



Australian Government
Registered Organisations Commission

2 February 2021

Bruce Morcombe
Finance Manager
Local Government NSW

Sent via email: Bruce.Morcombe@lgnsw.org.au

Dear Bruce Morcombe,

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 2020 (FR2020/221)

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009* in respect of the Local Government NSW (**the reporting unit**) for the financial year ended 30 June 2020. The application was lodged with the Registered Organisations Commission on 14 December 2020.

I also acknowledge the reporting unit's advice as per lodgement that in future years, the reporting unit will prepare the associated State body's financial reports in accordance with only the prescribed State Act.

I have granted the application. The certificate is attached.

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

Yours sincerely

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, followed by a small dash.

Chris Enright
Executive Director
Registered Organisations Commission



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

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

Local Government NSW
(FR2020/221)

MR ENRIGHT

MELBOURNE, 2 FEBRUARY 2021

Reporting unit's financial affairs encompassed by associated State body

[1] On 14 December 2020 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 the Local Government & Shires Association of NSW (**the Association**), an associated State body, in respect of the financial year ending 30 June 2020.

[2] On 14 December 2020, 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 2020, 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-32017

14 December 2020

The Commissioner
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

Email: reorgs@roc.gov.au

Dear Commissioner

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

I am the President of the Local Government & Shires Association of NSW (Federal Branch) and hereby make an 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 2019/20 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 2019/20 LGNSW Annual Report which contains the accounts for the period ending 30 June 2020, 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 signature is written in a cursive, flowing style.

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 2020, LGNSW employed 59 Staff (47 full time, 12 part time).

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 18 Board members at 30 June 2020.

The Board met seven times during 2019/20, and the Senior Executive Group four times. Board working committees also met to provide guidance on key focus areas.

Board Members as at 30 June 2020



President
Cr Linda Scott
City of Sydney Council



Treasurer
Cr Jerome Laxale
City of Ryde Council



Vice-President
Rural/Regional
Cr Stephen Lawrence
Dubbo Regional Council



Director
Rural/Regional
Cr Ruth Fagan
Cowra Council



Director
Rural/Regional
Cr Dominic King
Bellingen Shire Council



Director
Regional/Rural
Cr Phyllis Miller OAM
Forbes Shire Council



Director
Rural/Regional
Cr Keith Rhoades AFSM
Coffs Harbour City Council



Director
Regional/Rural
Cr Marianne Saliba
Shellharbour City Council



Director
Regional/Rural
Cr Ben Shields
Dubbo Regional Council



Director
Regional/Rural
Cr Darriea Turley AM
Broken Hill City Council



Vice-President
Metropolitan/Urban
Cr Angelo Tsirekas
City of Canada Bay
Council



Director
Metropolitan/Urban
Cr Khal Asfour
Canterbury-Bankstown
Council



Director
Metropolitan/Urban
Cr Dai Le
Fairfield City Council



Director
Metropolitan/Urban
Cr Lesley Furneaux-Cook
Burwood Council



Director
Metropolitan/Urban
Cr George Greiss
Campbelltown City
Council



Director
Metropolitan/Urban
Cr Julie Griffiths
Blacktown City Council



Director
Metropolitan/Urban
Cr Mazhar Hadid
Liverpool City Council



Director
Metropolitan/Urban
Cr Karen McKeown OAM
Penrith City Council

Outgoing Board Members 2019



Cr Scott Ferguson
Blayney Shire Council



Cr Paul Harmon
Inverell Shire Council



Cr Rod Kendall
Wagga Wagga City Council



Cr Marjorie O'Neill
Waverley Council



Cr Michael Regan
Northern Beaches Council

Board Working Committees

Board Working Committees as at 30 June 2020

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

As at 30 June 2020 the board working committees' key focus areas were campaigns and advocacy, member value, and policy review.

New Governance Initiatives

The LGNSW Board implemented a number of significant governance initiatives in 2019/20 to drive a culture of continual improvement in good governance practice. LGNSW established its first Audit and Risk Committee, adopted a Board Charter to provide additional clarity about the respective roles, responsibilities and authorities of the LGNSW Board and the Chief Executive, and new financial delegations to provide additional clarity and transparency.

The Audit and Risk Committee met six times in 2019/20.

Audit and Risk Committee Members

Carol Holley (Independent Chair)

Jan McClelland AM (Independent member)

Cr Lesley Furneaux-Cook (LGNSW Board member)

Cr Darriea Turley AM (LGNSW Board member)

Other important governance achievements include the development of an ISO 31000 compliant Enterprise Risk Management Framework and an internal audit program. The development of our Business Continuity Plan in 2019 provided a roadmap to effectively address the COVID-19 impacts and ensured our continued success in delivering member services.

Board Working Committees as at 30 June 2020:

Campaigns & Advocacy: Cr Linda Scott, Cr Dai Le, Cr Dominic King, Cr Julie Griffiths, Cr Keith Rhoades AFSM, Cr Mazhar Hadid, Cr Ruth Fagan.

Member Value: Cr Linda Scott, Cr Angelo Tsirekas, Cr Jerome Laxale, Cr Khal Asfour, Cr Marianne Saliba, Cr Karen McKeown OAM, Cr Ben Shields.

Policy Review: Cr Linda Scott, Cr Darriea Turley AM, Cr George Greiss, Cr Lesley Furneaux-Cook, Cr Phyllis Miller OAM, Cr Stephen Lawrence.

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 2019/20.

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 2019/20

	AUG	OCT	NOV	2019 DEC	FEB	APR	2020 JUN
Linda Scott	✓	✓	✓	✓	✓	✓	✓
Keith Rhoades AFSM	✓	✓	✓	✓	✓	✓	✓
Khal Asfour	✓	✓	✓	×	✓	✓	✓
Ruth Fagan	✓	✓	✓	✓	✓	×	✓
Scott Ferguson	✓	✓	N/A	N/A	N/A	N/A	N/A
Lesley Furneaux-Cook	✓	✓	✓	✓	✓	✓	✓
George Greiss	✓	✓	✓	✓	✓	✓	✓
Julie Griffiths	✓	✓	✓	✓	✓	✓	✓
Mazhar Hadid	✓	✓	✓	✓	✓	✓	✓
Paul Harmon	✓	✓	N/A	N/A	N/A	N/A	N/A
Rod Kendall	✓	✓	N/A	N/A	N/A	N/A	N/A
Dominic King	N/A	N/A	✓	×	✓	✓	✓
Stephen Lawrence	N/A	N/A	✓	✓	✓	✓	✓
Jerome Laxale	N/A	N/A	✓	✓	✓	✓	✓
Dai Le	N/A	N/A	✓	✓	✓	✓	✓
Karen McKeown OAM	✓	✓	✓	✓	✓	✓	✓
Phyllis Miller OAM	✓	✓	✓	✓	✓	✓	✓
Marjorie O'Neill	✓	✓	N/A	N/A	N/A	N/A	N/A
Michael Regan	✓	✓	N/A	N/A	N/A	N/A	N/A
Marianne Saliba	✓	✓	×	✓	✓	✓	✓
Ben Shields	✓	✓	✓	✓	✓	✓	✓
Angelo Tsirekas	✓	×	✓	✓	✓	✓	✓
Darriea Turley AM	✓	✓	✓	✓	✓	✓	✓

N/A: Not elected to the Board at the relevant time

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. The Board now nominates 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 2020

StateCover	Date appointed	Term expires
Cr Bruce Miller Cowra Shire Council	27 March 2004 Re-appointed 15 November 2017	Annual General Meeting November 2020
Cr Samuel Ngai Ku-ring-gai Council	20 November 2019	Annual General Meeting November 2022
Cr Denise Osborne Greater Hume Shire Council	1 August 2016 Re-appointed November 2017	Annual General Meeting November 2020
Cr Jerome Laxale Ryde City Council	10 September 2018 Re-appointed 20 November 2019	Annual General Meeting November 2022

Local Government Super	Date appointed	Term expires
Cr Bruce Miller Cowra Shire Council	1 July 2011 Re-appointed 26 March 2017	25 March 2021
Cr Dominico Figliomeni GAICD Wollongong City Council	5 December 2017	4 December 2021
Cr Karen McKeown OAM Penrith City Council	10 April 2018	9 April 2022
Cr Khal Asfour Canterbury Bankstown City Council	16 August 2018	Stepped down with effect from 31 July 2019*

*Due to constitutional changes.

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.

Organisation name:	Local Government and Shires Association of NSW	Branch name:	N/A
Financial year start date:	1 July 2019	Financial year end date:	30 June 2020

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 (including superannuation)	Value of relevant non-cash benefits	Form of relevant non-cash benefits
1. Cr Linda Scott	President	LGNSW	\$178,046.46		Life and income protection insurance
		External Boards	\$1,100.00		
		Total	\$179,146.46	\$ 2,865.72	
2. Cr Karen McKeown	Director	LGNSW	\$9,155.30		N/A
		External Boards	\$95,672.18		
		Total	\$104,827.48	NIL	
3. Cr Jerome Laxale	Treasurer	LGNSW	\$13,442.22		N/A
		External Boards	\$61,246.15		
		Total	\$74,688.37	NIL	
4. Cr Lesley Furneaux-Cook	Director	LGNSW	\$10,968.62		N/A
		External Boards	\$26,100.00		
		Total	\$37,068.62	NIL	
5. Cr Keith Rhoades	Director	LGNSW	\$10,367.46		N/A
		External Boards	\$23,259.35		
		Total	\$33,626.81	NIL	

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.

Linda Scott

Signed by the officer:

Dated: 24/09/2020

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	\$20,143.62	NIL	N/A
		External Boards	\$990.00		
		Total	\$21,133.62		
Cr Khal Asfour	Director	LGNSW	\$9,145.44	NIL	N/A
		External Boards	\$5,954.06		
		Total	\$15,099.50		
Cr Ben Shields	Director	LGNSW	\$14,654.39	NIL	N/A
Cr Daria Turley	Treasurer	LGNSW	\$11,589.48	NIL	N/A
Cr George Greiss	Director	LGNSW	\$7,332.12	NIL	N/A
Cr Mazhar Hadid	Director	LGNSW	\$6,711.26	NIL	N/A
Cr Angelo Tsirekas	Director	LGNSW	\$6,110.10	NIL	N/A
Cr Julie Griffiths	Director	LGNSW	\$6,110.10	NIL	N/A
Cr Dominic King	Director	LGNSW	\$5,499.09	NIL	N/A
Cr Marianne Saliba	Director	LGNSW	\$5,479.39	NIL	N/A
Cr Stephen Lawrence	Director	LGNSW	\$4,277.07	NIL	N/A
Cr Dai Le	Director	LGNSW	\$4,277.07	NIL	N/A
Cr Ruth Fagan	Director	LGNSW	\$3,045.20	NIL	N/A

Grants & Donations

LGNSW administered the following grants exceeding \$1,000 in 2019/20.

Increasing resilience to climate change

Purpose: providing council support to adapt to climate change.

Funding provided by: NSW Department of Planning, Industry & Environment (Environment, Energy and Science)

▪ Ballina Shire Council	\$96,000.00
▪ Balranald Shire Council	\$66,000.00
▪ Bega Valley Shire Council	\$88,000.00
▪ Blacktown City Council	\$28,000.00
▪ Bland Shire Council	\$96,000.00
▪ Central Coast Council	\$90,800.00
▪ Cumberland Council	\$85,244.00
▪ Goulburn Mulwaree Council	\$78,700.00
▪ Hawkesbury City Council	\$24,000.00
▪ Illawarra Shoalhaven Joint Organisation	\$112,400.00
▪ Ku-ring-gai Council	\$36,000.00
▪ Lake Macquarie City Council	\$40,000.00
▪ Nambucca Valley Council	\$76,000.00
▪ Namoi Unlimited	\$228,000.00
▪ Newcastle City Council	\$52,000.00
▪ Northern Beaches Council	\$88,000.00
▪ Queanbeyan-Palerang Regional Council	\$33,600.00
▪ Tweed Shire Council	\$83,760.00
▪ Wagga Wagga City Council	\$28,000.00
▪ Waverley Council	\$108,000.00
▪ Wingecarribee Shire Council	\$40,000.00
▪ Western Sydney Regional Organisation of Councils	\$158,400.00
	\$1,736,904.00

Flying fox grant program

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

Funding provided by: NSW Department of Planning, Industry & Environment (Environment, Energy and Science)

▪ Albury City Council	\$16,000.00
▪ Byron Shire Council	\$7,000.00
▪ Central Coast Council	\$39,670.00
▪ Cessnock City Council	\$85,000.00
▪ Clarence Valley Council	\$42,000.00
▪ Cowra Shire Council	\$32,736.00
▪ Kempsey Shire Council	\$19,280.00
▪ Muswellbrook Shire Council	\$4,500.00
▪ Port Macquarie-Hastings Council	\$24,600.00
▪ Shoalhaven City Council	\$23,975.20
▪ Singleton Shire Council	\$10,000.00
▪ Tamworth Regional Council	\$32,719.70
	\$337,480.90

Council roadside reserves

Purpose: to conserve and improve roadside environments

Funding provided by: NSW Environmental Trust

▪ Griffith City Council	\$9,300.00
▪ Hawkesbury City Council	\$8,800.00
▪ Moree Plains Shire Council	\$10,000.00
▪ Oberon Council	\$9,516.00
▪ Penrith City Council	\$10,000.00
▪ Queanbeyan-Palerang Regional Council	\$16,000.00
▪ Temora Shire Council	\$1,405.00
▪ Wagga Wagga City Council	\$17,600.00
	\$82,621.00

Total grants

\$2,157,005.90

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 137.

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. Hunters Hill Council | 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 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 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 Council | 121. Willoughby City Council |
| 38. Council of the City of Sydney | 80. Murray River Council | 122. Wingecarribee Shire Council |
| 39. Kiama Municipal Council | 81. Murrumbidgee Council | 123. Wollondilly Shire Council |
| 40. Hornsby Shire Council | 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 | 5. Kimbriki Resource Recovery Centre | 9. Rous County Council |
| 2. Central Tablelands County Council | 6. New England Tablelands (Noxious Plants) County Council | 10. Upper Macquarie County Council |
| 3. Goldenfields Water County Council | 7. Norfolk Island Regional Council | 11. Western Sydney Regional Organisation of Councils |
| 4. Hawkesbury River County Council | 8. Riverina Water County Council | |

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 2020, 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 2020 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 2020, 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

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

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(WB013_2007)





Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

In our opinion, there are no matters to report.

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, 8 September 2020

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 2020**

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 2020 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 2019/20 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 Day of 8 Sept. 2020

Cr Jerome Laxale
(Treasurer)



Dated this 8th Day of September 2020

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 2020

	Note	LGNSW CONSOLIDATED		LGNSW	
		2020 \$	2019 \$	2020 \$	2019 \$
Revenue					
Membership subscription		5,253,926	5,138,150	5,253,926	5,138,150
Capitation fees and other revenue from another reporting unit		-	-	-	-
Council services		2,707,795	3,198,510	1,724,376	2,431,013
Commission received	5	10,716,273	10,576,630	1,877,111	1,782,764
Conferences and seminars		2,171,502	2,160,296	1,892,002	1,880,196
Investment income	5	(334,691)	1,266,318	(336,922)	1,262,847
Trust distributions		-	-	1,926,568	2,260,066
Other revenue		422,424	322,874	248,657	177,945
Revenue from recovery of wages activity		-	-	-	-
		<u>20,937,229</u>	<u>22,662,778</u>	<u>12,585,718</u>	<u>14,932,981</u>
Grant income	6	3,687,745	1,342,531	3,687,745	1,342,531
Expenses					
Employee benefits expense	7	(14,328,131)	(12,098,536)	(9,614,017)	(7,915,784)
Capitation fees and other expenses to another reporting unit		-	-	-	-
Affiliation fees	8	(610,879)	(599,632)	(610,879)	(599,632)
Administrative expenses	9	(6,219,741)	(6,277,240)	(3,839,211)	(4,340,540)
Grant expenses	10	(3,375,744)	(1,342,532)	(3,375,744)	(1,342,532)
Council services		(1,873,736)	(2,461,161)	(776,692)	(954,421)
Depreciation and amortisation expense	11	(641,834)	(403,546)	(561,952)	(330,025)
Legal costs	12	(265,387)	(173,218)	(211,448)	(157,404)
Audit fees	39	(34,993)	(57,676)	(10,767)	(45,676)
Net losses from sale of assets	13	(11,664)	(6,707)	(11,664)	(4,437)
Write off of assets during refurbishment	13	(742,074)	-	(742,074)	-
Finance costs		(14,943)	-	(14,943)	-
Profit/(Loss) before income tax expense		<u>(3,494,152)</u>	<u>585,061</u>	<u>(3,495,928)</u>	<u>585,061</u>
Income tax expense		-	-	-	-
Profit/(Loss) after income tax expense for the year attributable to the owners of Local Government New South Wales	35	<u>(3,494,152)</u>	<u>585,061</u>	<u>(3,495,928)</u>	<u>585,061</u>
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the owners of Local Government New South Wales		<u><u>(3,494,152)</u></u>	<u><u>585,061</u></u>	<u><u>(3,495,928)</u></u>	<u><u>585,061</u></u>

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

Local Government New South Wales
Statements of financial position
As at 30 June 2020

	Note	LGNSW CONSOLIDATED		LGNSW	
		2020	2019	2020	2019
		\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	14	11,793,469	10,218,195	8,074,911	6,897,489
Trade and other receivables	15	4,107,187	5,988,120	4,174,774	5,649,192
Available-for-sale financial assets	16	2,860,458	6,601,378	2,860,458	6,601,378
Held to maturity investments	17	322,650	122,008	322,650	122,008
Prepayments	18	512,814	692,819	413,325	579,421
Total current assets		19,596,578	23,622,520	15,846,118	19,849,488
Non-current assets					
Related party loan	19	-	-	990,217	668,313
Investments at cost	20	3,000,000	3,000,000	3,000,000	3,000,000
Held to maturity investments	21	13,887,266	16,502,395	13,887,266	16,502,395
Land and buildings	22	9,773,242	7,739,288	9,773,242	7,739,288
Property, plant and equipment	23	1,088,708	846,131	1,015,451	722,196
Right-of-use assets	24	223,788	-	223,788	-
Intangible assets	25	6,601	15,998	-	-
Investment in associates	26	-	-	36	36
Total non-current assets		27,979,605	28,103,812	28,890,000	28,632,228
Total assets		47,576,183	51,726,332	44,736,118	48,481,716
Liabilities					
Current liabilities					
Trade and other payables	27	3,564,552	4,301,934	1,521,769	1,764,800
Lease liabilities	28	108,898	-	108,898	-
Short term provisions	29	1,927,541	1,792,972	1,447,601	1,391,340
Other financial liabilities	30	10,200,970	10,503,498	10,060,270	10,340,298
Total current liabilities		15,801,961	16,598,404	13,138,538	13,496,438
Non-current liabilities					
Lease liabilities	31	124,270	-	124,270	-
Employee provisions	32	329,383	313,207	153,399	169,439
Total non-current liabilities		453,653	313,207	277,669	169,439
Total liabilities		16,255,614	16,911,611	13,416,207	13,665,877
Net assets		31,320,569	34,814,721	31,319,911	34,815,839
Equity					
Issued capital	33	56	56	-	-
General funds	34	2,217,289	2,217,289	2,217,289	2,217,289
Retained earnings	35	29,103,224	32,597,376	29,102,622	32,598,550
Total equity		31,320,569	34,814,721	31,319,911	34,815,839

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 2020**

LGNSW CONSOLIDATED	General funds \$	Settled sum and issued capital \$	Retained earnings \$	Total equity \$
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>

LGNSW CONSOLIDATED	General funds \$	Settled sum and issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019	2,217,289	56	32,597,376	34,814,721
Loss after income tax expense for the year	-	-	(3,494,152)	(3,494,152)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,494,152)	(3,494,152)
Balance at 30 June 2020	<u>2,217,289</u>	<u>56</u>	<u>29,103,224</u>	<u>31,320,569</u>

LGNSW	General funds \$	Retained earnings \$	Total equity \$
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>

LGNSW	General funds \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019	2,217,289	32,598,550	34,815,839
Loss after income tax expense for the year	-	(3,495,928)	(3,495,928)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(3,495,928)	(3,495,928)
Balance at 30 June 2020	<u>2,217,289</u>	<u>29,102,622</u>	<u>31,319,911</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 2020**

	Note	LGNSW CONSOLIDATED		LGNSW	
		2020 \$	2019 \$	2020 \$	2019 \$
Cash flows from operating activities					
Receipts from customers		27,196,352	23,128,580	16,579,657	13,368,175
Payments to suppliers and employees		(26,790,912)	(22,013,404)	(18,473,025)	(14,983,228)
Investment income		82,415	1,142,471	80,184	1,139,000
Net cash from/(used in) operating activities	43	487,855	2,257,647	(1,813,184)	(476,053)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	32,611	-	26,000
Net movements in investments		5,738,301	(328,950)	5,738,301	(328,950)
Purchase of property, plant and equipment		(722,678)	(474,704)	(702,871)	(403,002)
Land and building improvements		(2,820,391)	-	(2,820,391)	-
Net cash from/(used in) investing activities		2,195,232	(771,043)	2,215,039	(705,952)
Cash flows from financing activities					
Net distributions received from related parties	44	-	-	1,883,380	2,186,911
Net movement in government grant funding received		(980,186)	1,430,931	(980,186)	1,430,931
Repayment of lease liabilities		(127,627)	-	(127,627)	-
Net cash from/(used in) financing activities		(1,107,813)	1,430,931	775,567	3,617,842
Net increase in cash and cash equivalents		1,575,274	2,917,535	1,177,422	2,435,837
Cash and cash equivalents at the beginning of the financial year		10,218,195	7,300,660	6,897,489	4,461,652
Cash and cash equivalents at the end of the financial year	14	11,793,469	10,218,195	8,074,911	6,897,489

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 2020

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 8 September 2020.

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 16 Leases

The Association has adopted AASB 16 from 1 July 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.

The impact of the adoption of AASB 16 was not material to the Association.

Basis of preparation of the financial statements

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

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

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

Comparative amounts

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

Critical accounting estimates

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

Local Government New South Wales
Notes to the financial statements
30 June 2020

Note 2. Significant accounting policies (continued)

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 2020

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 at 10% of 90 days due or the actual amount 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.

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 2020

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.

Cash and cash equivalents

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

Financial instruments

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

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

Financial assets and liabilities

Fair value through profit or loss

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

Loans and receivables

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

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.

**Local Government New South Wales
Notes to the financial statements
30 June 2020**

Note 2. Significant accounting policies (continued)

Impairment of financial assets

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

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.

Derecognition of financial assets

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

Other financial liabilities

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

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

Derecognition of financial liabilities

The Association 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.

Local Government New South Wales
Notes to the financial statements
30 June 2020

Note 2. Significant accounting policies (continued)

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 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.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Local Government New South Wales
Notes to the financial statements
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Note 2. Significant accounting policies (continued)

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

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.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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
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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, distributions or capital growth. The shares are held at cost.

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.

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.

Local Government New South Wales
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Note 3. Critical accounting judgements, estimates and assumptions (continued)

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.

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.

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Note 4. Levies

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Levies	-	-	-	-

Note 5. Investment income and commission received

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Investment income				
Interest from deposits held with financial institutions	478,954	662,058	476,723	658,587
Dividend income from equity portfolio	224,015	332,345	224,015	332,345
Equity portfolio - unrealised gains/(losses)	(21,962)	235,321	(21,692)	235,321
Held to maturity - unrealised gains/(losses)	(197,707)	(55,737)	(197,707)	(55,737)
(Loss)/gain on sale of equity portfolio and held to maturity investments	(818,261)	92,331	(818,261)	92,331
Total investment income generated	(334,961)	1,266,318	(336,922)	1,262,847

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
Commission received				
Commission - JLT	524,796	508,576	524,796	508,576
Commission - Statecover	1,172,315	1,094,188	1,172,315	1,094,188
Commission - procurement	8,839,162	8,793,866	-	-
Management fees	180,000	180,000	180,000	180,000
Total commission received	10,716,273	10,576,630	1,877,111	1,782,764

Note 6. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Grants received	3,375,745	1,342,531	3,375,745	1,342,531
Jobkeeper received	312,000	-	312,000	-
Donations received	-	-	-	-
Total grants or donations received	3,687,745	1,342,531	3,687,745	1,342,531

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.

Local Government New South Wales
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Note 7. Employee benefits expense

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Holders of office				
Wages and salaries	(163,862)	(154,414)	(163,862)	(154,414)
Superannuation	(17,203)	(20,778)	(17,203)	(20,778)
Subtotal employee expenses - holders of office	<u>(181,065)</u>	<u>(175,192)</u>	<u>(181,065)</u>	<u>(175,192)</u>
Employees other than office holders				
Wages and salaries	(10,570,498)	(9,511,837)	(7,013,761)	(6,316,655)
Superannuation	(1,095,537)	(970,618)	(729,396)	(658,264)
Leave and other entitlements	(364,906)	(253,792)	(249,041)	(122,192)
Other employee expenses	(2,116,125)	(1,187,097)	(1,440,754)	(643,481)
Subtotal employee expenses - employees other than office holders	<u>(14,147,066)</u>	<u>(11,923,344)</u>	<u>(9,432,952)</u>	<u>(7,740,592)</u>
Total employee expenses	<u>(14,328,131)</u>	<u>(12,098,536)</u>	<u>(9,614,017)</u>	<u>(7,915,784)</u>

Note 8. Affiliation fees

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Australian Local Government Association	<u>(610,879)</u>	<u>(599,632)</u>	<u>(610,879)</u>	<u>(599,632)</u>

This reflects the NSW contribution to the Australian Local Government Association, a federation of state and territory local government associations, which provides national advocacy representation for councils across the country.

Note 9. Administration expenses

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	(160,072)	(148,950)	(160,072)	(148,950)
Conference and meeting expenses	(1,645,026)	(1,597,172)	(1,362,333)	(1,328,923)
Contractors/consultants	(1,174,564)	(1,413,038)	(461,549)	(890,794)
Governance expenses	(101,166)	(213,569)	(101,166)	(213,569)
Property expenses	(490,596)	(402,708)	(483,214)	(391,110)
Office expenses	(226,489)	(277,672)	(145,847)	(191,242)
Information communications technology	(886,783)	(976,961)	(661,362)	(757,474)
Other	(1,329,865)	(928,319)	(589,575)	(397,060)
Subtotal administration expenses	<u>(6,014,561)</u>	<u>(5,958,389)</u>	<u>(3,965,118)</u>	<u>(4,319,122)</u>

Local Government New South Wales
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Note 9. Administration expenses (continued)

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
Operating lease rentals:				
Minimum lease payments*	(332,968)	(318,851)	-	(21,418)
Total administration expenses	<u>(6,347,529)</u>	<u>(6,276,540)</u>	<u>(3,965,118)</u>	<u>(4,340,270)</u>

* Minimum lease payments from 1 July 2019 relate only to short term or leases on assets considered low value. All other leases have been accounted for under AASB 16, refer to Note 24 for details.

Note 10. Grants or donations

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Grants				
Total paid that were \$1,000 or less	-	(625)	-	(625)
Total paid that exceeded \$1,000	(2,157,006)	(255,743)	(2,157,006)	(255,743)
Total administration expenses	(1,218,738)	(1,086,164)	(1,218,738)	(1,086,164)
Donations				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
Total grants or donations paid	<u>(3,375,744)</u>	<u>(1,342,532)</u>	<u>(3,375,744)</u>	<u>(1,342,532)</u>

Note 11. Depreciation and amortisation

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Depreciation				
Buildings	(191,199)	(186,904)	(191,199)	(186,904)
Property, plant and equipment	(316,664)	(204,735)	(248,689)	(143,121)
Amortisation	-	-	-	-
Intangibles	(9,397)	(11,907)	-	-
Total depreciation and amortisation expense	<u>(517,260)</u>	<u>(403,546)</u>	<u>(439,888)</u>	<u>(330,025)</u>

Note 12. Legal costs

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Litigation	-	-	-	-
Other legal matters	(265,387)	(173,218)	(211,448)	(157,404)
Total legal costs	<u>(265,387)</u>	<u>(173,218)</u>	<u>(211,448)</u>	<u>(157,404)</u>

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Note 13. Net losses from the sale of assets

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Plant and equipment	(11,664)	(6,707)	(11,664)	(4,437)

Note 14. Current assets - cash and cash equivalents

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash on hand	2,056	2,056	1,000	1,000
Cash at bank - Association funds	8,449,937	6,729,294	4,819,181	3,494,532
Cash at bank - Grant funds	3,254,730	3,401,957	3,254,730	3,401,957
Cash on deposit	86,746	84,888	-	-
	<u>11,793,469</u>	<u>10,218,195</u>	<u>8,074,911</u>	<u>6,897,489</u>

Note 15. Current assets - trade and other receivables

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade receivables	3,926,979	5,668,601	2,315,174	3,526,546
Less: Allowance for expected credit losses	(137,033)	(6,397)	(1,152)	-
	<u>3,789,946</u>	<u>5,662,204</u>	<u>2,314,022</u>	<u>3,526,546</u>
Receivable from LGP (LGA NSW) Trust*	-	-	802,332	941,690
Receivable from LGP (SA NSW) Trust*	-	-	802,332	941,690
Interest and other receivables	210	775	210	775
GST receivable	317,031	325,141	255,878	238,491
	<u>4,107,187</u>	<u>5,988,120</u>	<u>4,174,774</u>	<u>5,649,192</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.

