>	<u>(9,955)</u>

**Note 14. Current assets - cash and cash equivalents**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - LGNSW funds	6,729,294	5,037,347	3,494,532	2,282,100
Cash at bank - grant funds	3,401,957	2,178,552	3,401,957	2,178,552
Cash on deposit	84,888	82,705	-	-
	<u>10,218,195</u>	<u>7,300,660</u>	<u>6,897,489</u>	<u>4,461,652</u>

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**Note 15. Current assets - trade and other receivables**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables	5,668,601	6,100,307	3,526,546	4,144,907
Provision for doubtful debts	(6,397)	(6,397)	-	-
Loans to related parties - Local Government Procurement Partnership	-	-	-	437,132
Receivable from LGP (LGA NSW) Trust	-	-	1,130,023	874,880
Receivable from LGP (SA NSW) Trust	-	-	1,130,023	874,880
Interest and other receivables	775	746	775	746
GST receivable	325,141	214,513	238,491	135,595
	<u>5,988,120</u>	<u>6,309,169</u>	<u>6,025,858</u>	<u>6,468,140</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 16. Current assets - available-for-sale financial assets**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equities - held at fair value	<u>6,601,378</u>	<u>5,754,052</u>	<u>6,601,378</u>	<u>5,754,052</u>

**Note 17. Current assets - held to maturity investments**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Call account	<u>122,008</u>	<u>14,671</u>	<u>122,008</u>	<u>14,671</u>

**Note 18. Current assets - prepayments**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Prepayments	614,791	407,333	501,393	350,943
Premium on investments	<u>78,028</u>	<u>150,736</u>	<u>78,028</u>	<u>150,736</u>
	<u>692,819</u>	<u>558,069</u>	<u>579,421</u>	<u>501,679</u>

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**Note 19. Non-current assets - trade and other receivables**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Loans to related parties - Local Government Procurement Partnership	-	-	668,313	291,627

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

**Note 20. Non-current assets – investments at cost**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Shares in StateCover Mutual Limited, held at cost	3,000,000	3,000,000	3,000,000	3,000,000

**Note 21. Non-current assets - held to maturity investments**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Term deposit - Commonwealth Bank of Australia	250,000	250,000	250,000	250,000
Fixed interest - National Australia Bank	3,235,124	2,059,398	3,235,124	2,059,398
Fixed interest - Bank of Queensland	2,045,053	2,051,916	2,045,053	2,051,916
Fixed interest - Bendigo Bank	4,024,043	3,946,598	4,024,043	3,946,598
Fixed interest - Westpac Bank	6,948,175	8,696,349	6,948,175	8,696,349
	16,502,395	17,004,261	16,502,395	17,004,261

**Note 22. Non-current assets - land and buildings**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Land and buildings - at fair value	9,117,860	9,117,860	9,117,860	9,117,860
Less: Accumulated depreciation	(1,378,572)	(1,191,668)	(1,378,572)	(1,191,668)
Building last valued in 2016. Next valuation due 2020.	7,739,288	7,926,192	7,739,288	7,926,192
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:				
Opening fair value	7,926,192	8,113,096	7,926,192	8,113,096
Depreciation expense	(186,904)	(186,904)	(186,904)	(186,904)
Closing fair value	7,739,288	7,926,192	7,739,288	7,926,192

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**Note 23. Non-current assets - property, plant and equipment**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	93,219	78,724	-	-
Less: Accumulated depreciation	(59,410)	(43,181)	-	-
	<u>33,809</u>	<u>35,543</u>	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	932,080	919,955	920,050	907,925
Less: Accumulated depreciation	(697,229)	(663,749)	(692,510)	(659,964)
	<u>234,851</u>	<u>256,206</u>	<u>227,540</u>	<u>247,961</u>
Motor vehicles - at cost	117,304	145,711	33,784	39,404
Less: Accumulated depreciation	(78,448)	(82,464)	(1,197)	(7,692)
	<u>38,856</u>	<u>63,247</u>	<u>32,587</u>	<u>31,712</u>
Office equipment - at cost	1,120,437	706,137	832,246	475,153
Less: Accumulated depreciation	(585,722)	(448,022)	(374,077)	(265,974)
	<u>534,715</u>	<u>258,115</u>	<u>458,169</u>	<u>209,179</u>
Paintings and artworks	3,900	3,900	3,900	3,900
	<u>846,131</u>	<u>617,011</u>	<u>722,196</u>	<u>492,752</u>

*Reconciliations*

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

<b>LGNSW CONSOLIDATED</b>	<b>Leasehold Improvements</b>	<b>Furniture, Fixtures &amp; Fittings*</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 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	(15,745)	(30,461)	(31,370)	(116,056)	(193,632)
Balance at 30 June 2018	35,543	260,106	63,247	258,115	617,011
Additions	14,495	12,125	33,784	414,300	474,704
Disposals	-	-	(40,849)	-	(40,849)
Depreciation expense	(16,229)	(33,480)	(17,326)	(137,700)	(204,735)
Balance at 30 June 2019	<u>33,809</u>	<u>238,751</u>	<u>38,856</u>	<u>534,715</u>	<u>846,131</u>

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

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**Note 23. Non-current assets - property, plant and equipment (continued)**

<b>LGNSW</b>	<b>Furniture, Fixtures &amp; Fittings* \$</b>	<b>Motor Vehicles \$</b>	<b>Office Equipment \$</b>	<b>Total \$</b>
Balance at 1 July 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	251,861	31,712	209,179	492,752
Additions	12,125	33,784	357,093	403,002
Disposals	-	(30,437)	-	(30,437)
Depreciation expense	(32,546)	(2,473)	(108,102)	(143,121)
Balance at 30 June 2019	<u>231,440</u>	<u>32,586</u>	<u>458,170</u>	<u>722,196</u>

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

**Note 24. Non-current assets - intangible assets**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019 \$</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>2018 \$</b>
Website and software development - at cost	485,823	485,823	276,659	276,659
Less: Accumulated amortisation	(469,825)	(457,918)	(276,659)	(276,659)
	<u>15,998</u>	<u>27,905</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:

<b>LGNSW CONSOLIDATED</b>	<b>Website &amp; Software Development \$</b>	<b>Total \$</b>
Balance at 1 July 2017	10,965	10,965
Additions	28,116	28,116
Amortisation expense	(11,176)	(11,176)
Balance at 30 June 2018	27,905	27,905
Amortisation expense	(11,907)	(11,907)
Balance at 30 June 2019	<u>15,998</u>	<u>15,998</u>

**Note 25. Non-current assets - investment in associates**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019 \$</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>2018 \$</b>
Investment in related party's Trust companies	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>

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**Note 26. Current liabilities - trade and other payables**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	1,363,142	674,564	852,894	338,870
Sundry payables and accrued expenses	1,878,395	1,658,183	123,279	308,447
Payable to related parties - Local Government Procurement Partnership	-	-	376,686	-
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs - other	58,460	9,432	58,460	3,300
GST payable	1,001,937	1,007,224	730,147	730,007
	<u>4,301,934</u>	<u>3,349,403</u>	<u>2,141,466</u>	<u>1,380,624</u>

**Note 27. Current liabilities - short term provisions**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual leave - Employees other than office holders	628,179	684,675	427,479	550,755
Long service leave - Employees other than office holders	1,164,793	993,559	963,861	783,672
	<u>1,792,972</u>	<u>1,678,234</u>	<u>1,391,340</u>	<u>1,334,427</u>

**Note 28. Current liabilities - other financial liabilities**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Scholarship funds held	579,047	585,896	579,047	585,896
Unspent government grants	3,483,241	2,045,461	3,483,241	2,045,461
Other deferred income	6,441,210	6,372,670	6,278,010	6,177,870
	<u>10,503,498</u>	<u>9,004,027</u>	<u>10,340,298</u>	<u>8,809,227</u>

**Note 29. Non-current liabilities - employee provisions**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Long service leave - Employees other than office holders	<u>313,207</u>	<u>250,666</u>	<u>169,439</u>	<u>160,006</u>



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**Note 31. Equity - general funds**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus reserve	2,217,289	2,217,289	2,217,289	2,217,289

**Note 32. Equity - retained earnings**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the financial year	32,012,305	31,445,319	32,013,489	31,446,493
Profit after income tax expense for the year	585,061	566,996	585,061	566,996
Retained earnings at the end of the financial year	32,597,376	32,012,305	32,598,550	32,013,489

**Note 33. 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.

	<b>2019</b>		<b>2018</b>	
	<b>Weighted average interest rate %</b>	<b>Balance \$</b>	<b>Weighted average interest rate %</b>	<b>Balance \$</b>
<b>LGNSW CONSOLIDATED</b>				
Cash and cash equivalents	1.98%	10,218,195	2.00%	7,300,660
Receivables	-	5,988,120	-	6,094,656
Investments (subject to interest rate risk)	3.25%	16,547,018	4.13%	17,018,932
Net exposure to cash flow interest rate risk		32,753,333		30,414,248

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$267,652/(\$267,652) (2018: \$243,196/(\$243,196)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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**Note 33. Financial instruments (continued)**

***Credit risk***

The Association has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Association based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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 15.

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.

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**Note 33. Financial instruments (continued)**

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
<b>LGNSW CONSOLIDATED - 2019</b>	%	\$	\$	\$	\$	\$
<b>Financial liabilities</b>						
<i>Non-interest bearing</i>						
Trade payables	-	4,301,934	-	-	-	4,301,892
Unspent government grants	-	1,814,002	2,248,286	-	-	4,062,288
Deferred income	-	6,441,210	-	-	-	6,441,210
Total non-derivatives		12,557,146	2,248,286	-	-	14,805,432

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>LGNSW CONSOLIDATED - 2018</b>	%	\$	\$	\$	\$	\$
<b>Financial liabilities</b>						
<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

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>LGNSW - 2019</b>	%	\$	\$	\$	\$	\$
<b>Financial liabilities</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,141,466	-	-	-	2,141,466
Unspent government grants	-	1,814,002	2,248,286	-	-	4,062,288
Other deferred income	-	6,278,010	-	-	-	6,278,010
Total non-derivatives		10,233,478	2,248,286	-	-	12,481,764

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>LGNSW - 2018</b>	%	\$	\$	\$	\$	\$
<b>Financial liabilities</b>						
<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

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

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**Note 33. Financial instruments (continued)**

**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.

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:

	2019		2018	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>LGNSW CONSOLIDATED</b>				
<i>Assets</i>				
Cash and cash equivalents	10,218,195	10,218,195	7,300,660	7,300,660
Trade and other receivables	5,988,120	5,988,120	6,309,169	6,309,169
Term deposits	44,623	44,623	14,671	14,671
Fixed interest investments	16,502,395	16,502,395	17,004,261	17,004,261
Equities	6,601,378	6,601,378	5,754,052	5,754,052
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>42,354,711</u>	<u>42,354,711</u>	<u>39,382,813</u>	<u>39,382,813</u>
<i>Liabilities</i>				
Trade and other payables	(4,301,934)	(4,301,934)	(3,349,403)	(3,349,403)
Unspent government grants	(4,062,288)	(4,062,288)	(2,631,357)	(2,631,357)
Other deferred income	(6,441,210)	(6,441,210)	(6,372,670)	(6,372,670)
	<u>(14,805,432)</u>	<u>(14,805,432)</u>	<u>(12,353,430)</u>	<u>(12,353,430)</u>
<b>LGNSW</b>				
<i>Assets</i>				
Cash and cash equivalents	6,897,489	6,897,489	4,461,652	4,461,652
Trade and other receivables (*)	3,765,792	3,765,792	4,281,248	4,281,248
Term deposits	44,623	44,623	14,671	14,671
Fixed interest investments	16,502,395	16,502,395	17,004,261	17,004,261
Equities	6,601,378	6,601,378	5,754,052	5,754,052
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>36,811,713</u>	<u>36,811,713</u>	<u>34,515,920</u>	<u>34,515,920</u>
<i>Liabilities</i>				
Trade and other payables	(2,141,466)	(2,141,466)	(1,380,624)	(1,380,624)
Unspent government grants	(4,062,288)	(4,062,288)	(2,631,357)	(2,631,357)
Other deferred income	(6,278,010)	(6,278,010)	(6,177,870)	(6,177,870)
	<u>(12,481,764)</u>	<u>(12,481,764)</u>	<u>(10,189,851)</u>	<u>(10,189,851)</u>

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 33. Financial instruments (continued)**

\* Exclusive of related party receivables (Note 33)

\*\* Investments represent equity instruments held at historical cost due to the rights and entitlements attached to those instruments.

**Fair value hierarchy**

<b>LGNSW CONSOLIDATED - 2019</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	44,623	-	44,623
Fixed interest investments	-	16,502,395	-	16,502,395
Equities	6,601,378	-	-	6,601,378
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>6,601,378</u>	<u>19,547,018</u>	<u>-</u>	<u>26,148,396</u>
<b>LGNSW CONSOLIDATED - 2018</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Fixed interest investments	-	17,004,261	-	17,004,261
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>
<b>LGNSW - 2019</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	44,623	-	44,623
Fixed interest investments	-	16,502,395	-	16,502,395
Equities	6,601,378	-	-	6,601,378
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>6,601,378</u>	<u>19,547,018</u>	<u>36</u>	<u>26,148,432</u>
<b>LGNSW - 2018</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	14,671	-	14,671
Fixed interest investments	-	17,004,261	-	17,004,261
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>

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 34. Related party disclosures**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Revenue received from LGP (LGA NSW) Trust includes the following:</b>				
Trust distributions	-	-	1,130,033	874,880
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Revenue received from LGP (SA NSW) Trust includes the following:</b>				
Trust distributions	-	-	1,130,033	874,880
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Amounts receivable from LGP (LGA NSW) Trust includes the following:</b>				
Trust distribution receivable	-	-	1,130,033	874,880
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Amounts receivable from LGP (SA NSW) Trust includes the following:</b>				
Trust distribution receivable	-	-	1,130,033	874,880
	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Amounts receivable from / (payable to) Local Government Procurement Partnership includes the following:</b>				
Trade and other receivables	-	-	-	437,132
Loan to Local Government Procurement Partnership (Non-current)	-	-	668,313	291,627
Trade and other payables	-	-	(376,686)	-
<b>Total net receivable from Local Government Procurement</b>	<b>-</b>	<b>-</b>	<b>291,627</b>	<b>728,759</b>



**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 34. Related party disclosures (continued)**

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 ended 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 2019, the Association has not recorded any impairment of receivables relating to amounts owed by related parties (2018: \$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.

**Note 35. 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 Linda Scott (from 8 December 2017)

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Short-term employee benefits</b>				
Salary (including annual leave taken)	159,980	155,280	160,888	155,280
	<b>LGNSW CONSOLIDATED</b>	<b>LGNSW</b>	<b>2019</b>	<b>2018</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Post-employment benefits</b>				
Superannuation	15,198	15,023	15,198	15,023

*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 2019 and 30 June 2018.

**Note 36. 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:

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Audit services</i>				
Audit of the financial statements	31,500	30,000	20,000	18,500
<i>Other services</i>				
Tax and other consulting services	26,176	7,715	25,676	3,790
	<b>57,676</b>	<b>37,715</b>	<b>24,180</b>	<b>22,290</b>

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 37. Contingent assets**

The Association was not aware of any contingent assets as at 30 June 2019.

**Note 38. Contingent liabilities**

The Association has provided bank guarantees for the purpose of rental contracts amounting to \$274,525 (2018: \$197,140) by the Commonwealth Bank.

The Association was not aware of any other contingent liabilities as at 30 June 2019.

**Note 39. Capital and leasing commitments**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
<i>Commitments for minimum lease payments in relation to operating leases are as follows</i>				
Not later than 12 months	409,097	254,404	140,700	-
Between 12 months and 5 years	302,683	296,805	257,950	-
	<u>711,780</u>	<u>551,209</u>	<u>398,650</u>	<u>-</u>

The operating lease represents two office leases, one held by LGNSW for Suite 2 on Level 9 of 28 Margaret Street, Sydney and one by a related party for Suite 13.01, Level 55 Clarence St, Sydney. The lease agreement for LGNSW terminates on the 30 April 2022 and the related party lease terminates on the 31 August 2020 with an option for another 5 years. The lease for LGNSW was signed on the 15 May 2019 and the related party 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 leases.

**Note 40. Reconciliation of profit after income tax to net cash from/(used in) operating activities**

	LGNSW CONSOLIDATED		LGNSW	
	2019	2018	2019	2018
	\$	\$	\$	\$
Profit after income tax expense for the year	585,061	566,996	585,061	566,996
Adjustments for:				
Depreciation and amortisation	403,546	391,712	330,025	302,683
Net loss on disposal of property, plant and equipment	6,707	11,999	4,437	9,955
Capital (gain)/loss on floating rate note investments	(179,584)	(330,317)	(179,584)	(511,537)
Net (gain)/loss on sale of investments	55,737	32,542	55,737	32,542
Trust distributions	-	-	(2,260,066)	(1,749,760)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	321,049	(361,307)	515,436	(374,136)
(Increase)/decrease in prepayments	(134,750)	(4,467)	(77,742)	(15,045)
Increase/(decrease) in trade payables and accruals	954,062	(260,638)	384,157	(112,606)
Increase/(decrease) in deferred income	68,540	374,087	100,140	179,287
Increase/(decrease) in provisions	177,279	50,479	66,346	(81,878)
Net cash from/(used in) operating activities	<u>2,257,647</u>	<u>471,086</u>	<u>(476,053)</u>	<u>(1,753,499)</u>

**Local Government New South Wales**  
**Notes to the financial statements**  
**30 June 2019**

**Note 41. Cash flow information**

	<b>LGNSW CONSOLIDATED</b>		<b>LGNSW</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash inflows				
LGP (LGA NSW) Trust	-	-	874,880	-
Local Government	-	-	874,880	-
Local Government Procurement Partnership	-	-	437,151	900,000
Total cash inflows	-	-	2,186,911	900,000

**Note 42. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2019 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 2019, 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 2019, 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.

#### 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](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**  
Accountants & Advisors  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'R. Ahrens'.

**R. Ahrens**  
Director

Sydney, 13<sup>th</sup> September 2019

**Local Government Procurement Partnership  
Partners' declaration  
30 June 2019**

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 present fairly the partnership's financial position as at 30 June 2019 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:



Partner - Linda Scott, sole director of LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd (the Partners)

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**Local Government Procurement Partnership**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	<b>Note</b>	<b>2019 \$</b>	<b>2018 \$</b>
Revenue	3	9,989,863	8,195,050
<b>Expenses</b>			
Employee benefits expense		(4,257,939)	(3,674,563)
Rebates to councils		(1,506,740)	(1,166,506)
Administration		(1,362,123)	(1,169,996)
Consultancy costs		(427,003)	(223,660)
Conference expense		(100,201)	(119,492)
Gain/(loss) on sale of non-current assets		(2,270)	(2,044)
Depreciation, amortisation and impairment		(73,521)	(89,029)
<b>Profit before income tax expense</b>		<b>2,260,066</b>	<b>1,749,760</b>
Income tax expense		-	-
<b>Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership</b>		<b>2,260,066</b>	<b>1,749,760</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the partners of Local Government Procurement Partnership</b>		<b>2,260,066</b>	<b>1,749,760</b>
<b>Distribution to partners:</b>			
LGP (LGA NSW) Trust (50% Partner)		1,130,033	874,880
LGP (SA NSW) Trust (50% Partner)		1,130,033	874,880
<b>Total distribution to partners</b>		<b>2,260,066</b>	<b>1,749,760</b>
<b>Retained partners' funds at the end of the financial year of Local Government Procurement Partnership</b>		<b>-</b>	<b>-</b>

