

Local Government New South Wales

Financial Statements

For the Year Ended 30 June 2014

Local Government New South Wales

For the Year Ended 30 June 2014

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT NEW SOUTH WALES

Report on the Financial Report

We have audited the accompanying financial report of the Local Government New South Wales (the Association), which comprises the statements of financial position as at 30 June 2014, the statements of profit and loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and executive's assertion statement.

Executives' Responsibility for the Financial Report

The Executive of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Industrial Relations Act 1991 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT NEW SOUTH WALES (CONT)

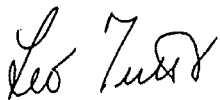
Auditor's Opinion

In our opinion the financial report of the Local Government New South Wales is in accordance with the Industrial Relations Act 1991, as amended, including:

- i. giving a true and fair view of the financial position of the Association as at 30 June 2014 and of its financial performance and its cash flows for the period then ended; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Industrial Relations Act 1991, as amended.



William Buck
Chartered Accountants
ABN 16 021 300 521



L.E. Tutt
Partner
Dated this 5 day of September, 2014

Local Government New South Wales

Statement by the Board

For the Year Ended 30 June 2014

In the opinion of the Board the financial report as set out on pages 4 to 26:

1. Presents a true and fair view of the financial position of the Association operated by the Local Government New South Wales ('LGNSW') as at 30 June 2014 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. That the Local Government New South Wales general purpose financial reports have been prepared to meet the requirements of the Industrial Relations Act 1991 and Fair Work (Registered organisations) Act 2009.
3. Presents a true and fair view of the amalgamated financial position of the activities operated jointly by the Local Government New South Wales as at 30 June 2014 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.
4. At the date of this statement, there are reasonable grounds to believe that the Local Government New South Wales will be able to pay its debts as and when they fall due.

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

Cr Keith Rhoades
(President)



Dated this *5th* Day of *SEPTEMBER* 2014

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

Statement of Profit and Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		Year Ended 30 June 2014	4 Months Period Ended 30 June 2013	Year Ended 30 June 2014	4 Months Ended Period 30 June 2013
		\$	\$	\$	\$
Revenue	2	16,354,786	5,621,929	13,341,030	4,779,314
Employee benefits expense		(8,665,966)	(2,820,541)	(6,748,399)	(2,310,829)
Council services		(1,076,571)	(450,898)	(825,660)	(428,743)
Governance expenses		(776,856)	(436,118)	(776,856)	(412,656)
Administrative expenses		(3,316,433)	(943,749)	(2,554,763)	(740,490)
Grant funded programs		(788,307)	(736,382)	(788,307)	(652,475)
Conference expenses		(1,030,321)	(137,023)	(1,030,321)	(137,023)
Other expenses		(211,629)	(109,544)	(128,021)	(109,544)
Profit/ (Loss) before income tax		488,703	(12,326)	488,703	(12,446)
Income tax expense		-	-	-	-
Profit/ (Loss) for the year		488,703	(12,326)	488,703	(12,446)
Other comprehensive income:					
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income / (loss) for the year		488,703	(12,326)	488,703	(12,446)

The accompanying notes form part of these financial statements

Local Government New South Wales

Statement of Financial Position

As At 30 June 2014

	Note	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
ASSETS					
Current assets					
Cash and cash equivalents	4	1,216,055	940,246	996,608	697,977
Trade and other receivables	5	7,547,273	7,308,508	6,988,023	6,993,194
Financial assets	6	5,218,521	6,017,016	5,218,557	6,017,052
Other assets	7	522,375	496,843	484,399	464,258
Total current assets		14,504,224	14,762,613	13,688,587	14,172,481
Non-current assets					
Financial assets	6	21,257,675	19,480,049	21,257,675	19,480,049
Property, plant and equipment	8	6,809,294	7,094,510	6,646,731	6,944,738
Intangible assets	9	134,063	360,677	97,077	326,600
Total non-current assets		28,201,032	26,935,236	28,001,483	26,751,387
TOTAL ASSETS		42,705,256	41,697,849	41,690,070	40,923,868
LIABILITIES					
Current liabilities					
Trade and other payables	10	2,487,265	1,882,302	1,755,871	1,354,493
Short-term provisions	11	632,802	645,201	539,922	558,700
Other financial liabilities	12	8,128,158	8,257,669	8,128,158	8,257,669
Total current liabilities		11,248,225	10,785,172	10,423,951	10,170,862
Non-current liabilities					
Other long-term provisions	11	1,314,130	1,258,479	1,122,100	1,097,690
Total non-current liabilities		1,314,130	1,258,479	1,122,100	1,097,690
TOTAL LIABILITIES		12,562,355	12,043,651	11,546,051	11,268,552
NET ASSETS		30,142,901	29,654,198	30,144,019	29,655,316
EQUITY					
Settled sum		20	20	-	-
Retained earnings		30,142,881	29,654,178	30,144,019	29,655,316
TOTAL EQUITY		30,142,901	29,654,198	30,144,019	29,655,316

The accompanying notes form part of these financial statements

Local Government New South Wales

Statement of Changes in Equity

For the Year Ended 30 June 2014

2014 LGNSW ASSOCIATION

	Retained Earnings \$	Total \$
Balance at 1 July 2013	29,655,316	29,655,316
Profit/(Loss) attributable to members	488,703	488,703
Other comprehensive income for the year	-	-
Balance at 30 June 2014	30,144,019	30,144,019

2013 LGNSW ASSOCIATION

	Retained Earnings \$	Total \$
Balance at 1 March 2013	29,667,762	29,667,762
Profit/(Loss) attributable to members	(12,446)	(12,446)
Other comprehensive income for the year	-	-
Balance at 30 June 2013	29,655,316	29,655,316

2014 LGNSW AMALGAMATED

	Settled sum \$	Retained Earnings \$	Total \$
Balance at 1 July 2013	20	29,654,178	29,654,198
Profit/(Loss) attributable to members	-	488,703	488,703
Other comprehensive income for the year	-	-	-
Balance at 30 June 2014	20	30,142,881	30,142,901

2013 LGNSW AMALGAMATED

	Settled sum \$	Retained Earnings \$	Total \$
Balance at 1 March 2013	20	29,666,504	29,666,524
Profit/(Loss) attributable to members	-	(12,326)	(12,326)
Other comprehensive income for the year	-	-	-
Balance at 30 June 2013	20	29,654,178	29,654,198

The accompanying notes form part of these financial statements

Local Government New South Wales

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		16,620,073	282,993	12,746,900	(883,999)
Payments to suppliers and employees		(15,994,520)	(1,937,306)	(12,945,687)	(851,366)
Interest received		875,716	308,829	936,080	339,573
Net cash provided/(utilised) by operating activities	16	<u>1,501,269</u>	<u>(1,345,484)</u>	<u>737,293</u>	<u>(1,395,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		104,210	(2,161)	66,360	-
Net movement in investments		(847,983)	2,573,503	(847,983)	2,573,503
Purchase of property, plant and equipment		(220,409)	(140,958)	(83,252)	(86,087)
Net cash (utilised)/provided by investing activities		<u>(964,182)</u>	<u>2,430,384</u>	<u>(864,875)</u>	<u>2,487,416</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in loans with related parties		-	-	687,992	64,344
Net movement in government grants		(261,278)	(410,441)	(261,779)	(411,642)
Net cash utilised in financing activities		<u>(261,278)</u>	<u>(410,441)</u>	<u>426,213</u>	<u>(347,298)</u>
OTHER ACTIVITIES					
Net movement in cash held		275,809	674,459	298,631	744,326
Cash and cash equivalents at beginning of financial year		<u>940,246</u>	<u>265,787</u>	<u>697,977</u>	<u>(46,349)</u>
Cash and cash equivalents at end of financial year	4	<u><u>1,216,055</u></u>	<u><u>940,246</u></u>	<u><u>996,608</u></u>	<u><u>697,977</u></u>

The accompanying notes form part of these financial statements

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies

(a) General Information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ("AASB") and the Associations Incorporations Act 1996, to show information in relation to operations carried out by the Local Government New South Wales.

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 historic costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is 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.

(c) Principals of Amalgamation

Amalgamated Entities

The following is the list of amalgamated entities. All amalgamated 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 2014 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 the 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 incorporated and domiciled in Australia. The principal activity of the partnership during the financial year was providing tendering and purchasing service.

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(c) Principals of Amalgamation (continued)

Amalgamated Entities (continued)

Local Government Procurement Partnership Pty Ltd

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

LGP (LGA NSW) Pty Ltd

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

LGP (SA NSW) Pty Ltd

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

LGP (LGA NSW) Trust

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

LGP (SA NSW) Trust

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

All inter-company balances and transactions including any unrealised profits or losses, have been eliminated on amalgamation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Association.

(d) Income Tax

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

(e) Property, Plant and Equipment

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

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Property

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

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

Plant and Equipment

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

Depreciation

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

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

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

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

(f) Intangibles

Website and 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.

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

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Financial Instruments

Recognition

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

Loans and Receivables

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

Held-to-Maturity Investments

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

Financial Assets at Fair Value Through Profit and Loss

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

Available-for-Sale Financial Assets

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

Impairment

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

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Financial Liabilities

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

(i) Impairment of Assets

At each reporting date, the Association 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.

(j) Employee Benefits

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

(k) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

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

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

(l) Goods and Services Tax (GST)

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

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

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(m) 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.

(n) Investment - StateCover Mutual Limited

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

As part of this, the 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 the LGNSW for this facilitation, governance and other services. The shares do not entitle the LGNSW to any share of profits or distributions.

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

(o) Comparative Figures

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

(p) New Accounting Standards for Application in Future Years

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting years, some of which are relevant to the Association. The Association has decided not to early adopt any of the new and amended pronouncements.

The Association's assessment of the new and amended pronouncements that are relevant to the Association but applicable in future reporting years is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting years commencing on or after 1 January 2018).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

The Association has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Years (continued)

- *IFRS 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017);*
- *AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual reporting periods commencing on or after 1 July 2016);*
- *AASB 2014 -1 Amendments to Australian Accounting Standards [Part A] (applicable for annual reporting periods commencing on or after 1 July 2014);*
AASB 2014 -1 Amendments to Australian Accounting Standards [Part B] (applicable for annual reporting periods commencing on or after 1 July 2014)
- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part B] (applicable for annual reporting periods commencing on or after 1 January 2014) and AASB 2014 -1 Amendments to Australian Accounting Standards [Part C] (applicable for annual reporting periods commencing on or after 1 July 2014);*
- *AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities (applicable for annual reporting periods commencing on or after 1 January 2014);*
- *AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014); and*
- *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2014)*

The Association has not yet assessed the impact of these standards.

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$
2 Revenue				
Operating activities				
- commissions received	5,593,408	1,748,564	1,804,571	625,952
- council services	1,626,742	746,307	1,626,742	746,307
- conferences and seminars	1,554,930	205,256	1,554,930	205,256
- subscriptions	5,026,139	1,644,907	5,026,139	1,644,907
- interest received	1,005,220	335,121	1,065,488	366,276
- capital gain / (loss) on floating rate note investments	131,148	(26,703)	131,148	(26,703)
- grant income	1,403,701	960,372	1,403,701	960,372
- cost contribution income	-	-	724,868	252,204
- other revenue	13,498	8,105	3,443	4,743
	16,354,786	5,621,929	13,341,030	4,779,314
Interest revenue from:				
Deposits with financial institutions	1,005,220	335,121	1,003,480	335,121
Local Government Procurement Partnership	-	-	62,008	31,155
	1,005,220	335,121	1,065,488	366,276
3 Profit from Ordinary Activities includes the following:				
Administrative Expenses				
Depreciation and amortisation	618,958	211,798	547,312	188,336
Other Expenses				
(Gain)/loss on disposal of non-current assets	9,072	4,494	(2,890)	750
Remuneration of auditor:				
- auditing or reviewing the financial report	27,000	22,992	20,000	15,697
4 Cash and Cash Equivalents				
Cash on hand	1,000	1,056	1,000	1,000
Cash at bank	1,163,918	913,647	995,608	696,977
Short-term bank deposits	51,137	25,543	-	-
	1,216,055	940,246	996,608	697,977

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

LGNSW AMALGAMATED		LGNSW ASSOCIATION	
Year Ended	4 Months	Year Ended	4 Months
30 June 2014	Period Ended	30 June 2014	Period Ended
\$	30 June 2013	\$	30 June 2013
	\$		\$

4 Cash and Cash Equivalents (cont)

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,216,055	940,246	996,608	697,977
	1,216,055	940,246	996,608	697,977

5 Trade and Other Receivables

CURRENT

Trade receivables	7,389,441	7,033,195	6,198,175	6,136,741
Provision for doubtful debts	(40,000)	(26,000)	-	-
	7,349,441	7,007,195	6,198,175	6,136,741
Loans to other related parties	-	-	592,016	555,140
Interest receivable	197,832	301,313	197,832	301,313
	7,547,273	7,308,508	6,988,023	6,993,194

The LGNSW does not have significant concentration of credit risk with respect to any single counterparty. Please refer to Note 13 for details of the LGNSW's management of credit risk.

6 Financial Assets

CURRENT

At fair value through profit and loss

Investment in associated companies	-	-	36	36
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Term deposits with:

- Commonwealth Bank of Australia	2,671,646	3,840,364	2,671,646	3,840,364
- ING Direct	-	2,134,000	-	2,134,000

Mutual Investment:

- Bank of Queensland	346,895	42,652	346,895	42,652
- Bank of Melbourne	199,980	-	199,980	-
- National Australia Bank	2,000,000	-	2,000,000	-

	5,218,521	6,017,016	5,218,557	6,017,052
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Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	Year Ended	4 Months	Year Ended	4 Months
	30 June 2014	Period Ended	30 June 2014	Period Ended
	\$	30 June 2013	\$	30 June 2013
		\$		\$
6 Financial Assets (cont)				
NON-CURRENT				
Available for sale financial assets				
– Shares in StateCover Mutual Limited	3,000,000	3,000,000	3,000,000	3,000,000
Term deposits with:				
Mutual Investment:				
– Bank of Queensland	5,301,339	5,303,229	5,301,339	5,303,229
– Bank of Melbourne	2,000,000	3,176,820	2,000,000	3,176,820
– National Australia Bank	3,019,549	4,100,000	3,019,549	4,100,000
– ANZ Bank	2,913,611	3,900,000	2,913,611	3,900,000
– Bendigo Bank	2,998,115	-	2,998,115	-
– Westpac Bank	2,025,061	-	2,025,061	-
	21,257,675	19,480,049	21,257,675	19,480,049
Total Financial Assets	26,476,196	25,497,065	26,476,232	25,497,101
7 Other Assets				
CURRENT				
Prepayments	522,375	496,843	484,399	464,258
	522,375	496,843	484,399	464,258

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$
8 Property Plant and Equipment				
LAND AND BUILDINGS				
Land				
At cost	1,037,637	1,037,637	1,037,637	1,037,637
Total land	1,037,637	1,037,637	1,037,637	1,037,637
Buildings				
At cost	6,394,067	6,394,067	6,394,067	6,394,067
Less accumulated depreciation	(1,086,068)	(954,606)	(1,086,068)	(954,606)
Total buildings	5,307,999	5,439,461	5,307,999	5,439,461
Total land and buildings	6,345,636	6,477,098	6,345,636	6,477,098
PLANT AND EQUIPMENT				
Furniture, fixture and fittings				
At cost	607,281	607,281	604,595	604,595
Less accumulated depreciation	(552,607)	(491,724)	(550,503)	(489,889)
Total furniture, fixture and fittings	54,674	115,557	54,092	114,706
Motor vehicles				
At cost	279,671	331,130	127,449	185,288
Less accumulated depreciation	(55,629)	(53,560)	(23,697)	(31,509)
Total motor vehicles	224,042	277,570	103,752	153,779
Office equipment				
At cost	997,059	929,709	893,123	851,802
Less accumulated depreciation	(849,488)	(764,202)	(787,243)	(711,425)
Total office equipment	147,571	165,507	105,880	140,377
Painting and artworks				
At cost	3,900	3,900	3,900	3,900
Total painting and artworks	3,900	3,900	3,900	3,900
Leasehold improvements				
At cost	107,038	107,038	107,038	107,038
Less accumulated depreciation	(73,567)	(52,160)	(73,567)	(52,160)
Total leasehold improvements	33,471	54,878	33,471	54,878
Total plant and equipment	463,658	617,412	301,095	467,640
Total property, plant and equipment	6,809,294	7,094,510	6,646,731	6,944,738

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property Plant and Equipment (continued)

Movements in Carrying Amounts LGNSW ASSOCIATION

Year ended 30 June 2014	Land	Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Paintings and artworks	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	1,037,637	5,439,461	114,706	153,779	140,377	3,900	54,878	6,944,738
Additions	-	-	-	40,528	42,724	-	-	83,252
Disposals	-	-	-	(62,512)	(958)	-	-	(63,470)
Depreciation expense	-	(131,462)	(60,614)	(28,043)	(76,263)	-	(21,407)	(317,789)
Carrying amount at the end of year	1,037,637	5,307,999	54,092	103,752	105,880	3,900	33,471	6,646,731
Period ended 30 June 2013								
Balance at the beginning of period	1,037,637	5,483,402	134,313	108,073	135,219	3,900	68,472	6,971,016
Additions	-	-	662	54,279	31,146	-	-	86,087
Disposals	-	-	-	-	(750)	-	-	(750)
Depreciation expense	-	(43,941)	(20,269)	(8,573)	(25,238)	-	(13,594)	(111,615)
Carrying amount at the end of period	1,037,637	5,439,461	114,706	153,779	140,377	3,900	54,878	6,944,738

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property Plant and Equipment (continued)

Movements in Carrying Amounts (continued)

LGNSW AMALGAMATED

	Land \$	Buildings \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Paintings and artworks \$	Leasehold improvements \$	Total \$
Year ended 30 June 2014								
Balance at the beginning of year	1,037,637	5,439,461	115,557	277,570	165,507	3,900	54,878	7,094,510
Additions	-	-	-	122,626	68,715	-	-	191,341
Disposals	-	-	-	(112,324)	(958)	-	-	(113,282)
Depreciation expense	-	(131,462)	(60,883)	(63,830)	(85,693)	-	(21,407)	(363,275)
Carrying amount at the end of year	1,037,637	5,307,999	54,674	224,042	147,571	3,900	33,471	6,809,294
Period ended 30 June 2013								
Balance at the beginning of period	1,037,637	5,484,986	135,253	202,955	146,497	3,900	68,472	7,079,700
Additions	-	-	662	84,606	55,691	-	-	140,959
Disposals	-	(1,584)	-	-	(750)	-	-	(2,334)
Depreciation expense	-	(43,941)	(20,358)	(9,991)	(35,931)	-	(13,594)	(123,815)
Carrying amount at the end of period	1,037,637	5,439,461	115,557	277,570	165,507	3,900	54,878	7,094,510

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$	Year Ended 30 June 2014 \$	4 Months Period Ended 30 June 2013 \$
9 Intangible Assets				
Website and software development Cost	877,990	848,922	740,404	740,404
Accumulated amortisation and impairment	(743,927)	(488,245)	(643,327)	(413,804)
	134,063	360,677	97,077	326,600
10 Trade and Other Payables				
CURRENT				
Unsecured liabilities				
Trade payables	2,487,265	1,882,302	1,755,871	1,354,493
	2,487,265	1,882,302	1,755,871	1,354,493
11 Provisions				
CURRENT				
Employee benefits	632,802	645,201	539,922	558,700
	632,802	645,201	539,922	558,700
NON-CURRENT				
Employee benefits	1,314,130	1,258,479	1,122,100	1,097,690
	1,314,130	1,258,479	1,122,100	1,097,690
12 Other Liabilities				
CURRENT				
Legal assistance funds held	20,774	352,727	20,774	352,727
Scholarship funds held	554,264	547,926	554,264	547,926
Unspent government grants	1,966,382	1,902,546	1,966,382	1,902,546
Other deferred income	5,586,738	5,454,470	5,586,738	5,454,470
	8,128,158	8,257,669	8,128,158	8,257,669

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

13 Financial Instruments

Financial Risk Management Policies

Managing the financial risk exposures of the 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, while minimising potential adverse effects on financial performance.

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

Specific Financial Risk Exposures and Management

The main risks the LGNSW is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

There have been no substantive changes in the types of risks the LGNSW is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the 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 the 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 5.

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 consist exclusively of term deposits products.

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

13 Financial Instruments (continued)

b. Liquidity risk

Liquidity risk arises from the possibility that the 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.

c. Market risk

i. 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 the LGNSW to interest rate risk are term deposits and cash and cash equivalents.

	Weighted Average Effective Interest Rate	Interest Bearing	Non-interest Bearing	
	2014 %	2014 \$	2014 \$	2014 \$
Financial Assets:				
Cash and cash equivalents	3.0	1,216,055	-	1,216,055
Receivables		-	7,547,273	7,547,273
Investments	5.0	23,476,196	3,000,000	26,476,196
Total Financial Assets		24,692,251	10,547,273	35,239,524
Financial Liabilities:				
Trade and sundry payables		-	2,487,265	2,487,265
Total Financial Liabilities		-	2,487,265	2,487,265

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

13 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.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Association. Most of these instruments, which are carried at amortised cost (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Association.

14 Board Remuneration

(a) President of the Local Government New South Wales	For the Year Ended 30 June 2014
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President Remuneration	171,739
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The Association had two acting presidents until the election of a new board was held in October 2013.

(b) Acting Presidents in the previous period	For Period Ended 30 June 2013
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– Former Shires Association of New South Wales	32,418
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– Former Local Government Association of New South Wales	32,418
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Each of the acting presidents was reimbursed for travel, accommodation and related expenses incurred on Association's business.

(c) Board Committee - Local Government New South Wales.
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Reimbursement of expenses incurred by Board members in attending Board Council and Committee meetings is payable in accordance with the policy determined by the Board.

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

15 Operating Lease Commitments

Commitments for minimum lease payments in relation to operating leases are payable as follows

	2014	2013
	\$	\$
Not later than 12 months	217,719	208,343
Between 12 months and 5 years	343,776	561,495
	<u>561,495</u>	<u>769,838</u>

The operating lease represents the office leased by the LGNSW at Level 5, 28 Margaret Street, Sydney. The lease agreement terminates on the 31 December 2015 with an option for another 5 years.

16 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit / (Loss) after Income Tax

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	Year Ended 30 June 2014	4 Months Period Ended 30 June 2013	Year Ended 30 June 2014	4 Months Period Ended 30 June 2013
	\$	\$	\$	\$
Profit / (Loss) for the year	488,703	(12,326)	488,703	(12,446)
Cash flows excluded from profit attributable to operating activities:				
Non-cash flows in profit:				
Depreciation and amortisation	618,957	211,798	547,312	188,336
Net (gain) / loss on disposal of property, plant and equipment	9,072	4,494	(2,890)	750
Capital (gain) / loss on floating rate note investments	(131,148)	26,703	(131,148)	26,703
Cost contribution income	-	-	(724,868)	(252,204)
Changes in assets and liabilities:				
(Increase)/(decrease) in trade and other receivables	(238,765)	(5,169,843)	42,047	(5,105,182)
(Increase) /decrease in prepayments	(25,532)	72,167	(21,141)	53,489
Movement in trade payables and accruals	604,463	(49,339)	401,377	179,071
Increase in deferred income	132,268	3,440,107	132,268	3,433,964
Increase in provisions	43,251	130,755	5,633	91,727
	<u>1,501,269</u>	<u>(1,345,484)</u>	<u>737,293</u>	<u>(1,395,792)</u>

Local Government New South Wales

Notes to the Financial Statements

For the Year Ended 30 June 2014

17 Association's Details

The principal place of business is:

Level 8

28 Margaret Street

Sydney NSW 2000

18 Events after the Reporting Year

No matters or circumstances have arisen since 30 June 2014 that have significantly affected, or may significantly affect the Association's operations in future financial years, or the results of those operations in future financial years, or the Association's state of affairs in future financial years