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Distributions receivable from Local Government Procurement Partnership*	-	-	-	-
Receivable from LGP (LGA NSW) Trust	-	-	963,284	1,130,033
Receivable from LGP (SA NSW) Trust	-	-	963,284	1,130,033
Loan retained for Local Government Procurement Partnership working capital	-	-	(321,904)	(333,498)
	<u>-</u>	<u>-</u>	<u>1,604,664</u>	<u>1,926,568</u>

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Note 15. Current assets - trade and other receivables (continued)

The amounts above represent the allocation of the partnership's net profit, as distributed in line with the underlying agreement of the partnership with LGNSW.

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP for working capital purposes.

Note 16. Current assets - available-for-sale financial assets

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Equity portfolio - held at fair value	2,860,458	6,601,378	2,860,458	6,601,378

Note 17. Current assets - held to maturity investments

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Call account	322,650	122,008	322,650	122,008

Note 18. Current assets - prepayments

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Prepayments	476,493	614,791	377,004	501,393
Premium on investments	36,321	78,028	36,321	78,028
	512,814	692,819	413,325	579,421

Note 19. Non-current assets - related party loan

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Loans to related parties - Local Government Procurement Partnership	-	-	990,217	668,313

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

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP for working capital purposes.

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Note 20. Non-current assets - investments at cost

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Term deposit - Commonwealth Bank of Australia	259,316	250,000	259,316	250,000
Fixed interest - National Australia Bank	3,928,372	3,235,124	3,928,372	3,235,124
Fixed interest - Bank of Queensland	-	2,045,053	-	2,045,053
Fixed interest - Bendigo Bank	3,939,275	4,024,043	3,939,275	4,024,043
Fixed interest - Westpac Bank	4,748,094	6,948,175	4,748,094	6,948,175
Fixed interest - Macquarie Bank	1,012,209	-	1,012,209	-
	<u>13,887,266</u>	<u>16,502,395</u>	<u>13,887,266</u>	<u>16,502,395</u>

Note 22. Non-current assets - land and buildings

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Land and buildings - at fair value	11,189,098	9,117,860	11,189,098	9,117,860
Less: Accumulated depreciation	(1,415,856)	(1,378,572)	(1,415,856)	(1,378,572)
	<u>9,773,242</u>	<u>7,739,288</u>	<u>9,773,242</u>	<u>7,739,288</u>

Reconciliation

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

Opening fair value	7,739,288	7,926,192	7,739,288	7,926,192
Additions	2,820,391	-	2,820,391	-
Write off of existing building improvements during upgrade	(595,238)	-	(595,238)	-
Depreciation expense	(191,199)	(186,904)	(191,199)	(186,904)
Closing fair value	<u>9,773,242</u>	<u>7,739,288</u>	<u>9,773,242</u>	<u>7,739,288</u>

Land and buildings were last independently valued in March 2016 at \$8.3 million. A substantial office refurbishment was undertaken in early 2020 with the next independent valuation scheduled for early 2021.

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

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Leasehold improvements - at cost	107,714	93,219	-	-
Less: Accumulated depreciation	(80,861)	(59,410)	-	-
	<u>26,853</u>	<u>33,809</u>	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	501,274	932,080	489,244	920,050
Less: Accumulated depreciation	(26,765)	(697,229)	(21,109)	(692,510)
	<u>474,509</u>	<u>234,851</u>	<u>468,135</u>	<u>227,540</u>
Motor vehicles - at cost	118,706	117,304	33,784	33,784
Less: Accumulated depreciation	(92,454)	(78,448)	(7,532)	(1,197)
	<u>26,252</u>	<u>38,856</u>	<u>26,252</u>	<u>32,587</u>
Office equipment - at cost	1,107,122	1,120,437	813,224	832,246
Less: Accumulated depreciation	(546,528)	(585,722)	(292,660)	(374,077)
	<u>560,594</u>	<u>534,715</u>	<u>520,564</u>	<u>458,169</u>
Paintings and artworks	500	3,900	500	3,900
	<u>1,088,708</u>	<u>846,131</u>	<u>1,015,451</u>	<u>722,196</u>

Reconciliations

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

LGNSW CONSOLIDATED	Leasehold Improvements \$	Furniture, Fixtures & Fittings* \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 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	33,809	238,751	38,856	534,715	846,131
Additions	14,495	417,138	-	291,045	722,678
Disposals	-	-	-	(14,091)	(14,091)
Write off of assets	-	(145,705)	-	(1,131)	(146,836)
Depreciation expense	(21,451)	(35,175)	(12,604)	(249,944)	(319,174)
Balance at 30 June 2020	<u>26,853</u>	<u>475,009</u>	<u>26,252</u>	<u>560,594</u>	<u>1,088,708</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)

LGNSW	Furniture, Fixtures & Fittings*	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Balance at 1 July 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	231,440	32,586	458,170	722,196
Additions	417,138	-	285,733	702,871
Disposals	-	-	(14,091)	(14,091)
Write off of assets	(145,705)	-	(1,131)	(146,836)
Depreciation expense	(34,238)	(6,334)	(208,117)	(248,689)
Balance at 30 June 2020	<u>468,635</u>	<u>26,252</u>	<u>520,564</u>	<u>1,015,451</u>

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

Note 24. Non-current assets - right-of-use assets

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Land and buildings - right-of-use	366,196	-	366,196	-
Less: Accumulated depreciation	(142,408)	-	(142,408)	-
	<u>223,788</u>	<u>-</u>	<u>223,788</u>	<u>-</u>

The Association leases has 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 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 existing related party office lease is expiring by the end of August 2020.

At the beginning of August 2020, the agents of the partnership have signed a new lease for Suite 11.01 Level 11, 55 Clarence Street, Sydney.

Note 25. Non-current assets - intangible assets

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Website and software development - at cost	462,123	485,823	252,959	276,659
Less: Accumulated amortisation	(455,522)	(469,825)	(252,959)	(276,659)
	<u>6,601</u>	<u>15,998</u>	<u>-</u>	<u>-</u>

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Note 25. Non-current assets - intangible assets (continued)

Reconciliations

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

LGNSW CONSOLIDATED	Website & Software Development \$	Total \$
Balance at 1 July 2018	27,905	27,905
Amortisation expense	(11,907)	(11,907)
Balance at 30 June 2019	15,998	15,998
Amortisation expense	(9,397)	(9,397)
Balance at 30 June 2020	<u>6,601</u>	<u>6,601</u>

Note 26. Non-current assets - investment in associates

	LGNSW CONSOLIDATED		LGNSW
	2020	2019	2020
	\$	\$	\$
Investment in related party's Trust companies	-	-	36
	<u>-</u>	<u>-</u>	<u>36</u>

Note 27. Current liabilities - trade and other payables

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables	367,775	1,363,142	170,211	852,894
Sundry payables and accrued expenses	2,090,252	1,878,395	500,017	123,299
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs - other	1,829	58,460	-	58,460
GST payable	1,104,696	1,001,937	851,541	730,147
	<u>3,564,552</u>	<u>4,301,934</u>	<u>1,521,769</u>	<u>1,764,800</u>

Note 28. Current liabilities - lease liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Lease liability	108,898	-	108,898	-
	<u>108,898</u>	<u>-</u>	<u>108,898</u>	<u>-</u>

Refer to note 36 for further information on financial instruments.

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Note 29. Current liabilities - short term provisions

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Annual leave - Employees other than office holders	784,435	628,179	533,835	427,479
Long service leave - Employees other than office holders	1,143,106	1,164,793	913,766	963,861
	<u>1,927,541</u>	<u>1,792,972</u>	<u>1,447,601</u>	<u>1,391,340</u>

Note 30. Current liabilities - other financial liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Scholarship funds held	538,379	579,047	538,379	579,047
Unspent government grants	3,265,002	3,483,241	3,265,002	3,483,241
Other deferred income	6,397,589	6,441,210	6,256,889	6,278,010
	<u>10,200,970</u>	<u>10,503,498</u>	<u>10,060,270</u>	<u>10,340,298</u>

Note 31. Non-current liabilities - lease liabilities

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Lease liability	<u>124,270</u>	<u>-</u>	<u>124,270</u>	<u>-</u>

Refer to note 36 for further information on financial instruments.

Note 32. Non-current liabilities - employee provisions

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Long service leave - Employees other than office holders	<u>329,383</u>	<u>313,207</u>	<u>153,399</u>	<u>169,439</u>

Note 33. Equity - issued capital

	LGNSW CONSOLIDATED			
	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>

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Note 34. Equity - general funds

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revaluation surplus reserve	2,217,289	2,217,289	2,217,289	2,217,289

Note 35. Equity - retained earnings

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Retained earnings at the beginning of the financial year	32,597,376	32,012,315	32,598,550	32,013,489
Profit/(Loss) after income tax expense for the year	(3,494,152)	585,061	(3,495,928)	585,061
Retained earnings at the end of the financial year	29,103,224	32,597,376	29,102,622	32,598,550

Note 36. Financial instruments

Financial risk management policies

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

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

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

Market risk

Interest rate risk

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

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

LGNSW CONSOLIDATED	2020		2019	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	1.00%	11,793,469	1.98%	10,218,195
Receivables	-	4,107,187	-	5,988,120
Investments (subject to interest rate risk)	2.25%	13,932,531	3.25%	16,547,018
Net exposure to cash flow interest rate risk		29,833,187		32,753,333

An official increase/decrease in interest rates of one hundred basis points would have a deemed favourable/(adverse) effect on profit before tax of \$257,260/(\$257,260) (2019: \$267,652/(\$267,652)) 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 36. 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 36. 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
LGNSW CONSOLIDATED - 2020	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	3,564,552	-	-	-	3,564,552
Unspent government grants	-	2,594,873	1,208,508	-	-	3,803,381
Deferred income	-	6,397,589	-	-	-	6,397,589
Lease liabilities		108,898	124,270			233,168
Total non-derivatives		12,665,912	1,332,778	-	-	13,998,690
LGNSW CONSOLIDATED - 2019	%	\$	\$	\$	\$	\$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	4,301,934	-	-	-	4,301,934
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
LGNSW - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial liabilities						
<i>Non-interest bearing</i>						
Trade payables	-	1,521,769	-	-	-	1,521,769
Unspent government grants	-	2,594,873	1,208,508	-	-	3,803,381
Other deferred income	-	6,256,889	-	-	-	6,256,889
Lease liabilities		108,098	124,270			233,168
Total non-derivatives		10,482,429	1,332,778	-	-	11,815,207
LGNSW - 2019	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial liabilities						
<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

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

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Note 36. 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:

	2020		2019	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
LGNSW CONSOLIDATED				
<i>Assets</i>				
Cash and cash equivalents	11,793,469	11,793,469	10,218,195	10,218,195
Trade and other receivables	4,107,187	4,107,187	5,988,120	5,988,120
Term deposits	45,265	45,265	44,623	44,623
Fixed interest investments	13,887,266	13,887,266	16,502,395	16,502,395
Equities	2,860,458	2,860,458	6,601,378	6,601,378
Shares in StateCover Mutual Limited (**)	3,000,000	3,000,000	3,000,000	3,000,000
	<u>35,693,645</u>	<u>35,693,645</u>	<u>42,354,711</u>	<u>42,354,711</u>
<i>Liabilities</i>				
Trade and other payables	(3,564,552)	(3,564,552)	(4,301,934)	(4,301,934)
Unspent government grants	(3,803,381)	(3,803,381)	(4,062,288)	(4,062,288)
Other deferred income	(6,397,589)	(6,397,589)	(6,441,210)	(6,441,210)
Lease liabilities	(233,168)	(233,168)	-	-
	<u>(13,998,690)</u>	<u>(13,998,690)</u>	<u>(14,805,432)</u>	<u>(14,805,432)</u>

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Note 36. Financial instruments (continued)

LGNSW	2020		2019	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<i>Assets</i>				
Cash and cash equivalents	8,074,911	8,074,911	6,897,489	6,897,489
Trade and other receivables (*)	2,312,512	2,312,512	3,765,792	3,765,792
Term deposits	45,265	45,265	44,623	44,623
Fixed interest investments	13,979,316	13,979,316	16,502,395	16,502,395
Equities	2,768,411	2,768,411	6,601,378	6,601,378
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>30,180,451</u>	<u>30,180,451</u>	<u>36,811,713</u>	<u>36,811,713</u>
<i>Liabilities</i>				
Trade and other payables	(1,521,769)	(1,521,769)	(2,141,466)	(2,141,466)
Unspent government grants	(3,803,381)	(3,803,381)	(4,062,288)	(4,062,288)
Other deferred income	(6,256,889)	(6,256,889)	(6,278,010)	(6,278,010)
Lease liabilities	(233,168)	(233,168)	-	-
	<u>(11,815,207)</u>	<u>(11,815,207)</u>	<u>(12,481,764)</u>	<u>(12,481,764)</u>

* 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

LGNSW CONSOLIDATED - 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Term deposits	-	45,265	-	45,265
Fixed interest investments	-	13,887,266	-	13,887,266
Equities	2,860,458	-	-	2,860,458
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
	<u>2,860,458</u>	<u>16,932,531</u>	<u>-</u>	<u>19,792,989</u>
LGNSW CONSOLIDATED - 2019	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>

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Note 36. Financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
LGNSW - 2020				
Term deposits	-	45,265	-	45,265
Fixed interest investments	-	13,887,266	-	13,887,266
Equities	2,860,458	-	-	2,860,458
Shares in StateCover Mutual Limited	-	3,000,000	-	3,000,000
Investment in LGP Trust companies	-	-	36	36
	<u>2,860,458</u>	<u>16,932,531</u>	<u>36</u>	<u>19,793,025</u>
LGNSW - 2019				
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>

Note 37. Related party disclosures

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue received from LGP (LGA NSW) Trust includes the following:				
Trust distributions	-	-	963,284	1,130,033
	<u>-</u>	<u>-</u>	<u>963,284</u>	<u>1,130,033</u>

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue received from LGP (SA NSW) Trust includes the following:				
Trust distributions	-	-	963,284	1,130,033
	<u>-</u>	<u>-</u>	<u>963,284</u>	<u>1,130,033</u>

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
Amounts receivable from LGP (LGA NSW) Trust includes the following:				
Trust distribution receivable	-	-	802,232	941,690
	<u>-</u>	<u>-</u>	<u>802,232</u>	<u>941,690</u>

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Amounts receivable from LGP (SA NSW) Trust includes the following:				
Trust distribution receivable	-	-	802,232	941,690
	<u>-</u>	<u>-</u>	<u>802,232</u>	<u>941,690</u>

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Note 39. Remuneration of auditors

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

	LGNSW CONSOLIDATED		LGNSW	
	2020 \$	2019 \$	2020 \$	2019 \$
<i>Audit services</i>				
Audit of the financial statements	40,500	31,500	22,500	20,000
<i>Other services</i>				
Tax and other consulting services	25,000	26,176	25,000	25,676
	<u>65,500</u>	<u>57,676</u>	<u>47,500</u>	<u>45,676</u>

Note 40. Contingent assets

The Association was not aware of any contingent assets as at 30 June 2020.

Note 41. Contingent liabilities

The Association has provided bank guarantees for the purpose of rental contracts amounting to \$274,525 (2019: \$274,525) by the Commonwealth Bank.

The Association was not aware of any other contingent liabilities as at 30 June 2020.

Note 42. Capital and lease commitments

	LGNSW CONSOLIDATED		LGNSW	
	2020 \$	2019 \$	2020 \$	2019 \$
<i>Commitments for minimum lease payments in relation to operating leases are as follows</i>				
Not later than 12 months	-	409,097	-	140,700
Between 12 months and 5 years	-	302,683	-	257,950
	<u>-</u>	<u>711,780</u>	<u>-</u>	<u>398,650</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. 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.

In the current year all committed minimum lease payments have been accounted for as lease assets and liabilities under AASB 16, refer to Note 24, 28 and 31.

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Note 43. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Profit/(Loss) after income tax expense for the year	(3,494,152)	585,061	(3,495,928)	585,061
Adjustments for:				
Depreciation and amortisation	641,834	403,546	561,952	330,025
Net loss on disposal of property, plant and equipment	11,664	6,707	11,664	4,437
Capital (gain)/loss on floating rate note investments	219,399	(179,584)	219,399	(179,584)
Net (gain)/loss on sale of investments	197,707	55,737	197,707	55,737
Trust distributions	-	-	(1,926,568)	(2,260,066)
Land and building improvements written off during upgrade	595,238	-	595,238	-
Plant and equipment written off	146,836	-	146,836	-
Interest expense on operating leases	14,943	-	14,943	-
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	1,559,029	321,049	1,195,682	515,436
(Increase)/decrease in prepayments	180,005	(134,750)	166,096	(77,742)
Increase/(decrease) in trade payables and accruals	(413,051)	954,062	(240,584)	384,157
Increase/(decrease) in deferred income	677,658	68,540	700,158	100,140
Increase/(decrease) in provisions	150,745	177,279	40,221	66,346
Net cash from/(used in) operating activities	<u>487,855</u>	<u>2,257,647</u>	<u>(1,813,184)</u>	<u>(476,053)</u>

Note 44. Cash flow information

	LGNSW CONSOLIDATED		LGNSW	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash inflows				
LGP (LGA NSW) Trust	-	-	-	-
LGP (SA NSW) Trust	-	-	-	-
Local Government Procurement Partnership	-	-	1,883,380	2,186,911
Total cash inflows	<u>-</u>	<u>-</u>	<u>1,883,380</u>	<u>2,186,911</u>

Local Government New South Wales
Notes to the financial statements
30 June 2020

Note 45. Events after the reporting period (continued)

Note 45. Local Government Superannuation Scheme – Defined benefits commitments

The Local Government Superannuation Scheme (the 'Fund') is managed by the LGSS Pty Limited, acting as its trustee. The last formal valuation of the Fund was conducted by Richard Boyfield FIAA, from Mercer, part of the March & McLennan Group of Companies, as at 30 June 2019, which was completed during December 2019.

The Fund provides benefits based on years of past service and final average salary.

Two employees of the Association and its relation operations are entitled to benefits from the Association's Superannuation Scheme membership. The defined benefit section provides lump sum benefits based on years of service and final average salary.

The Fund's actuary annually reviews the adequacy of the overall Fund's assets to fund the expected accrued liabilities arising from past services. Any deficit in the Fund's assets, after taking into account expected future employer contributions, actuarial gains and investment yields, represent future commitments that the Association is required to contribute to the Fund.

The Association's share in the Fund's overall deficit, has been assessed at 0.22%, amounting to \$89,100 as 30 June 2020. The actuaries expected employer contributions to the Fund, over the next annual reporting period, amounts to approx. \$94,138.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2020 was \$126,378.66.

Significant actuarial assumptions	2020
The significant actuarial assumptions used (expressed as weighted averages) were as follows:	%
Increase in CPI	2.50%
Return on plan assets	5.75%
Future salary increases	3.50%

Note 46. Events after the reporting period

Subsequent to year-end, most LGNSW stakeholders including councils and associated communities have been adversely affected by the outbreak of the COVID-19 pandemic. As at 30 June 2020, the pandemic has resulted in a material loss on the investments portfolio held by the Association and reduced revenue from other services, as recognised in the 30 June 2020 financial statements. However management and the Board are not aware of any councils or customers that are experiencing going concern issues and do not expect to provide for any expected credit losses not already provisioned for.

During the unaudited period up to date of signing investments have stabilised while revenue generation from training, events and conferences that cannot be held due to COVID-19 restrictions have either been transitioned to online platforms or deferred until they can take place in line with guidance from the NSW Government.

Given the ever-changing conditions in relation to the pandemic the Board and management are unable to quantify or estimate the full adverse financial effects of COVID-19 on the company as at the date of this report including whether the trend identified during July will continue. The Board and management will continue to assess the situation as it develops.

At the beginning of August 2020, the agents of the partnership have signed a new lease for Suite 11.01 Level 11, 55 Clarence Street, Sydney.

No other matters or circumstances have arisen since 30 June 2020 that have 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 2020, 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 2020, 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

William Buck
Accountants & Advisors
ABN 16 021 300 521

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

R. Ahrens
Director
Sydney, 8 September 2020

**Local Government Procurement Partnership
Partners' declaration
30 June 2020**

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, in all material respects the partnership's financial position as at 30 June 2020 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

8 Sept 2020

Local Government Procurement Partnership
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	4	10,275,379	9,989,863
Expenses			
Employee benefits expense		(4,767,853)	(4,257,939)
Rebates to councils		(1,097,044)	(1,506,740)
Administration		(1,592,214)	(1,362,123)
Consultancy costs		(669,272)	(427,003)
Conference expense		(142,546)	(100,201)
Gain/(loss) on sale of non-current assets		-	(2,270)
Depreciation, amortisation and impairment		(79,882)	(73,521)
Profit before income tax expense		1,926,568	2,260,066
Income tax expense		-	-
Profit after income tax expense for the year attributable to the partners of Local Government Procurement Partnership		1,926,568	2,260,066
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the partners of Local Government Procurement Partnership		<u>1,926,568</u>	<u>2,260,066</u>
Distribution to partners:			
LGP (LGA NSW) Trust (50% Partner)		963,284	1,130,033
LGP (SA NSW) Trust (50% Partner)		963,284	1,130,033
Total distribution to partners		<u>1,926,568</u>	<u>2,260,066</u>
Retained partners' funds at the end of the financial year of Local Government Procurement Partnership		<u>-</u>	<u>-</u>

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 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	3,716,940	3,320,088
Trade and other receivables	7	1,537,077	1,845,622
Prepayments	8	99,489	113,398
Total current assets		<u>5,353,506</u>	<u>5,279,108</u>
Non-current assets			
Property, plant and equipment	9	73,257	123,935
Intangibles	11	6,601	15,998
Total non-current assets		<u>79,858</u>	<u>139,933</u>
Total assets		<u>5,433,364</u>	<u>5,419,041</u>
Liabilities			
Current liabilities			
Trade and other payables	12	3,646,523	4,042,128
Provisions	13	479,940	401,632
Other financial liabilities	14	140,700	163,200
Total current liabilities		<u>4,267,163</u>	<u>4,606,960</u>
Non-current liabilities			
Related party loan	15	990,217	668,313
Provisions	16	175,984	143,768
Total non-current liabilities		<u>1,166,201</u>	<u>812,081</u>
Total liabilities		<u>5,433,364</u>	<u>5,419,041</u>
Net assets		<u>-</u>	<u>-</u>
Partners' funds			
Total partners' funds		<u>-</u>	<u>-</u>

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

Local Government Procurement Partnership
Statement of changes in equity
For the year ended 30 June 2020

	Partners' funds	Total partners'
	\$	\$
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	-	-
	<hr/>	<hr/>
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)
	<hr/>	<hr/>
Balance at 30 June 2019	-	-
	<hr/> <hr/>	<hr/> <hr/>
	Partners' funds	Total partners'
	\$	\$
Balance at 1 July 2019	-	-
Profit after income tax expense for the year	1,926,568	1,926,568
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	1,926,568	1,926,568
Profit distribution to LGP (LGA NSW) Trust	(963,284)	(963,284)
Profit distribution to LGP (SA NSW) Trust	(963,284)	(963,284)
	<hr/>	<hr/>
Balance at 30 June 2020	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

Local Government Procurement Partnership
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		10,642,847	10,168,691
Payments to suppliers and employees		<u>(8,345,039)</u>	<u>(7,438,462)</u>
		2,297,808	2,730,229
Interest received		<u>2,231</u>	<u>3,471</u>
Net cash from operating activities	17	<u>2,300,039</u>	<u>2,733,700</u>
Cash flows from investing activities			
Proceeds from sale of non-current assets		-	6,611
Purchase of property, plant and equipment		<u>(19,807)</u>	<u>(71,702)</u>
Net cash used in investing activities		<u>(19,807)</u>	<u>(65,091)</u>
Cash flows from financing activities			
Net movement in related party loans		-	(437,151)
Distributions to partners		<u>(1,883,380)</u>	<u>(1,749,760)</u>
Net cash used in financing activities		<u>(1,883,380)</u>	<u>(2,186,911)</u>
Net increase in cash and cash equivalents		396,852	481,698
Cash and cash equivalents at the beginning of the financial year		<u>3,320,088</u>	<u>2,838,390</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>3,716,940</u></u>	<u><u>3,320,088</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 2020

Note 1. General information

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

The financial statements were authorised for issue on _____ 2020.

Note 2. Significant accounting policies

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

AASB 16 Leases

The partnership has adopted AASB 16 from 1 July 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

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:

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 partnership'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.

Revenue recognition

Procurement commission

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

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.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

Note 2. Significant accounting policies (continued)

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.

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).

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.

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.

Property, plant and equipment

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

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

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

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

Intangible assets

Website

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.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

Note 2. Significant accounting policies (continued)

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.

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.

Estimation of useful lives of assets

The partnership 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.

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

The partnership 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 partnership 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.

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

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

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. Revenue

	2020 \$	2019 \$
Procurement	8,839,162	8,793,866
Council services	983,419	767,497
Conferences and seminars	279,500	280,100
Interest revenue	2,231	3,471
Other revenue	171,067	144,929
	<u>10,275,379</u>	<u>9,989,863</u>
	2020 \$	2019 \$
Interest revenue		
Interest received from:		
Financial institutions	<u>2,231</u>	<u>3,471</u>

Note 5. Profit from ordinary activities (includes):

	2020 \$	2019 \$
Expenses		
Depreciation of property, plant and equipment	(70,485)	(61,614)
Amortisation of intangible assets	(9,397)	(11,907)
	<u>(79,882)</u>	<u>(73,521)</u>
	2020 \$	2019 \$
Remuneration of auditor		
Auditing or reviewing the financial report	<u>(13,000)</u>	<u>(12,100)</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

Note 5. Profit from ordinary activities (includes): (continued)

	2020	2019
	\$	\$
Loss on sale of non-current assets		
Loss on sale of non-current assets	-	(2,270)

Note 6. Current assets - cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	1,000	1,000
Cash at bank	3,629,194	3,234,200
Cash on deposit	86,746	84,888
	<u>3,716,940</u>	<u>3,320,088</u>

Note 7. Current assets - trade and other receivables

	2020	2019
	\$	\$
Trade receivables	1,611,805	1,765,369
Less: Allowance for expected credit losses	(135,881)	(6,397)
GST receivable	61,153	86,650
	<u>1,537,077</u>	<u>1,845,622</u>

Note 8. Current assets - prepayments

	2020	2019
	\$	\$
Prepayments	<u>99,489</u>	<u>113,398</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

Note 9. Non-current assets - property, plant and equipment

	2020 \$	2019 \$
Leasehold improvements - at cost	107,714	93,219
Less: Accumulated depreciation	<u>(80,861)</u>	<u>(59,410)</u>
	26,853	33,809
Fixtures and fittings - at cost	12,030	12,030
Less: Accumulated depreciation	<u>(5,656)</u>	<u>(4,719)</u>
	6,374	7,311
Motor vehicles - at cost	84,922	83,520
Less: Accumulated depreciation	<u>(84,922)</u>	<u>(77,251)</u>
	-	6,269
Office equipment - at cost	293,898	288,191
Less: Accumulated depreciation	<u>(253,868)</u>	<u>(211,645)</u>
	40,030	76,546
	<u>73,257</u>	<u>123,935</u>

Reconciliations

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

	Leasehold Improvements \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at 1 July 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	<u>(16,229)</u>	<u>(934)</u>	<u>(14,854)</u>	<u>(29,597)</u>	<u>(61,614)</u>
Balance at 30 June 2019	33,809	7,311	6,269	76,546	123,935
Additions	14,495	-	-	5,312	19,807
Depreciation expense	<u>(21,451)</u>	<u>(937)</u>	<u>(6,269)</u>	<u>(41,828)</u>	<u>(70,485)</u>
Balance at 30 June 2020	<u>26,853</u>	<u>6,374</u>	<u>-</u>	<u>40,030</u>	<u>73,257</u>

Note 10. Non-current assets - right-of-use assets

The existing office lease is expiring by the end of August 2020.

At the beginning of August 2020, the agents of the partnership have signed a new lease for Suite 11.01 Level 11, 55 Clarence Street, Sydney.

Note 11. Non-current assets - intangibles

	2020 \$	2019 \$
Website - at cost	209,164	209,164
Less: Accumulated amortisation	<u>(202,563)</u>	<u>(193,166)</u>
	<u>6,601</u>	<u>15,998</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

Note 12. Current liabilities - trade and other payables

	2020	2019
	\$	\$
Trade payables	199,393	131,862
Accrued rebates	1,284,379	1,545,500
Sundry payables and accrued expenses	304,932	209,596
GST payable	253,155	271,790
Net payable to LGP (LGA NSW) Trust*	802,332	941,690
Net payable to LGP (SA NSW) Trust*	802,332	941,690
	<u>3,646,523</u>	<u>4,042,128</u>
	2020	2019
	\$	\$
Distributions payable to Local Government NSW*		
Payable to LGP (LGA NSW) Trust	963,284	1,130,033
Payable to LGP (SA NSW) Trust	963,284	1,130,033
Advance provision for partnership working capital loan	(321,904)	(333,498)
	<u>1,604,664</u>	<u>1,926,568</u>

The amounts above represent the allocation of the partnership's net profit, as distributed in line with the underlying agreement of the partnership with LGNSW.

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP for working capital purposes.

Note 13. Current liabilities - provisions

	2020	2019
	\$	\$
Annual leave	250,600	200,700
Long service leave	229,340	200,932
	<u>479,940</u>	<u>401,632</u>

Note 14. Current liabilities - other financial liabilities

	2020	2019
	\$	\$
Deferred income	<u>140,700</u>	<u>163,200</u>

Local Government Procurement Partnership
Notes to the financial statements
30 June 2020

Note 15. Non-current liabilities - related party loan

	2020 \$	2019 \$
Payable to Local Government NSW	<u>990,217</u>	<u>668,313</u>

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

As from the 2017/18 financial year onwards, the LGP Board endorsed a surplus distribution plan whereby the annual LGP surplus is allocated with 40% to councils and related entities as rebates, based on spend, with the remainder being allocated to the LGNSW. As part of the arrangements, an equivalent loan of 10% of the annual LGP surplus is made available by LGNSW back to the LGP for working capital purposes.

Note 16. Non-current liabilities - provisions

	2020 \$	2019 \$
Long service leave	<u>175,984</u>	<u>143,768</u>

Note 17. Reconciliation of profit after income tax to net cash from operating activities

	2020 \$	2019 \$
Profit after income tax expense for the year	1,926,568	2,260,066
Adjustments for:		
Depreciation	79,882	73,521
(Gain)/loss on disposal of property, plant and equipment	-	2,270
Change in operating assets and liabilities:		
Decrease in trade and other receivables	308,545	182,299
Decrease/(increase) in other assets	13,909	(57,008)
(Decrease)/increase in trade and other payables	(116,889)	193,219
(Decrease)/increase in deferred revenue	(22,500)	(31,600)
Increase/(decrease) in provisions	110,524	110,933
Net cash from operating activities	<u>2,300,039</u>	<u>2,733,700</u>

Note 18. Information on partners

The partners of the 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 2020

Note 19. 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) transactions and loan balances

The partnership also has a net balance payable of \$963,284 (2019: \$1,130,033) to LGP (LGA NSW) Trust and \$963,284 (2019: \$1,130,033) 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 LGNSW of \$990,217 (2019: \$668,313) representing working capital funding extended to facilitate the partnership's growth objectives.

Please refer to Note 12 and Note 15 for further details.

Note 20. Contingent assets

The partnership was not aware of any contingent assets as at 30 June 2020.

Note 21. Contingent liabilities

The partnership has provided bank guarantees for the purpose of rental contracts amounting to \$197,140 (2019: \$197,140) by the Commonwealth Bank.

The Association was not aware of any other contingent liabilities as at 30 June 2020.

Note 22. Events after the reporting period

At the beginning of August 2020, the agents of the partnership have signed a new lease for Suite 11.01 Level 11, 55 Clarence Street, Sydney.

No other matters or circumstances have arisen since 30 June 2020 that have 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 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 2020, 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, 8 September 2020

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
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Local Government Procurement Pty Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

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
Penelope Jane Holloway
Elizabeth Mary Henderson
Robert Murjanto Lagaida

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 2019: \$nil).

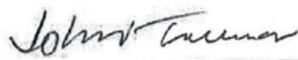
Significant changes in the state of affairs

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 2020 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

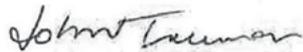
7 September 2020

Local Government Procurement Pty Ltd
Directors' declaration
30 June 2020

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 2020 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

7 September 2020

Local Government Procurement Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	2020 \$	2019 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of Local Government Procurement Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of Local Government Procurement Pty Ltd	-	-

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

Local Government Procurement Pty Ltd
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

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

Local Government Procurement Pty Ltd
Statement of changes in equity
For the year ended 30 June 2020

	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>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2019	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 2020	<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 2020

	Note	2020 \$	2019 \$
Net cash from operating activities		-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

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

Local Government Procurement Pty Ltd
Notes to the financial statements
30 June 2020

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

	2020 \$	2019 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

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

Note 5. Contingent assets

The company was not aware of any contingent assets as at 30 June 2020.

Note 6. Contingent liabilities

The company was not aware of any contingent liabilities as at 30 June 2020.

Local Government Procurement Pty Ltd
Notes to the financial statements
30 June 2020

Note 6. Contingent liabilities (continued)

Note 7. Compilation report

The company's financial statements are not subject to an audit, the accounts have been prepared on a compilation basis.



LGP (LGA) NSW Trust

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of LGP (LGA) NSW Trust (the Trust), which comprises the statement of financial position as at 30 June 2020, the statement of 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.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the trust deed.

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 (including Independence Standards) (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 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the trustees to meet the requirements of the trust 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 in accordance with the financial reporting requirements of the Trust 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.

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

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In preparing the financial report, the trustees are responsible for assessing the Trust'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>

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, 8 September 2020

**LGP (LGA NSW) Trust
Directors' declaration
30 June 2020**

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 2020 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.

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



Director

8 Sept 2020

LGP (LGA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Distribution income received from Local Government Procurement Partnership		963,284	1,130,033
Other income	2	<u>1,350</u>	<u>-</u>
Profit before income tax expense		964,634	1,130,033
Income tax expense		<u>-</u>	<u>-</u>
Profit after income tax expense for the year attributable to the beneficiaries of LGP (LGA NSW) Trust		964,634	1,130,033
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the beneficiaries of LGP (LGA NSW) Trust		<u><u>964,634</u></u>	<u><u>1,130,033</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 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	3	791	291
Related party receivables	4	963,284	1,130,033
Total current assets		<u>964,075</u>	<u>1,130,324</u>
Total assets		<u>964,075</u>	<u>1,130,324</u>
Liabilities			
Current liabilities			
Related party payables	5	963,284	1,130,883
Total current liabilities		<u>963,284</u>	<u>1,130,883</u>
Total liabilities		<u>963,284</u>	<u>1,130,883</u>
Net assets/(liabilities)		<u>791</u>	<u>(559)</u>
Equity			
Issued capital		10	10
Retained profits/(accumulated losses)		<u>781</u>	<u>(569)</u>
Total equity/(deficiency)		<u>791</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 2020

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
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>

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2019	10	(569)	(559)
Profit after income tax expense for the year	-	964,634	964,634
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	964,634	964,634
<i>Transactions with beneficiaries in their capacity as beneficiaries:</i>			
Distribution payable to Local Government New South Wales	-	(963,284)	(963,284)
Balance at 30 June 2020	<u>10</u>	<u>781</u>	<u>791</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 2020

	Note	2020 \$	2019 \$
Net cash from operating activities	9	-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from intercompany loans		500	-
Net cash from financing activities		500	-
Net increase in cash and cash equivalents		500	-
Cash and cash equivalents at the beginning of the financial year		291	291
Cash and cash equivalents at the end of the financial year	3	<u>791</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 2020

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. Other income

	2020 \$	2019 \$
Debt forgiveness income	1,350	-

Note 3. Current assets - cash and cash equivalents

	2020 \$	2019 \$
Cash on hand	10	10
Cash at bank	781	281
	<u>791</u>	<u>291</u>

Note 4. Current assets - related party receivables

	2020 \$	2019 \$
Receivables from Local Government Procurement Partnership	963,284	1,130,033

LGP (LGA NSW) Trust
Notes to the financial statements
30 June 2020

Note 5. Current liabilities - related party payables

	2020 \$	2019 \$
Payables to Local Government New South Wales	963,284	1,130,383
Payables to Local Government Procurement Partnership	-	500
	<u>963,284</u>	<u>1,130,883</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. Contingent assets

The directors of the trustee company were not aware of any contingent assets in relation to the trust as at 30 June 2020.

Note 8. Contingent liabilities

The directors of the trustee company were not aware of any contingent liabilities in relation to the trust as at 30 June 2020.

Note 9. Reconciliation of profit after income tax to net cash from operating activities

	2020 \$	2019 \$
Profit after income tax expense for the year	964,634	1,130,033
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(963,284)	(1,130,033)
Debt forgiveness income	(1,350)	-
Change in operating assets and liabilities:		
Net movement in related party receivables	167,599	(255,153)
Net movement in related party receivables	<u>(167,599)</u>	<u>255,153</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 2020, 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, 8 September 2020

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
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LGP (LGA NSW) Pty Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

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
Angelo Tsirekas (appointed 8 May 2020)

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 2019: \$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 2020 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

8 Sep 2020

LGP (LGA NSW) Pty Ltd
Directors' declaration
30 June 2020

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 2020 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

8 Sept 2020

LGP (LGA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	2020 \$	2019 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the owners of LGP (LGA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the owners of LGP (LGA NSW) Pty Ltd	-	-

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

LGP (LGA NSW) Pty Ltd
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

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

LGP (LGA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2020

	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>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2019	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 2020	<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 2020

	Note	2020 \$	2019 \$
Net cash from operating activities		-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

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

LGP (LGA NSW) Pty Ltd
Notes to the financial statements
30 June 2020

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

	2020 \$	2019 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

Ordinary shares

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

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

Note 4. Trust liabilities and right of indemnity

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

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

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

LGP (LGA NSW) Pty Ltd
Notes to the financial statements
30 June 2020

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

	2020 \$	2019 \$
Current liabilities		
Local Government New South Wales	963,284	1,130,383
Local Government Procurement Partnership	-	500
	<u>963,284</u>	<u>1,130,883</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 2020 and 30 June 2019.

	2020 \$	2019 \$
Current assets		
Cash on hand	10	10
Cash at bank	781	281
	<u>791</u>	<u>291</u>

	2020 \$	2019 \$
Current assets - related party receivables		
Receivables from Local Government Procurement Partnership	<u>963,284</u>	<u>1,130,033</u>

Note 5. Contingent assets

The company was not aware of any contingent assets as at 30 June 2020.

Note 6. Contingent liabilities

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

The company was not aware of any other contingent liabilities as at 30 June 2020.

Note 7. Company details

The registered office of the company is:

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

Note 8. Compilation report

The company's financial statements are not subject to an audit, the accounts have been prepared on a compilation basis.



LGP (SA) NSW Trust

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of LGP (SA) NSW Trust (the Trust), which comprises the statement of financial position as at 30 June 2020, the statement of 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.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the trust deed.

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 (including Independence Standards) (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 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the trustees to meet the requirements of the trust 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 in accordance with the financial reporting requirements of the Trust 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.

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



In preparing the financial report, the trustees are responsible for assessing the Trust'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>

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, 8 September 2020

**LGP (SA NSW) Trust
Trustees' declaration
30 June 2020**

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 5 to 9, present fairly the trust's financial position as at 30 June 2020 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.