*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 2019**

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,320,088	2,838,390
Trade and other receivables	6	2,222,308	2,027,921
Prepayments	7	113,398	56,390
Total current assets		<u>5,655,794</u>	<u>4,922,701</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	123,935	124,259
Intangibles	9	15,998	27,905
Total non-current assets		<u>139,933</u>	<u>152,164</u>
<b>Total assets</b>		<u>5,795,727</u>	<u>5,074,865</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	4,418,814	4,153,971
Provisions	11	401,632	343,807
Other financial liabilities	12	163,200	194,800
Total current liabilities		<u>4,983,646</u>	<u>4,692,578</u>
<b>Non-current liabilities</b>			
Trade and other payables	13	668,313	291,627
Provisions	14	143,768	90,660
Total non-current liabilities		<u>812,081</u>	<u>382,287</u>
<b>Total liabilities</b>		<u>5,795,727</u>	<u>5,074,865</u>
<b>Net assets</b>		<u>-</u>	<u>-</u>
<b>Partners' funds</b>			
<b>Total partners' funds</b>		<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 2019**

	<b>Partners' funds</b>	<b>Total partners' funds</b>
	<b>\$</b>	<b>\$</b>
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	-	-
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)
Balance at 30 June 2018	-	-
	<b>Partners' funds</b>	<b>Total partners' funds</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	-	-
Profit after income tax expense for the year	2,260,066	2,260,066
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	2,260,066	2,260,066
Profit distribution to LGP (LGA NSW) Trust	(1,130,033)	(1,130,033)
Profit distribution to LGP (SA NSW) Trust	(1,130,033)	(1,130,033)
Balance at 30 June 2019	-	-

*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 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		10,168,691	8,205,984
Payments to suppliers and employees		(7,438,462)	(6,164,514)
		<u>2,730,229</u>	<u>2,041,470</u>
Interest received		3,471	1,895
Net cash from operating activities	15	<u>2,733,700</u>	<u>2,043,365</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-current assets		6,611	4,091
Purchase of property, plant and equipment		(71,702)	(43,056)
Purchase of intangibles		-	(28,116)
Net cash used in investing activities		<u>(65,091)</u>	<u>(67,081)</u>
<b>Cash flows from financing activities</b>			
Net movement in related party loans		(437,151)	(900,000)
Distributions to partners		(1,749,760)	-
Net cash used in financing activities		<u>(2,186,911)</u>	<u>(900,000)</u>
Net increase in cash and cash equivalents		481,698	1,076,284
Cash and cash equivalents at the beginning of the financial year		<u>2,838,390</u>	<u>1,762,106</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>3,320,088</u></u>	<u><u>2,838,390</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 2019**

**Note 1. General information**

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

The financial statements were authorised for issue on \_\_\_\_\_ 2019.

**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**

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the partnership is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the partnership: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*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.

**Local Government Procurement Partnership**  
**Notes to the financial statements**  
**30 June 2019**

**Note 2. Significant accounting policies (continued)**

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.

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 2019**

**Note 3. Revenue**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Commissions	8,793,866	7,275,618
Council services	767,497	611,321
Conferences and seminars	280,100	209,436
Interest revenue	3,471	1,895
Other revenue	144,929	96,780
	<u>9,989,863</u>	<u>8,195,050</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Interest revenue</b>		
Interest received from:		
Financial institutions	<u>3,471</u>	<u>1,895</u>

**Note 4. Profit from ordinary activities (includes):**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Depreciation of property, plant and equipment	(61,614)	(77,853)
Amortisation of intangible assets	(11,907)	(11,176)
	<u>(73,521)</u>	<u>(89,029)</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration of auditor</b>		
Auditing or reviewing the financial report	<u>(12,100)</u>	<u>(11,500)</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Loss on sale of non-current assets</b>		
Loss on sale of non-current assets	<u>(2,270)</u>	<u>(2,044)</u>

**Note 5. Current assets - cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	1,000	1,000
Cash at bank	3,234,200	2,754,685
Cash on deposit	84,888	82,705
	<u>3,320,088</u>	<u>2,838,390</u>



**Local Government Procurement Partnership**  
**Notes to the financial statements**  
**30 June 2019**

**Note 6. Current assets - trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	2,142,055	1,955,400
Less: Provision for doubtful debts	(6,397)	(6,397)
GST receivable	86,650	78,918
	<u>2,222,308</u>	<u>2,027,921</u>

**Note 7. Current assets - prepayments**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>113,398</u>	<u>56,390</u>

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	93,219	78,724
Less: Accumulated depreciation	(59,410)	(43,181)
	<u>33,809</u>	<u>35,543</u>
Fixtures and fittings - at cost	12,030	12,030
Less: Accumulated depreciation	(4,719)	(3,785)
	<u>7,311</u>	<u>8,245</u>
Motor vehicles - at cost	83,520	106,307
Less: Accumulated depreciation	(77,251)	(74,772)
	<u>6,269</u>	<u>31,535</u>
Office equipment - at cost	288,191	230,984
Less: Accumulated depreciation	(211,645)	(182,048)
	<u>76,546</u>	<u>48,936</u>
	<u>123,935</u>	<u>124,259</u>

**Local Government Procurement Partnership**  
**Notes to the financial statements**  
**30 June 2019**

**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 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
Additions	14,495	-	-	57,207	71,702
Disposals	-	-	(10,412)	-	(10,412)
Depreciation expense	(16,229)	(934)	(14,854)	(29,597)	(61,614)
Balance at 30 June 2019	<u>33,809</u>	<u>7,311</u>	<u>6,269</u>	<u>76,546</u>	<u>123,935</u>

**Note 9. Non-current assets - intangibles**

	2019 \$	2018 \$
Website - at cost	209,164	209,164
Less: Accumulated amortisation	(193,166)	(181,259)
	<u>15,998</u>	<u>27,905</u>

**Note 10. Current liabilities - trade and other payables**

	2019 \$	2018 \$
Trade payables	131,862	340,126
Accrued rebates	1,545,500	1,268,135
Sundry payables and accrued expenses	209,596	81,601
GST payable	271,790	277,217
Payable to Local Government NSW	-	437,132
Payable to LGP (LGA NSW) Trust	1,130,033	874,880
Payable to LGP (SA NSW) Trust	1,130,033	874,880
	<u>4,418,814</u>	<u>4,153,971</u>

**Note 11. Current liabilities - provisions**

	2019 \$	2018 \$
Employee benefits	<u>401,632</u>	<u>343,807</u>

**Local Government Procurement Partnership**  
**Notes to the financial statements**  
**30 June 2019**

**Note 12. Current liabilities - other financial liabilities**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Deferred income	<u>163,200</u>	<u>194,800</u>

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Payable to Local Government NSW	<u>668,313</u>	<u>291,627</u>

**Note 14. Non-current liabilities - provisions**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	<u>143,768</u>	<u>90,660</u>

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	2,260,066	1,749,760
Adjustments for:		
Depreciation	73,521	89,029
(Gain)/loss on disposal of property, plant and equipment	2,270	2,044
Change in operating assets and liabilities:		
Decrease in trade and other receivables	182,299	12,829
(Increase)/decrease in other assets	(57,008)	10,578
Increase/(decrease) in trade and other payables	193,219	(58,934)
(Decrease)/increase in other financial liabilities	(31,600)	105,702
Increase/(decrease) in provisions	<u>110,933</u>	<u>132,357</u>
Net cash from operating activities	<u>2,733,700</u>	<u>2,043,365</u>

**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 2019**

**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 \$nil (2018: \$728,759) to Local Government NSW representing the expenses paid by Local Government NSW on behalf of the partnership.

The partnership also has a net balance payable of \$1,130,033 (2018: \$874,880) to LGP (LGA NSW) Trust and \$1,130,033 (2018: \$874,880) to LGP (SA NSW) Trust as a result of the distribution of its profits.

c) The partnership has a non-current, non-interest bearing loan with Local Government NSW of \$668,313 (2018: \$291,627) representing working capital funding.



## 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 2019, 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**  
Accountants & Advisors  
ABN 16 021 300 521

**R. Ahrens**  
Director  
Sydney, 10<sup>th</sup> September 2019

### ACCOUNTANTS & ADVISORS

**Sydney Office**  
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Sydney NSW 2000

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**Local Government Procurement Pty Ltd**  
**Directors' report**  
**30 June 2019**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

**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:

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

**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 2018: \$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 2019 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

10 September 2019

**Local Government Procurement Pty Ltd**  
**Directors' declaration**  
**30 June 2019**

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 2019 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

10 September 2019



**Local Government Procurement Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	2019 \$	2018 \$
<b>Profit before income tax expense</b>	-	-
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the owners of Local Government Procurement Pty Ltd</b>	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the owners of Local Government Procurement Pty Ltd</b>	-	-

*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 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	12	12
Total current assets		12	12
<b>Total assets</b>		12	12
<b>Liabilities</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		12	12
<b>Equity</b>			
Issued capital	3	12	12
<b>Total equity</b>		12	12

*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 2019**

	<b>Ordinary Shares \$</b>	<b>Total equity \$</b>
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>
	<b>Ordinary Shares \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	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 2019	<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 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Net cash from operating activities		-	-
<b>Cash flows from investing activities</b>			
Net cash from investing activities		-	-
<b>Cash flows from financing activities</b>			
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 2019**

**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**

	2019 \$	2018 \$
Cash on hand	12	12

**Note 3. Equity - issued capital**

	2019 Shares	2018 Shares	2019 \$	2018 \$
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 2019, 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**  
Accountants & Advisors  
ABN 16 021 300 521

**R. Ahrens**  
Director  
Sydney, 13<sup>th</sup> September 2019

### ACCOUNTANTS & ADVISORS

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**LGP (LGA NSW) Trust**  
**Directors' declaration**  
**30 June 2019**

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 9, present fairly the trust's financial position as at 30 June 2019 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 2019 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

13/9/ 2019



**LGP (LGA NSW) Trust**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Distribution income received from Local Government Procurement Partnership	1,130,033	874,880
<b>Profit before income tax expense</b>	1,130,033	874,880
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust</b>	1,130,033	874,880
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the beneficiaries of LGP (LGA NSW) Trust</b>	<u>1,130,033</u>	<u>874,880</u>
<b>Distribution to beneficiaries:</b>		
Local Government New South Wales	1,130,033	874,880
<b>Total distribution to beneficiaries</b>	<u>1,130,033</u>	<u>874,880</u>
<b>Retained profits at the end of the financial year of LGP (LGA NSW) Trust</b>	<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 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	291	291
Related party receivables	3	1,130,033	874,880
Total current assets		<u>1,130,324</u>	<u>875,171</u>
<b>Total assets</b>		<u>1,130,324</u>	<u>875,171</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Related party payables	4	1,130,883	874,880
Total current liabilities		<u>1,130,883</u>	<u>874,880</u>
<b>Non-current liabilities</b>			
Related party payables	5	-	850
Total non-current liabilities		<u>-</u>	<u>850</u>
<b>Total liabilities</b>		<u>1,130,883</u>	<u>875,730</u>
<b>Net liabilities</b>		<u>(559)</u>	<u>(559)</u>
<b>Equity</b>			
Issued capital		10	10
Accumulated losses		<u>(569)</u>	<u>(569)</u>
<b>Total deficiency in equity</b>		<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 2019**

	<b>Settled Sum \$</b>	<b>Retained Earnings \$</b>	<b>Total deficiency in equity \$</b>
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>
	<b>Settled Sum \$</b>	<b>Retained Earnings \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2018	10	(569)	(559)
Profit after income tax expense for the year	-	1,130,033	1,130,033
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,130,033	1,130,033
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(1,130,033)	(1,130,033)
Balance at 30 June 2019	<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 (LGA NSW) Trust**  
**Statement of cash flows**  
**For the year ended 30 June 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Net cash from operating activities	7	-	-
<b>Cash flows from investing activities</b>			
Net cash from investing activities		-	-
<b>Cash flows from financing activities</b>			
Received from Local Government Procurement Partnership		874,880	-
Payment to Local Government New South Wales		(874,880)	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		291	291
Cash and cash equivalents at the end of the financial year	2	<u>291</u>	<u>291</u>

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

**LGP (LGA NSW) Trust**  
**Notes to the financial statements**  
**30 June 2019**

**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**

	2019 \$	2018 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

**Note 3. Current assets - related party receivables**

	2019 \$	2018 \$
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

**Note 4. Current liabilities - related party payables**

	2019 \$	2018 \$
Payables to Local Government New South Wales	1,130,383	874,880
Payables to Local Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>

**LGP (LGA NSW) Trust**  
**Notes to the financial statements**  
**30 June 2019**

**Note 5. Non-current liabilities - related party payables**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Payables to Local Government Procurement Partnership	-	500
Payables to Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>

