

Local Government Managers Australia (Qld) Inc.

ABN 97 968 931 841

Financial Statements

For the Year Ended 30 June 2022

Local Government Managers Australia (Qld) Inc.

ABN 97 968 931 841

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Local Government Managers Australia (Qld) Inc.

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	4	1,156,895	886,441
Government grants (COVID-19 related)		-	91,200
Employee benefits expense		(587,798)	(539,246)
Conferences and event expenses		(171,449)	(27,622)
Professional development and training expenses		(90,913)	(78,214)
Members servicing costs		(72,620)	(65,998)
Office accommodation		(37,174)	(38,827)
Computer and internet expenses		(14,055)	(12,000)
Depreciation		(3,815)	(2,232)
Other expenses		(33,576)	(26,541)
Profit before income tax		145,495	186,961
Income tax (expense)/credit		(241)	2,570
Profit for the year		145,254	189,531
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		145,254	189,531

The accompanying notes form part of these financial statements.

Local Government Managers Australia (Qld) Inc.

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Statement of Assets and Liabilities

As At 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,124,446	467,997
Other cash investments	6	1,153,266	1,150,282
Trade and other receivables	7	98,848	100,252
Current tax receivable		-	2,766
Other assets	8	27,367	32,754
TOTAL CURRENT ASSETS		2,403,927	1,754,051
NON-CURRENT ASSETS			
Plant and equipment	9	5,500	2,539
TOTAL NON-CURRENT ASSETS		5,500	2,539
TOTAL ASSETS		2,409,427	1,756,590
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	75,699	53,220
Employee benefits	11	168,027	129,882
Current tax liabilities		505	-
Other liabilities	12	574,311	306,583
TOTAL CURRENT LIABILITIES		818,542	489,685
NON-CURRENT LIABILITIES			
Employee benefits	11	19,670	42,459
Other liabilities	12	201,515	-
TOTAL NON-CURRENT LIABILITIES		221,185	42,459
TOTAL LIABILITIES		1,039,727	532,144
NET ASSETS		1,369,700	1,224,446
MEMBERS' FUNDS			
Retained profits	13	1,369,700	1,224,446
TOTAL MEMBERS' FUNDS		1,369,700	1,224,446

The accompanying notes form part of these financial statements.

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2022

The financial statements cover Local Government Managers Australia (Qld) Inc. as an individual entity. Local Government Managers Australia (Qld) Inc. is a not-for-profit Association incorporated in Queensland under the *Associations Incorporation Act (QLD) 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act (QLD) 2020)* ('the Act').

The principal activities of the Association for the year ended 30 June 2022 were to provide education, advocacy and information services to members.

The functional and presentation currency of Local Government Managers Australia (Qld) Inc. is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Board of Management, the Association is not a reporting entity because there are no users dependent on general purpose financial statements. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and Accounting Interpretations with the exception of AASB 16 *Leases*.

AASB 16 - Leases

Under AASB 16, there is no differentiation between finance and operating leases for the lessee. All leases are recognised on the statement of financial position (except for short-term leases and leases of low value assets). The Association occupies office space on an informal basis. This arrangement could be deemed to be a lease under AASB 16. The Association has elected to retain its existing method of accounting for operating leases and has not applied AASB 16. Operating leases are charged as an expense on a straight-line basis over the life of the lease term.

The financial statements have been prepared on an accruals basis and are based on historical costs.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue recognition

Revenue is recognised as follows:

Income from conferences, events, training and professional development

Revenue from conferences and other events (including related sponsorship income) is recognised in the period in which the conference or event is held. Any income received in advance of the conference or event is included within other liabilities.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the subscription period. That portion of the subscription relating to the subsequent financial period is included within other liabilities. Admission fees are recognised when received.

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(a) Revenue recognition

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Interest revenue

Interest revenue is recognised when receivable.

(b) Income Tax

Only non member income of the association is assessable for tax, as member income is executed under the principle of mutuality.

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

(c) Leases

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. Lease payments on these assets are expensed to profit or loss as incurred.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

(e) Plant and equipment

Plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	30%

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(e) Plant and equipment

Depreciation

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Term deposits with original maturities of more than three months are classified as other cash investments.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. The board of management do not make any adjustments related to expected pay increases or the time value of money as the net effect of these factors is not considered significant. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments

The board of management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - revenue recognition

The Association provides training and professional development programs which span more than one reporting periods. In the current year funding was received to establish a Local Government Governance Advisor for a two year period. Recognition of revenue in relation to these activities involves estimation of the degree of completeness of the delivery of the related service. The assumptions made are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - income tax provision

Some of the Association's income is taxable. Judgement is required in determining the provision for income tax. The Association recognises a tax liability based upon its current understanding of tax law. Where the final tax outcome is different from initial estimate, such differences will impact the tax charge and provision in the period in which determination is made.

Key estimates - receivables

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.

4 Revenue

	2022	2021
	\$	\$
- Member subscriptions and admission fees	312,416	287,659
- Provision of member services	70,954	66,764
- Interest income	5,180	6,554
- Conferences and events income	344,542	98,191
- Professional development and training	423,698	399,128
- Other trading revenue	105	28,145
	<u>1,156,895</u>	<u>886,441</u>

Other trading revenue in 2021 included an amount of \$28,000 related to the recovery of part of a conference deposit which it was initially thought would not be recovered when the 2021 annual conference was cancelled.

5 Cash and Cash Equivalents

Cash at bank and in hand	<u>1,124,446</u>	467,997
	<u>1,124,446</u>	<u>467,997</u>

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2022

6 Other cash investments

	2022	2021
	\$	\$
CURRENT		
Bank term deposits	1,153,266	1,150,282
	<u>1,153,266</u>	<u>1,150,282</u>

7 Trade and Other Receivables

CURRENT		
Trade receivables	98,848	100,252
	<u>98,848</u>	<u>100,252</u>

8 Other Assets

CURRENT		
Prepayments and deposits paid	24,433	32,017
Accrued income (interest on term deposit)	2,934	737
	<u>27,367</u>	<u>32,754</u>

9 Plant and equipment

Office equipment		
At cost	26,144	26,685
Accumulated depreciation	(20,644)	(24,146)
Total plant and equipment	<u>5,500</u>	<u>2,539</u>

Movement in the carrying amounts of plant and equipment in the current financial year:

	Office Equipment	Total
	\$	\$
Balance at the beginning of year	2,539	2,539
Additions	6,776	6,776
Depreciation expense	(3,815)	(3,815)
Balance at the end of the year	<u>5,500</u>	<u>5,500</u>

10 Trade and Other Payables

Current		
Trade payables	1,098	658
GST payable	40,845	17,994
LG Manager of the Year Award liability	24,068	26,394
Other payables	9,688	8,174
	<u>75,699</u>	<u>53,220</u>

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2022

11 Employee Benefits

	2022	2021
	\$	\$
Current liabilities		
Annual leave	71,367	70,782
Long service leave	96,660	59,100
	<u>168,027</u>	<u>129,882</u>
Non-current liabilities		
Long service leave	19,670	42,459
	<u>19,670</u>	<u>42,459</u>

12 Other liabilities

CURRENT		
Income received in advance	430,371	306,583
Local government governance advisor funding to be expended	143,939	-
Total	<u>574,310</u>	<u>306,583</u>
NON-CURRENT		
Local government governance advisor funding to be expended	201,515	-
Total	<u>201,515</u>	<u>-</u>

The above amounts relate to sponsorship and other income which has been billed in advance in relation to future events or services yet to be supplied at the year end. During the current year the Association received an amount of \$345,454 to support the establishment of a Local Government Governance Advisor for a two year period. The Association will recognise this amount as income over this two year period commencing in September 2022 when the advisor position is expected to be active. The full amount is recognised as a liability at 30 June 2022.

13 Retained Earnings and General Reserve

Retained Earnings		
Opening balance	1,224,446	784,915
Profit for the year	145,254	189,531
Transfer from general reserve	-	250,000
Retained earnings at end of the financial year	<u>1,369,700</u>	<u>1,224,446</u>

General Reserve

The general reserve of \$250,000 represented funds set aside for future expansion of Local Government Managers Australia (Qld) Inc.. In the prior period this balance was transferred to general retained earnings.

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2022

14 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor SAAS Audit, for:		
- auditing or reviewing the financial statements	5,967	5,850
- assistance with the preparation of the financial statements	2,958	2,900
Total	8,925	8,750

The above amounts relate to the prior years' financial statements.

15 Contingencies

The Association has given a bank guarantee of \$380,000 to the The Department of State Development, Infrastructure, Local Government and Planning as security for the Association's obligations in relation to the agreement under which the Association will provide a Local Government Governance Advisor. This guarantee expires 30 June 2024.

In the opinion of the Committee of Management, the Association did not have any other contingencies at 30 June 2022 (30 June 2021:Nil).

16 Capital Management

The Board of Management controls the capital of the Association in order to ensure that adequate cash flows are generated to fund its activities. This includes monitoring future cash flow requirements and available cash reserves.

The Association does not have any borrowings and there are no externally imposed capital requirements.

There have been no changes in the strategy adopted by the Board of Management to control the capital of the Association since the previous year.

17 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

18 Association details

The registered office and principal place of business of the Association is:

Level 7, Quay Central
95 North Quay
Brisbane QLD 4000

Local Government Managers Australia (Qld) Inc.

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Statement by Members of the Board of Management

The board of management has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.


In the opinion of the board the financial report as set out on pages 1 to 9:

1. Presents fairly the financial position of Local Government Managers Australia (Qld) Inc. as at 30 June 2022 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Local Government Managers Australia (Qld) Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the board and is signed for and on behalf of the board by:

President

Andrew Chesterman

Treasurer

Liza Perrett

Dated: 20/07/2022

Local Government Managers Australia (Qld) Inc.

Independent Audit Report to the members of Local Government Managers Australia (Qld) Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Local Government Managers Australia (Qld) Inc. (the Association), which comprises the statement of assets and liabilities as at 30 June 2022, the statement of profit or loss and other comprehensive income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the board of management.

In our opinion, the accompanying financial report of the Association for the year ended 30 June 2022 presents fairly, in all material respects, the financial position of the Association as at 30 June 2022, and of its financial performance for the year then ended in accordance with the financial reporting requirements of the Associations Incorporation Act (QLD) 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act (QLD) 2020).

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 auditor independence requirements of 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 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Association in complying with the reporting requirements of the Associations Incorporation Act (QLD) 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act (QLD) 2020). 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

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act (QLD) 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act (QLD) 2020), and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

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

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

Local Government Managers Australia (Qld) Inc.

Independent Audit Report to the members of Local Government Managers Australia (Qld) Inc.

Auditor's Responsibilities for the Audit of the Financial Report

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 the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

SAAS Audit Pty Ltd (Authorised Audit Company number 458246)



James Kenward
Director

138 Juliette Street
Greenslopes QLD 4120

Dated: 20/7/2022