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



Director

8 Sept 2020

LGP (SA NSW) Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Distribution income received from Local Government Procurement Partnership		963,284	1,130,033
Other income	2	<u>1,350</u>	<u>-</u>
Profit before income tax expense		964,634	1,130,033
Income tax expense		<u>-</u>	<u>-</u>
Profit after income tax expense for the year attributable to the members of LGP (SA NSW) Trust		964,634	1,130,033
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of LGP (SA NSW) Trust		<u><u>964,634</u></u>	<u><u>1,130,033</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 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	3	791	291
Related party receivables	4	963,284	1,130,033
Total current assets		<u>964,075</u>	<u>1,130,324</u>
Total assets		<u>964,075</u>	<u>1,130,324</u>
Liabilities			
Current liabilities			
Related party payables	5	963,284	1,130,883
Total current liabilities		<u>963,284</u>	<u>1,130,883</u>
Total liabilities		<u>963,284</u>	<u>1,130,883</u>
Net assets/(liabilities)		<u>791</u>	<u>(559)</u>
Equity			
Issued capital		10	10
Retained profits/(accumulated losses)		<u>781</u>	<u>(569)</u>
Total equity/(deficiency)		<u>791</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 2020

	Settled Sum \$	Retained Earnings \$	Total deficiency in equity \$
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>

	Settled Sum \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2019	10	(569)	(559)
Profit after income tax expense for the year	-	964,634	964,634
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	964,634	964,634
<i>Transactions with beneficiaries in their capacity as beneficiaries :</i>			
Distribution payable to Local Government New South Wales	-	(963,284)	(963,284)
Balance at 30 June 2020	<u>10</u>	<u>781</u>	<u>791</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 2020

	Note	2020 \$	2019 \$
Net cash from operating activities	9	-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from intercompany loans		500	-
Net cash from financing activities		500	-
Net increase in cash and cash equivalents		500	-
Cash and cash equivalents at the beginning of the financial year		291	291
Cash and cash equivalents at the end of the financial year	3	<u>791</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 2020

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. Other income

	2020 \$	2019 \$
Debt forgiveness income	1,350	-

Note 3. Current assets - cash and cash equivalents

	2020 \$	2019 \$
Cash on hand	10	10
Cash at bank	781	281
	<u>791</u>	<u>291</u>

Note 4. Current assets - related party receivables

	2020 \$	2019 \$
Receivables from Local Government Procurement Partnership	963,284	1,130,033

LGP (SA NSW) Trust
Notes to the financial statements
30 June 2020

Note 5. Current liabilities - related party payables

	2020	2019
	\$	\$
Payables to Local Government New South Wales	963,284	1,130,383
Payables to Government Procurement Partnership	-	500
	<u>963,284</u>	<u>1,130,883</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. Contingent assets

The directors of the trustee company were not aware of any contingent assets in relation to the trust as at 30 June 2020.

Note 8. Contingent liabilities

The directors of the trustee company were not aware of any contingent liabilities in relation to the trust as at 30 June 2020.

Note 9. Reconciliation of profit after income tax to net cash from operating activities

	2020	2019
	\$	\$
Profit after income tax expense for the year	964,634	1,130,033
Adjustments for:		
Profit distribution from Local Government Procurement Partnership	(963,284)	(1,130,033)
Debt forgiveness income	(1,350)	-
Change in operating assets and liabilities:		
Net movement in related party receivables	167,599	(255,153)
Net movement in related party payables	<u>(167,599)</u>	<u>255,153</u>
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 2020, 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, 8 September 2020

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

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**LGP (SA NSW) Pty Ltd
Directors' report
30 June 2020**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

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
Stephen Lawrence (appointed 8 May 2020)

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 2019: \$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 2020 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

8 Sept 2020

LGP (SA NSW) Pty Ltd
Directors' declaration
30 June 2020

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 2020 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

8 Sept 2020

LGP (SA NSW) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	2020 \$	2019 \$
Profit before income tax expense	-	-
Income tax expense	-	-
Profit after income tax expense for the year attributable to the directors of LGP (SA NSW) Pty Ltd	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year attributable to the directors of LGP (SA NSW) Pty Ltd	-	-

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

LGP (SA NSW) Pty Ltd
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	2	12	12
Total current assets		<u>12</u>	<u>12</u>
Total assets		<u>12</u>	<u>12</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>12</u>	<u>12</u>
Equity			
Issued capital	3	12	12
Total equity		<u>12</u>	<u>12</u>

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

LGP (SA NSW) Pty Ltd
Statement of changes in equity
For the year ended 30 June 2020

	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>
	Ordinary Shares \$	Total equity \$
Balance at 1 July 2019	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 2020	<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 2020

	Note	2020 \$	2019 \$
Net cash from operating activities		-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		12	12
Cash and cash equivalents at the end of the financial year	2	<u>12</u>	<u>12</u>

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

LGP (SA NSW) Pty Ltd
Notes to the financial statements
30 June 2020

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

	2020 \$	2019 \$
Cash on hand	<u>12</u>	<u>12</u>

Note 3. Equity - issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

Ordinary shares

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

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

Note 4. Trust liabilities and right of indemnity

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

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

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

LGP (SA NSW) Pty Ltd
Notes to the financial statements
30 June 2020

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

	2020 \$	2019 \$
Current liabilities		
Local Government New South Wales	963,284	1,130,383
Local Government Procurement Partnership	-	500
	<u>963,284</u>	<u>1,130,883</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 2020 and 30 June 2019.

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

	2020 \$	2019 \$
Current assets		
Cash on hand	10	10
Cash at bank	781	281
	<u>791</u>	<u>291</u>
	2020	2019
	\$	\$
Current assets - related party receivables		
Receivables from Local Government Procurement Partnership	<u>963,284</u>	<u>1,130,033</u>

Note 5. Contingent assets

The company was not aware of any contingent assets as at 30 June 2020.

Note 6. Contingent liabilities

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

The company was not aware of any other contingent liabilities as at 30 June 2020.

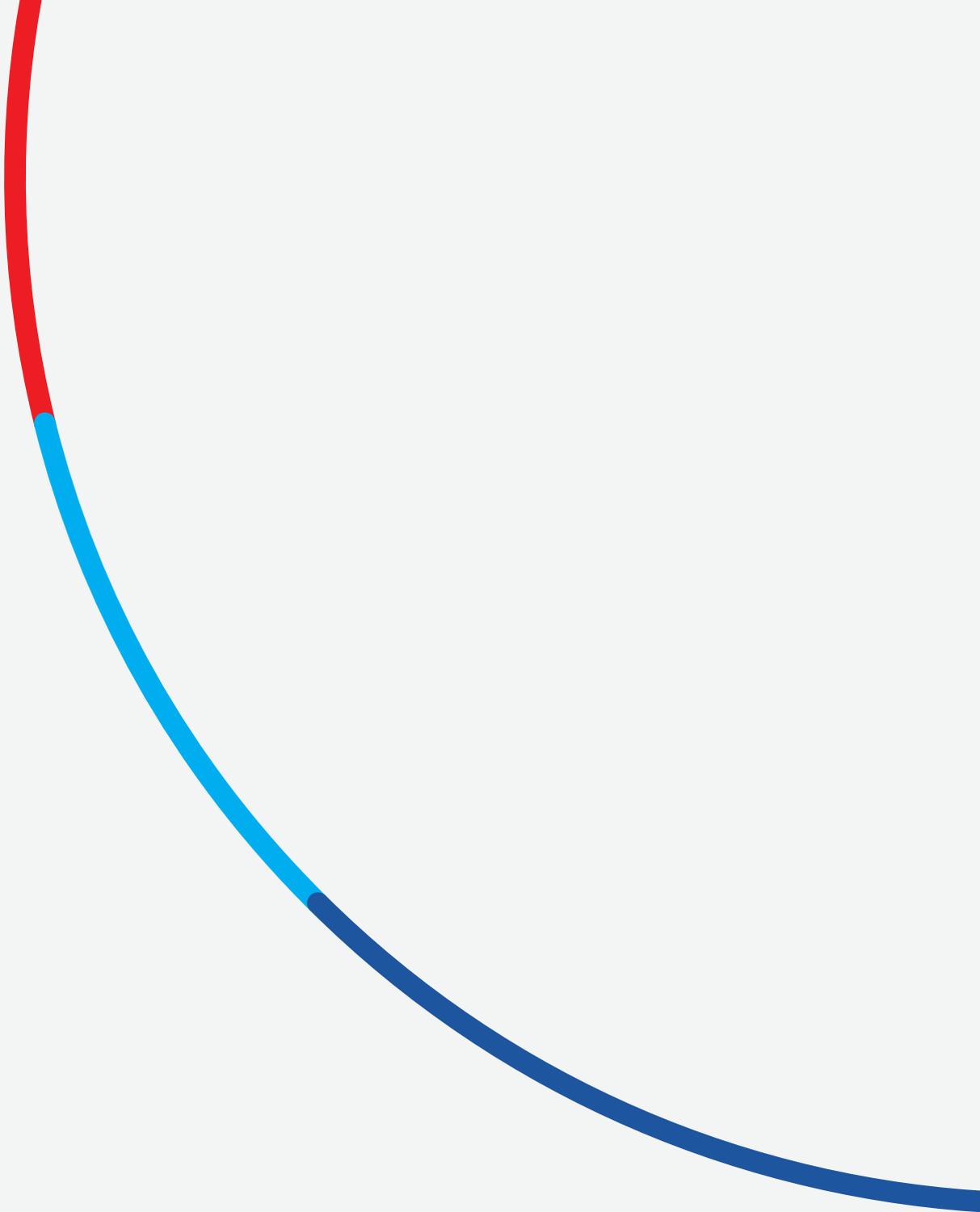
Note 7. Company details

The registered office of the company is:

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

Note 8. Compilation report

The company's financial statements are not subject to an audit, the accounts have been prepared on a compilation basis.



 02 9242 4000

 GPO Box 7003, Sydney NSW 2001

 lgsw.org.au

 @lgsw

 lgsw@lgsw.org.au

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