**Note 6. Trust Details**

The registered office of the trust is:

Local Government NSW  
 Level 8, 28 Margaret Street  
 Sydney NSW 2000

**Note 7. Reconciliation of profit after income tax to net cash from operating activities**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	1,130,033	874,880
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(1,130,033)	(874,880)
Change in operating assets and liabilities:		
Increase in related party receivables	(255,153)	(874,880)
Increase in related party payables	<u>255,153</u>	<u>874,880</u>
Net cash from operating activities	<u>-</u>	<u>-</u>



## 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 2019, 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**  
Accountants & Advisors  
ABN 16 021 300 521

**R. Ahrens**  
Director  
Sydney, 13<sup>th</sup> September 2019

### ACCOUNTANTS & ADVISORS

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
[williambuck.com](http://williambuck.com)

**LGP (LGA NSW) Pty Ltd**  
**Directors' report**  
**30 June 2019**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

**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

**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 2018: \$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 2019 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

18/9/2019



**LGP (LGA NSW) Pty Ltd**  
**Directors' declaration**  
**30 June 2019**

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 2019 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

13/9/ 2019

**LGP (LGA NSW) Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Profit before income tax expense</b>	-	-
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the owners of LGP (LGA NSW) Pty Ltd</b>	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the owners of LGP (LGA NSW) Pty Ltd</b>	-	-

*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 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	12	12
Total current assets		12	12
<b>Total assets</b>		12	12
<b>Liabilities</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		12	12
<b>Equity</b>			
Issued capital	3	12	12
<b>Total equity</b>		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 2019**

	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>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2018	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 2019	<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 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Net cash from operating activities		-	-
<b>Cash flows from investing activities</b>			
Net cash from investing activities		-	-
<b>Cash flows from financing activities</b>			
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 2019**

**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**

	2019 \$	2018 \$
Cash on hand	12	12

**Note 3. Equity - issued capital**

	2019 Shares	2018 Shares	2019 \$	2018 \$
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, Assets 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.

**LGP (LGA NSW) Pty Ltd**  
**Notes to the financial statements**  
**30 June 2019**

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

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current Liabilities</b>		
Local Government New South Wales	1,130,383	874,880
Local Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>
	<b>2019</b>	<b>2018</b>
<b>Non-current Liabilities</b>		
Local Government Procurement Partnership	-	500
Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>

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 2019 and 30 June 2018.

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets – related party receivables</b>		
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

**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:

Local Government NSW  
 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 2019, 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**  
Accountants & Advisors  
ABN 16 021 300 521

**R. Ahrens**  
Director  
Sydney, 13<sup>th</sup> September 2019

#### ACCOUNTANTS & ADVISORS

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
**williambuck.com**



**LGP (SA NSW) Trust**  
**Directors' declaration**  
**30 June 2019**

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 directors of the trustee company declare that:

- The financial statements and notes, as set out on pages 4 to 9, present fairly the trust's financial position as at 30 June 2019 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 2019 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

13/9/2019  
\_\_\_\_\_ 2019

**LGP (SA NSW) Trust**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Distribution income received from Local Government Procurement Partnership	1,130,033	874,880
<b>Profit before income tax expense</b>	1,130,033	874,880
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the owners of LGP (SA NSW) Trust</b>	1,130,033	874,880
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the owners of LGP (SA NSW) Trust</b>	<u>1,130,033</u>	<u>874,880</u>
<b>Distribution to beneficiaries:</b>		
Local Government New South Wales	1,130,033	874,880
<b>Total distribution to beneficiaries</b>	<u>1,130,033</u>	<u>874,880</u>
<b>Retained profits at the end of the financial year of LGP (LGA NSW) Trust</b>	<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 2019**

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	291	291
Related party receivables	3	1,130,033	874,880
Total current assets		<u>1,130,324</u>	<u>875,171</u>
<b>Total assets</b>		<u>1,130,324</u>	<u>875,171</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Related party payables	4	1,130,883	874,880
Total current liabilities		<u>1,130,883</u>	<u>874,880</u>
<b>Non-current liabilities</b>			
Related party payables	5	-	850
Total non-current liabilities		<u>-</u>	<u>850</u>
<b>Total liabilities</b>		<u>1,130,883</u>	<u>875,730</u>
<b>Net liabilities</b>		<u>(559)</u>	<u>(559)</u>
<b>Equity</b>			
Issued capital		10	10
Accumulated losses		<u>(569)</u>	<u>(569)</u>
<b>Total deficiency in equity</b>		<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 2019**

	<b>Settled Sum \$</b>	<b>Retained Earnings \$</b>	<b>Total deficiency in equity \$</b>
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>
	<b>Settled Sum \$</b>	<b>Retained Earnings \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2018	10	(569)	(559)
Profit after income tax expense for the year	-	1,130,033	1,130,033
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,130,033	1,130,033
<i>Transactions with beneficiaries in their capacity as beneficiaries :</i>			
Distribution payable to Local Government New South Wales	-	(1,130,033)	(1,130,033)
Balance at 30 June 2019	<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**  
**Statement of cash flows**  
**For the year ended 30 June 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Net cash from operating activities	7	-	-
<b>Cash flows from investing activities</b>			
Net cash from investing activities		-	-
<b>Cash flows from financing activities</b>			
Received from Local Government Procurement Partnership		874,880	-
Payment to Local Government New South Wales		(874,880)	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		291	291
Cash and cash equivalents at the end of the financial year	2	<u>291</u>	<u>291</u>

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

**LGP (SA NSW) Trust**  
**Notes to the financial statements**  
**30 June 2019**

**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**

	2019 \$	2018 \$
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>

**Note 3. Current assets - related party receivables**

	2019 \$	2018 \$
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

**Note 4. Current liabilities - related party payables**

	2019 \$	2018 \$
Payables to Local Government New South Wales	1,130,383	874,880
Payables to Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>

**LGP (SA NSW) Trust**  
**Notes to the financial statements**  
**30 June 2019**

**Note 5. Non-current liabilities – related party payables**

	2019 \$	2018 \$
Payables to Local Government Procurement Partnership	-	500
Payables to Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>

**Note 6. Trust Details**

The registered office of the trust is:

Local Government NSW  
Level 8, 28 Margaret Street  
Sydney NSW 2000

**Note 7. Reconciliation of profit after income tax to net cash from operating activities**

	2019 \$	2018 \$
Profit after income tax expense for the year	1,130,033	874,880
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(1,130,033)	(874,880)
Change in operating assets and liabilities:		
Increase in related party receivables	(255,153)	(874,880)
Increase in related party payables	255,153	874,880
Net cash from operating activities	<u>-</u>	<u>-</u>



## 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 2019, 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**  
Accountants & Advisors  
ABN 16 021 300 521

**R. Ahrens**  
Director  
Sydney, 13<sup>th</sup> September 2019

### ACCOUNTANTS & ADVISORS

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
**williambuck.com**



**LGP (SA NSW) Pty Ltd**  
**Directors' report**  
**30 June 2019**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

**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

**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 2018: \$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 2019 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

13/9/2019

**LGP (SA NSW) Pty Ltd**  
**Directors' declaration**  
**30 June 2019**

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 directors 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 2019 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

18/9/ 2019

**LGP (SA NSW) Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	2019 \$	2018 \$
<b>Profit before income tax expense</b>	-	-
Income tax expense	-	-
<b>Profit after income tax expense for the year attributable to the directors of LGP (SA NSW) Pty Ltd</b>	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year attributable to the directors of LGP (SA NSW) Pty Ltd</b>	-	-

*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 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
<b>Total assets</b>		<u>12</u>	<u>12</u>
<b>Liabilities</b>			
<b>Total liabilities</b>		<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>12</u>	<u>12</u>
<b>Equity</b>			
Issued capital	3	12	12
<b>Total equity</b>		<u>12</u>	<u>12</u>

*The above statement of financial position should be read in conjunction with the accompanying notes<sup>6</sup>*

**LGP (SA NSW) Pty Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2019**

	<b>Ordinary Shares \$</b>	<b>Total equity \$</b>
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>
	<b>Ordinary Shares \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	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 2019	<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 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Net cash from operating activities		-	-
<b>Cash flows from investing activities</b>			
Net cash from investing activities		-	-
<b>Cash flows from financing activities</b>			
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 2019**

**Note 1. Significant accounting policies**

**Basis of preparation**

LGP (SA NSW) 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**

	2019 \$	2018 \$
Cash on hand	12	12

**Note 3. Equity - issued capital**

	2019 Shares	2018 Shares	2019 \$	2018 \$
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, Assets 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.

**LGP (SA NSW) Pty Ltd**  
**Notes to the financial statements**  
**30 June 2019**

**Note 4. Trust Liabilities, Assets and Right of Indemnity (continued)**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current Liabilities</b>		
Local Government New South Wales	1,130,383	874,880
Local Government Procurement Partnership	500	-
	<u>1,130,883</u>	<u>874,880</u>
	<b>2019</b>	<b>2018</b>
<b>Non-current liabilities</b>		
Local Government Procurement Partnership	-	500
Local Government New South Wales	-	350
	<u>-</u>	<u>850</u>

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 2019 and 30 June 2018.

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash on hand	10	10
Cash at bank	281	281
	<u>291</u>	<u>291</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets – related party receivables</b>		
Receivables from Local Government Procurement Partnership	<u>1,130,033</u>	<u>874,880</u>

**Note 5. Contingent liabilities**

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

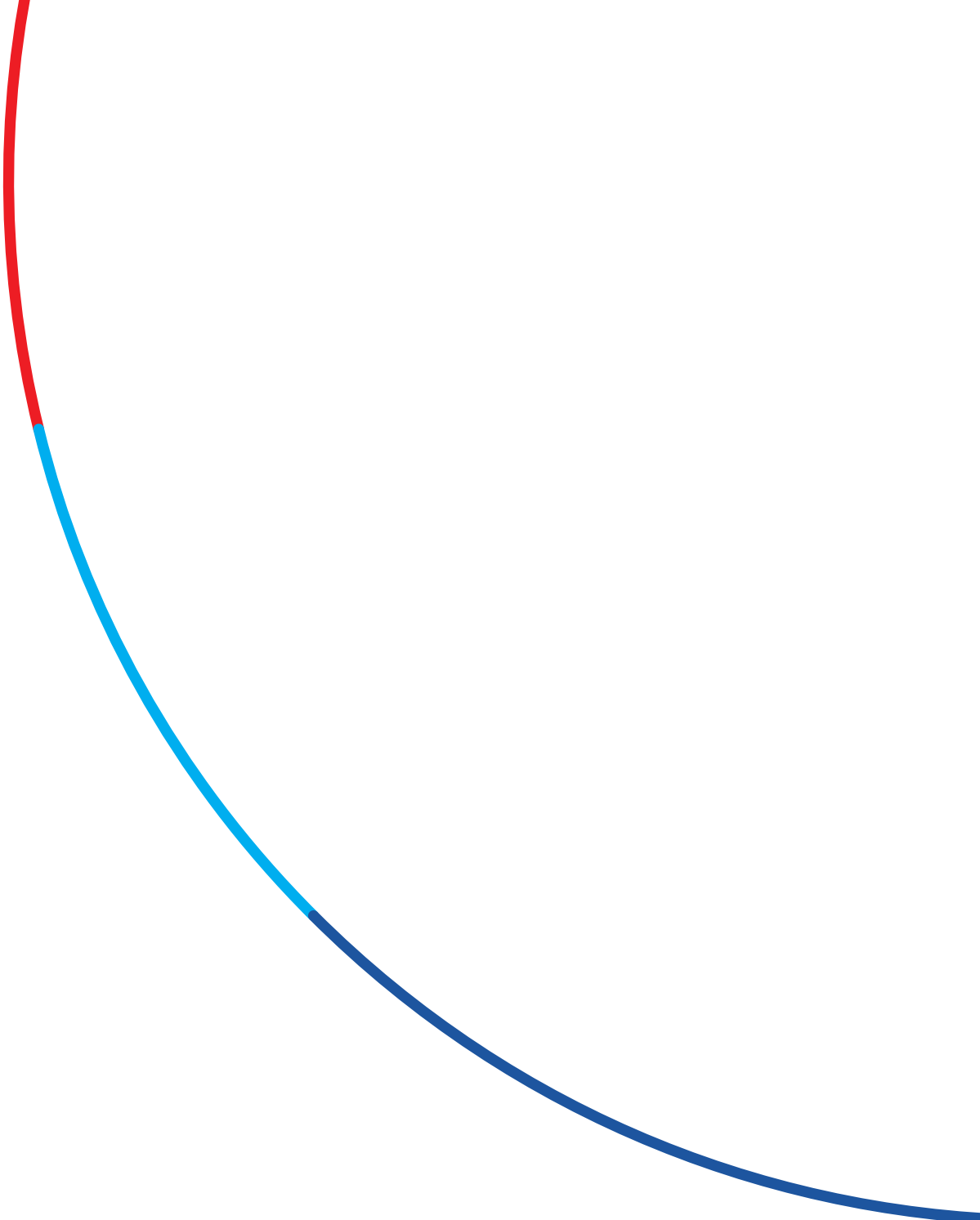
**Note 6. Company Details**

The registered office of the company is:

Local Government NSW  
 Level 8, 28 Margaret Street  
 Sydney NSW 2000



All photographs in this Annual Report were supplied by LGNSW staff, through our staff photography competition, unless otherwise credited. LGNSW thanks all staff who contributed.



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💻 [lgnsw.org.au](http://lgnsw.org.au)

🐦 @lgnsw

© [lgnsw@lgnsw.org.au](mailto:lgnsw@lgnsw.org.au)

🌐 [linkedin.com/company/local-government-nsw](https://www.linkedin.com/company/local-government-nsw)



2 July 2019

Donna Rygate  
Chief Executive Officer  
Local Government NSW  
Sent via email: [lgnsw@lgnsw.org.au](mailto:lgnsw@lgnsw.org.au)

Dear Donna Rygate,

**Re: Lodgement of Financial Report - FR2019/235  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Local Government NSW (the reporting unit) ended on 30 June 2019. 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, that is on or before 28 September 2019.

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being 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 your rules) no later than 31 December 2019 (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. 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 (see attached *Loans Grants and Donations* fact sheet FS 009).

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) 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 effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located 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](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**

**Registered Organisations Commission**

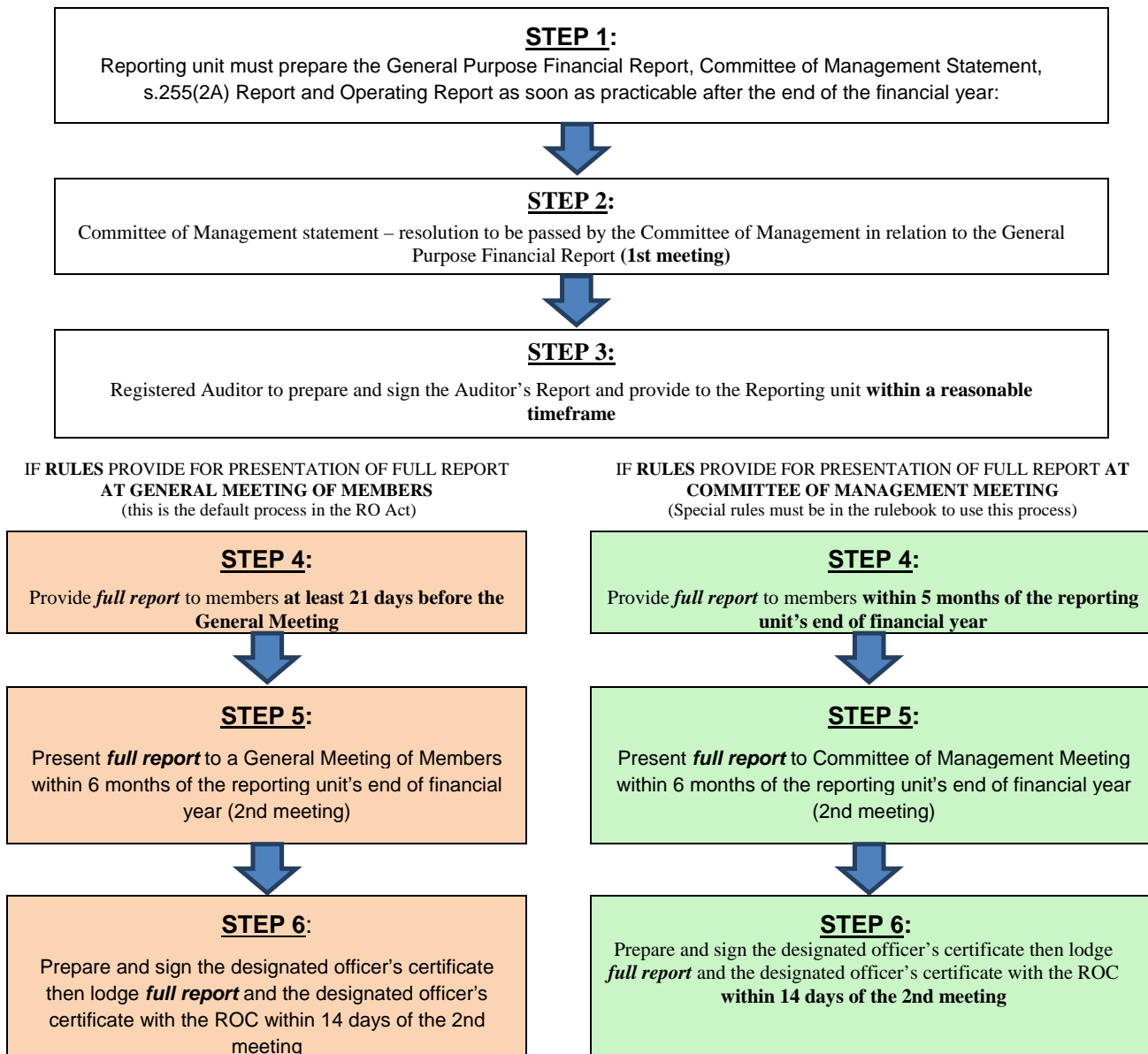


## Fact sheet

### 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](#).



## Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
 The Committee of Management statement is just copied from the Reporting Guidelines	 The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated <b>BEFORE</b> the auditor signs their report  Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
 The Auditor's Report does not need to be signed until just before it is lodged with the ROC	 The Auditor's Report must be signed and dated <b>BEFORE</b> the full report (including the Auditor's Report) is sent to members and presented to the second meeting
 The Designated Officer's Certificate must be signed before the report is sent to members	 The Designated Officer's Certificate declares what the reporting unit <b>HAS ALREADY DONE</b> to provide the report to members and present it to the meeting. It must be signed and dated <b>AFTER</b> sending the report to members and the second meeting
 Documents can be dated when they should have been signed or when the events in the document occurred	 Documents must always be dated at the date they are actually signed by an officer or auditor
 Any auditor can audit a financial report	 Only registered auditors can audit the financial report
 The Committee of Management statement can be signed at any time	 The resolution passing the Committee of Management Statement must occur and the statement signed and dated <b>BEFORE</b> the auditor's report is signed and dated
 Any reporting unit can present the Full Report to a second COM meeting	 Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
 Everything can be done at one Committee of Management meeting	 If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u> . The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
 The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	 The reporting unit must lodge the financial report within 14 days of the second meeting

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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.



## **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.

## Grants & Donations within the Financial Report

Item 14(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\*

	2017	2016
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, 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](mailto:regorgs@roc.gov.au)