

Local Government Managers Australia (Qld) Inc.

ABN 97 968 931 841

Financial Statements

For the Year Ended 30 June 2020

Local Government Managers Australia (Qld) Inc.

ABN 97 968 931 841

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For the Year Ended 30 June 2020

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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 2020

	Note	2020 \$	2019 \$
Revenue	4	911,016	1,204,324
Government grants (COVID-19 related)		145,000	-
Employee benefits expense		(488,507)	(562,740)
Administration support		-	(19,289)
Depreciation		(2,918)	(2,088)
Conferences and event expenses		(226,806)	(180,979)
Professional development and training expenses		(82,553)	(159,520)
Members servicing costs		(59,660)	(86,358)
Other expenses		(90,501)	(85,600)
Profit before income tax		105,071	107,750
Income tax expense		(4,471)	(10,461)
Profit from continuing operations		100,600	97,289
Profit for the year		100,600	97,289
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		100,600	97,289

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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	317,557	400,959
Other cash investments	6	944,466	883,104
Trade and other receivables	7	99,439	179,878
Other assets	8	14,072	42,175
TOTAL CURRENT ASSETS		1,375,534	1,506,116
NON-CURRENT ASSETS			
Plant and equipment	9	3,725	3,238
TOTAL NON-CURRENT ASSETS		3,725	3,238
TOTAL ASSETS		1,379,259	1,509,354
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	32,082	75,888
Employee benefits	11	110,156	112,827
Current tax liabilities		1,142	5,014
Other liabilities	12	180,799	367,365
TOTAL CURRENT LIABILITIES		324,179	561,094
NON-CURRENT LIABILITIES			
Employee benefits	11	20,165	13,945
TOTAL NON-CURRENT LIABILITIES		20,165	13,945
TOTAL LIABILITIES		344,344	575,039
NET ASSETS		1,034,915	934,315
MEMBERS' FUNDS			
General reserve	13	250,000	250,000
Retained profits	13	784,915	684,315
TOTAL MEMBERS' FUNDS		1,034,915	934,315

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 2020

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) 2007)* ('the Act').

The principal activities of the Association for the year ended 30 June 2020 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 since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. 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.

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.

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.

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(a) Revenue recognition

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%

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(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) 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.

(h) 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.

(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 2020

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 - 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.

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.

4 Revenue

	2020	2019
	\$	\$
- Member subscriptions and admission fees	250,597	252,252
- Provision of member services	295	71,398
- Interest income	18,735	29,455
- Conferences and events income	352,862	381,784
- Professional development and training	288,758	469,417
- Other trading revenue	(231)	18
	<u>911,016</u>	<u>1,204,324</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	317,557	400,959
	<u>317,557</u>	<u>400,959</u>

6 Other cash investments

CURRENT		
Bank term deposits	944,466	883,104
	<u>944,466</u>	<u>883,104</u>

7 Trade and Other Receivables

CURRENT		
Trade receivables	37,421	179,878
GST receivable	2,116	-
Government grants receivable	59,902	-
	<u>99,439</u>	<u>179,878</u>

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2020

8 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments and deposits paid	14,072	37,860
Accrued income (interest on term deposit)	-	4,315
	<u>14,072</u>	<u>42,175</u>

9 Plant and equipment

Office equipment		
At cost	25,640	22,235
Accumulated depreciation	(21,915)	(18,997)
Total plant and equipment	<u>3,725</u>	<u>3,238</u>

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

	Office Equipment	Total
	\$	\$
Balance at the beginning of year	3,238	3,238
Additions	3,405	3,405
Depreciation expense	(2,918)	(2,918)
Balance at the end of the year	<u>3,725</u>	<u>3,725</u>

10 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	1,236	-
Other payables	30,846	75,888
	<u>32,082</u>	<u>75,888</u>

11 Employee Benefits

Current liabilities		
Annual leave	52,092	56,392
Long service leave	58,064	56,435
	<u>110,156</u>	<u>112,827</u>
Non-current liabilities		
Long service leave	20,165	13,945
	<u>20,165</u>	<u>13,945</u>

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements For the Year Ended 30 June 2020

12 Other liabilities

	2020	2019
	\$	\$
CURRENT		
Income received in advance	180,799	367,365
Total	180,799	367,365

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.

13 Retained Earnings and General Reserve

Retained Earnings

Opening balance	684,315	587,026
Profit for the year	100,600	97,289
Retained earnings at end of the financial year	784,915	684,315

General Reserve

The general reserve of \$250,000 (2019: \$250,000) records funds set aside for future expansion of Local Government Managers Australia (Qld) Inc..

14 Auditors' Remuneration

Remuneration of the auditor SAAS Audit, for:

- auditing or reviewing the financial statements	5,600	5,200
- assistance with the preparation of the financial statements	2,900	2,750
Total	8,500	7,950

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

15 Contingencies

As a result of COVID 19 the Association was forced to cancel its annual conference which was due to be held in August 2020. During the year ended 30 June 2020, and prior to the advent of COVID-19 in Australia, the standard, non-refundable deposit was made to the conference venue of \$51,730. At the time of finalising this report, the conference venue has indicated its intent to hold to the terms of the contract despite the mitigating circumstances. The venue has indicated that it will not refund the deposit or allow for reallocation of the funds to an event that LGMA could reasonably consider running. Legal advice on the matter has been sought. The Association will make every effort to recover this amount, but given the uncertainty surrounding its recovery it has been expensed in the current year and is included within 'Conferences and event expenses' of \$226,806 in the statement of profit or loss.

In the opinion of the Board of Management, the Association did not have any other contingencies at 30 June 2020 (30 June 2019:None).

Local Government Managers Australia (Qld) Inc.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

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 Impacts of Covid-19 & Events after the end of the Reporting Period

In March 2020, the Coronavirus (COVID 19) outbreak was declared a pandemic by the World Health Organization. The impact of the COVID 19 pandemic is ongoing and has had a significant impact on operations so far in 2020.

Events and training programmes for the remainder of the financial year to June 2020 were initially halted. The Association was able to move some programmes 'on line' in order to comply with social distancing measures. The Association's annual conference, which was due to be held in August 2020 has been cancelled. As indicated in note 15, there is some uncertainty over whether a venue deposit of \$51,730 which was paid in December 2019 can be recovered. This amount has been included as an expense in the year ended 30 June 2020.

The Association has benefited from financial relief through the Federal Government's economic response to COVID-19 including the 'Boosting cash flows for employers' (\$100,000 total) and 'JobKeeper' wage subsidy programs (\$45K in the current year, potentially at least a further \$45K to come), but overall COVID-19 is expected to have a negative impact on the Association's income and financial position. The scale and duration of these impacts remain uncertain as at the date of this report.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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 2020 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



Brett de Chastel

Treasurer



Liza Perrett

Dated: 10 August 2020

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 2020, 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 2020 presents fairly, in all material respects, the financial position of the Association as at 30 June 2020, 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) 2007).

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) 2007). 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) 2007), 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: