LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND LTD

ABN 11 010 883 293

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011

Table of Contents

Directors' Report

The directors submit the following report for the year ended 30 June 2011 made in accordance with a resolution of the Board of directors.

Directors

The names of the directors of Local Government Association of Queensland Ltd ("LGAQ" or the "Association") in office during or since the ending 30 June 2011 were:

Director	Appointed	Resigned
Cr P Bell	1 July 2010	-
Cr B Abbot	1 July 2010	-
Cr M de Wit	1 July 2010	-
Cr B McNamara	1 July 2010	-
Cr G Belz	1 July 2010	31 August 2010
Cr R Clarke	1 July 2010	31 August 2010
Cr R Dare	1 July 2010	31 August 2010
Cr P Gregory	1 July 2010	31 August 2010
Cr P Koongotema	1 July 2010	31 August 2010
Cr R Loughnan	1 July 2010	31 August 2010
Cr P Pisasale	1 July 2010	31 August 2010
Cr L Pyefinch	1 July 2010	31 August 2010
Cr P Taylor	1 July 2010	31 August 2010
Cr L Tyrell	1 July 2010	31 August 2010

Directors' Meetings

A total of ten directors' meetings were held during the year. The number of meetings attended by each director was as follows:

Director	Attended / Eligible	Director	Attended / Eligible
Cr P Bell	10 / 10	Cr P Gregory	2 / 2
Cr B Abbot	9 / 10	Cr P Koongotema	0 / 2
Cr M de Wit	9 / 10	Cr R Loughnan	2 / 2
Cr B McNamara	10 / 10	Cr P Pisasale	2 / 2
Cr G Belz	2 / 2	Cr L Pyefinch	1 / 2
Cr R Clarke	1 / 2	Cr P Taylor	2 / 2
Cr R Dare	1 / 2	Cr L Tyrell	1 / 2

Information on Directors

Applicable Qualifications, Experience & Special Responsibilities

Cr P Bell

Hon Bachelor of Business Administration (CQU); Member Aust. Institute of Company Directors; Deputy Mayor & Councillor Central highlands Council 4 yrs; Mayor, Councillor Emerald Shire Council 22 yrs; President ALGA 4 yrs; ALGA Director 11yrs; LGAQ President 7 yrs; Director LG Super; Director Queensland Rail, Director Ergon Energy; Chair CQ TAFE; Director PCYC Queensland

Cr B Abbot

Fellow of Aust. Institute of Company Directors; Hon Fellow Planning Institute of Aust; Mayor Sunshine Coast Regional Council 4 yrs; Mayor, Deputy Mayor & Councillor Noosa Shire Council 15 yrs; ALGA Director 7 yrs; ULGA Executive Member 7 yrs; SEQROC and COM Board Member 14yrs; Chairman NORsROC 7 yrs

Information on Directors - Continued

Applicable Qualifications, Experience & Special Responsibilities

Cr M de Wit

Graduate of Aust. Institute of Company Directors; Graduate Diploma of Business Administration (QUT); Diploma of Financial Planning (Deakin Uni); Councillor Brisbane City Council 14 yrs; Chair Role Brisbane City Council 3 yrs; Regional development Australia 2 yrs; Kenmore Chamber of Commerce Management Committee 6 yrs

Cr B McNamara

Bachelor of Economics (Commerce) (James Cook University); Councillor Flinders Shire Council 6 yrs; Mayor Flinders Shire Council 14 yrs

Cr G Belz

Bachelor of Arts; Bachelor of Education; Graduate Diploma in Management; Councillor Rockhampton City Council 14 yrs; Councillor Rockhampton Regional Council 3 yrs; Chair Rockhampton City Council Works Committee 8 yrs; Chair Rockhampton Regional Council Water Committee 3 yrs

Cr R Clarke

Mayor Gold Coast City Council 9 yrs

Cr R Dare

Mayor Diamantina Shire Council 7 yrs

Cr P Gregory

Councillor Cairns City Council 8 yrs; Councillor Cairns Regional Council 3 yrs; Chair Cairns Infrastructure Services 3 yrs; Chair Cairns Water and Waste 5 yrs; Chair Pyramid residential Care Centre 8 yrs; Deputy Chair / Acting Chair Cairns River Improvement Trust 11 yrs; Director Terrain Natural Resource Management 3 yrs

Cr P Koongotema

Councillor Aurukun Shire Council 3 yrs

Cr R Loughnan

Councillor Bungil Shire Council 6 yrs; Mayor Bungil Shire Council 8 yrs; Mayor Maranoa Regional Council 3 yrs; Board Member Regional Development Australia (Darling Downs & South West Queensland)

Cr P Pisasale

Fellow of Aust. Institute of Company Directors; Councillor Ipswich City Council 9 yrs; Deputy Mayor Ipswich City Council 4 yrs; Mayor Ipswich City Council 7 yrs; ULGA President; COM Board Member; Chair Ipswich City Economic Development Sustainability Committee; Chair Ipswich City Management and Finance Committee; Chair Ipswich City Specific Purposes Committee; Director Qld Events Corporation; Director Ipswich City Enterprises; Director Ipswich City properties; Chair Bremer Institute Council

Information on Directors - Continued

Applicable Qualifications, Experience & Special Responsibilities

Cr L Pyefinch

Graduate Diploma Management (USQ); Masters of Management (USQ); Councillor Bundaberg City Council 10 yrs; Mayor Bundaberg Regional Council 3 yrs; ULGA Executive Member 3 yrs; Director Wide Bay Australia International Airshow Board 3 yrs; Director Bundaberg North Burnett Tourism Board 2 yrs; Director Bundaberg Port Authority 9 yrs

Cr P Taylor

Fellow of Aust. Institute of Company Directors; Certificate of Development Practice (UQ); Mayor Jondaryan Shire Council 15 yrs; Mayor Toowoomba Regional Council 2 yrs; Director LG Super 10 yrs; COM Board Member 2yrs; Economic Development Board Member 2 yrs; Chair Darling Downs Local Government Association; Chair Eastern Darling Downs Regional Organisation of Councils

Cr L Tyrell

Councillor Thuringowa City Council 6 yrs; Deputy Mayor Thuringowa City Council 6 yrs; Mayor Thuringowa City Council 17 yrs; Mayor Townsville City Council 3 yrs; Director LG Super; Chair Breakwater Island Casino Community Benefit Fund; Chairman Townsville Local Disaster Management Group; Deputy Chair Townsville Enterprise Pty Ltd; Director Ryan Properties Townsville Pty Ltd

Principal Activities

The Association's principal activity is to represent Queensland Local Governments in their dealings with other governments, unions, business and the community.

The Association is incorporated also for pursuing whichever of the following objects it considers appropriate:

(1) facilitating consultation by and between Members as to their common interests;

(2) acting as:

(a) a body representing the interests of the local government industry generally;
(b) an employer organisation under the *Industrial Relations Act 1999* ; and
(c) a representative body for Members and/or groups of Members, for the purpose of providing effective and professional representation in dealings between local government and other levels of government, industry, the media and the public generally;

(3) providing professional advice to assist Members in matters of doubt and difficulty;

(4) providing and facilitating the provision of goods and services to Members;

(5) promoting the efficient carrying out of local government throughout Queensland;

(6) generally, undertaking and promoting any activity which the Board determines to be for the benefit and/or interest of local government in Queensland.

On 1 July 2010 the Association registered a company limited by guarantee (Local Government Association of Queensland Ltd) and commenced operating via this entity in accordance with the provisions of the Local Government Act 2009.

Principal Activities - Continued

Throughout the year the Association continued to provide strong representation and a diverse range of services to its membership. These activities were consistent with the principle activities and objects of the Association and assisted the Association in achieving its key corporate objectives.

Key Objectives

The Association's six key corporate objectives are as follows:

(1) Establish a leadership reputation for:

- (a) Advocacy and Representation
- (b) Customer Service and Support
- (c) Innovation (Opportunity Realisation)
- (d) Integrity (trusted and Authoritive)

(2) Grow the scope and depth of its relationship with members

(3) LGAQ Financial Sustainability.

The Association has implemented a new internal operating process and corporate structure to assist the LGAQ to meeting the corporate objects as outlined above. The development and delivery of a new range of products and services based on the highest value need of the membership will also assist the Association in achieving these objectives.

Performance Measurement

The Association's primary performance measure will be changes in member loyalty. A benchmark member loyalty has been established and quarterly surveying of members and stakeholders will result in a comprehensive 100% assessment of member and stakeholder perception of loyalty every year.

The financial sustainability of the Association will be based on achieving balanced or surplus budgets that allow the Association to continue to invest strongly in new products and services for its membership.

Membership

The Association's membership consists of the Brisbane City Council and any Local Government constituted under the Local Government Act 2009. The Association keeps a register of its members which records who was a member of the Association for the period the register is kept.

If the Association goes into liquidation each member must contribute to the Association's assets (while either currently a member or within 12 months of ceasing to be a member) a contribution not exceeding $20.

Events Occurring After Balance Date

There are no matters or circumstances which have arisen since the end of the financial year that have 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 years.

Basis of Financial Report Preparation

The consolidated financial statements of the Local Government Association of Qld Ltd for the year ended 30 June 2011 are comprised of the Association, its subsidiaries and the Association's interest in its jointly controlled entities. The Association is considered a not-for-profit entity for the purposes of preparing these statements. The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB). The financial statements have also been prepared on an accrual and going concern basis.

Insurance

The physical assets and risks held by the Association are insured via a variety of specific insurance policies for which premiums are generally levied on a risk assessment basis. In addition, the Association pays premiums to Work Cover Qld and has Director's and Officer's Indemnity Insurance in respect of its obligations for Director's and employees of the Association.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and is attached.

This report is signed in accordance with a resolution of the board of directors:

Cr P Bell
Chairperson / Director

Dated: 30 September 2011

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Local Government Association of Queensland Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there has been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Brendan Worrall
Delegate of the Auditor-General of Queensland

Signed at Brisbane, 30 September 2011

Directors' Declaration

The directors of Local Government Association of Queensland Ltd declare that:

The financial statements and accompanying notes are in accordance with the *Corporations Act 2001* , including:

(a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2011, and of their performance as represented by the results of their operations, changes in equity and their cash flows for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Company and consolidated entity will be able to pay its debts as and when they become due and payable.

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

Cr P Bell
Chairperson / Director

Dated: 30 September 2011

Statements of Comprehensive Income for the year ended 30 June 2011

	Notes	Consolidated 2011 $	Restated Consolidated 2010 * $	Chief Entity 2011 $	Chief Entity 2010 * $
Income					
Fees and Service Charges	1(b) 2(a)	26,722,150	17,116,405	13,068,344	12,381,065
Contributions and Grants	1(b) 2(b)	12,111,492	8,969,308	12,111,492	8,969,308
Dividends and Distributions	2(c)	-	-	1,163,668	1,383,000
Share of Profits in LGIS Joint Venture	8	355,000	217,000	-	-
Interest	2(d)	255,068	165,885	151,080	82,586
Gain from Disposal of Non-Current Assets		13,160	-	15,250	-
Total Income		**39,456,870**	**26,468,598**	**26,509,834**	**22,815,959**
Expenses					
Depreciation and Amortisation	1(f) 2(e)	1,027,494	1,073,964	851,272	861,393
Employee Benefit Expenses	1(k) 2(f)	8,076,533	7,299,541	4,787,384	4,554,183
Administration and Branch Management Expenses	2(g)	2,069,498	2,072,882	1,542,179	1,648,492
Property Repairs and Maintenance Expense	1(d)	385,351	378,598	385,351	378,598
Loss from Disposal of Non-Current Assets	1(b)	-	7,834	-	7,829
Grant Expenditure	2(h)	6,118,142	6,833,707	6,118,142	6,833,707
LGAQ Annual Conference		720,882	800,223	720,882	810,320
LGOnline		574,372	738,357	1,348,722	1,379,157
ALGA Annual Subscription		388,369	399,283	388,369	399,283
Share of Loss in Shared Services Ventures	9(a) - 9(c)	-	113,943	-	-
Other Expenses	2(i)	13,466,453	4,388,790	4,827,815	3,782,948
Borrowing Costs	1(c) 2(j)	103,817	-	103,817	-
Total Expenses		**32,930,911**	**24,107,122**	**21,073,933**	**20,655,909**
Surplus (Deficit) for the Reporting Period before Tax		**6,525,959**	**2,361,476**	**5,435,901**	**2,160,050**
Income Tax Expense	1(l)	1,671	2,180	-	-
Surplus (Deficit) for the Reporting Period		**6,524,288**	**2,359,296**	**5,435,901**	**2,160,050**
Attributable to:					
Members of the Association		6,629,229	2,357,951	5,435,901	2,160,050
Non-Controlling Interest	20	-104,941	1,346	-	-
Surplus (Deficit) for the Reporting Period		**6,524,288**	**2,359,296**	**5,435,901**	**2,160,050**
Other Comprehensive Income for the Reporting Period		-	-	-	-
Total Comprehensive Income for the Reporting Period		**6,524,288**	**2,359,296**	**5,435,901**	**2,160,050**
Attributable to:					
Members of the Association		6,629,229	2,357,951	5,435,901	2,160,050
Non-Controlling Interest		-104,941	1,346	-	-

The 2010 comparative figures on this statement are for a 13 month period. Refer to note 1(a) for further details.

Statements of Financial Position as at 30 June 2011

	Notes	Consolidated 2011 $	Restated Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
Assets					
Current Assets					
Cash and Cash Equivalents	1(g),3	12,049,007	5,400,357	8,835,320	3,373,594
Trade and Other Receivables	1(h),4	4,045,678	1,972,765	3,081,003	2,219,976
Prepayments	5	557,037	316,870	480,267	234,905
Loan to Associated Entities	5	-	1,773,598	-	1,773,598
Total Current Assets		**16,651,722**	**9,463,590**	**12,396,590**	**7,602,072**
Non-Current Assets					
Trade and Other Receivables	1(h),4	-	-	-	157,000
Loan to Owned Entities	5	-	-	2,328,198	520,900
Intangibles	1(e),6	2,538,683	2,052,934	1,563,175	1,869,330
Property, Plant and Equipment	1(d),7	11,072,952	11,066,405	10,931,393	10,906,065
Interest in LGIS Joint Venture	8	885,559	619,227	100,000	100,000
Total non-current assets		**14,497,194**	**13,738,566**	**14,922,766**	**13,553,295**
Total Assets		**31,148,916**	**23,202,156**	**27,319,356**	**21,155,367**
Liabilities					
Current Liabilities					
Trade and Other Payables	1(m),10	4,057,415	2,709,185	1,949,828	1,764,369
Borrowings	11	258,718	-	258,718	-
Subscriptions in Advance		89,054	61,399	89,054	61,399
Unearned Income		277,024	226,150	277,024	226,150
Member Special Levy		324,638	-	324,638	-
Accrued Employee Benefits	1(k),12	565,163	455,498	406,382	314,688
Provision for Employee Benefits	1(k),12	18,709	16,038	18,709	15,257
Total Current Liabilities		**5,590,721**	**3,468,270**	**3,324,353**	**2,381,863**
Non-Current Liabilities					
Borrowings	11	1,514,880	1,773,598	1,514,880	1,773,598
Accrued Employee Benefits	1(k),12	127,534	157,842	109,475	123,058
Provision for Employee Benefits	1(k),12	538,975	475,779	477,049	419,150
Interest in Shared Services Ventures	9(a) - 9(c)	-	720,853	-	-
Total Non-Current Liabilities		**2,181,389**	**3,128,072**	**2,101,404**	**2,315,807**
Total Liabilities		**7,772,110**	**6,596,342**	**5,425,757**	**4,697,670**
Net Assets		**23,376,806**	**16,605,814**	**21,893,599**	**16,457,698**
Equity					
Reserves	13(a)	7,323,559	7,323,559	7,323,559	7,323,559
Retained Surpluses	13(b)	15,890,315	9,261,086	14,570,040	9,134,139
Total Equity Attributable to Members of the Association		**23,213,874**	**16,584,645**	**21,893,599**	**16,457,698**
Non-Controlling Interest	20	162,932	21,168	-	-
Total Equity		**23,376,806**	**16,605,813**	**21,893,599**	**16,457,698**

Statements of Cash Flows for the year ended 30 June 2011

	Notes	Consolidated 2011 $	Restated Consolidated 2010 * $	Chief Entity 2011 $	Chief Entity 2010 * $
Cash Flows from Operating Activities					
Inflows					
Service Charges		36,794,595	21,300,504	23,491,408	20,047,838
Dividends and Distributions		88,668	82,000	1,509,000	1,135,000
Interest		255,068	165,885	151,080	82,586
GST Refunds Received from the ATO		1,385,885	4,700,965	1,042,237	1,400,989
		38,524,216	**26,249,354**	**26,193,725**	**22,666,413**
Outflows					
Supplier and Employee Payments		-28,985,167	-20,403,076	-17,915,905	-17,527,547
Borrowing Costs		-103,817	-	-103,817	-
GST Payments Remitted to the ATO		-2,839,114	-2,235,195	-2,123,381	-1,546,212
		-31,928,098	**-22,638,271**	**-20,143,103**	**-19,073,759**
Net Cash Inflow (Outflow) from Operating Activities	14(b)	**6,596,118**	**3,611,083**	**6,050,622**	**3,592,654**
Cash Flows from Investing Activities					
Payments for Property, Plant & Equipment		-699,891	-322,666	-591,101	-284,880
Payments for Intangibles		-240,190	-1,084,432	-203,940	-970,000
Proceeds from Sale of Property, Plant & Equipment		276,210	2,000	239,845	2,000
Investment in Shared Services Venture		125,000	-	-	-
Payment for Acquisition of Subsidiary, Net of Cash Acquired		591,603	-	-	-
Net Cash Inflow (Outflow) from Investing Activities		**52,732**	**-1,405,098**	**-555,196**	**-1,252,880**
Cash Flows from Financing Activities					
Borrowings raised		-	431,000	-	431,000
Loan to Owned Entities		-	-431,000	-33,700	-431,000
Payment of Share Capital		-200	-	-	-
Net Cash Inflow (Outflow) from Financing Activities		**-200**	-	**-33,700**	-
Net Increase (Decrease) in Cash and Cash Equivalents		**6,648,650**	**2,205,985**	**5,461,726**	**2,339,774**
Cash and Cash Equivalents at Beginning of Financial Year		5,400,357	3,194,372	3,373,594	1,033,820
Cash and Cash Equivalents at End Financial Year	14(a)	**12,049,007**	**5,400,357**	**8,835,320**	**3,373,594**

The 2010 comparative figures on this statement are for a 13 month period. Refer to note 1(a) for further details.

Statement of Changes in Equity
for the year ended 30 June 2011

Chief Entity	Asset Revaluation $	General Reserve $	Retained Surpluses $	Non Controlling Interests $	Total $
	13(a)	13(a)	13(b)		
Balance at 1 June 2009	6,623,300	700,259	6,974,089	-	14,297,648
Total Comprehensive Income:					
Surplus (Deficit) for the Reporting Period	-	-	2,160,050	-	2,160,050
Other Comprehensive Income:					
Increase (Decrease) in Reserves	-	-	-	-	-
Balance at 30 June 2010	**6,623,300**	**700,259**	**9,134,139**	-	**16,457,698**
Balance at 1 July 2010	6,623,300	700,259	9,134,139	-	16,457,698
Total Comprehensive Income:					
Surplus (Deficit) for the Reporting Period	-	-	5,435,901	-	5,435,901
Other Comprehensive Income:					
Increase (Decrease) in Reserves	-	-	-	-	-
Balance at 30 June 2011	**6,623,300**	**700,259**	**14,570,040**	-	**21,893,599**

Consolidated - Restated	Asset Revaluation $	General Reserve $	Retained Surpluses $	Non Controlling Interests $	Total $
	13(a)	13(a)	13(b)		
Balance at 1 June 2009	6,623,300	700,259	6,897,660	19,822	14,241,041
Adjustment on Correction of Error	-	-	5,475	-	5,475
Restated Balance at 1 June 2009	**6,623,300**	**700,259**	**6,903,135**	**19,822**	**14,246,516**
Total Comprehensive Income:					
Surplus (Deficit) for the Reporting Period	-	-	2,461,092	1,346	2,462,438
Adjustment on Correction of Error	-	-	-103,141	-	-103,141
Restated Total Comprehensive Income	**-**	**-**	**2,357,951**	**1,346**	**2,359,297**
Other Comprehensive Income:	-	-	-	-	-
Balance at 30 June 2010	**6,623,300**	**700,259**	**9,261,086**	**21,168**	**16,605,813**
Balance at 1 July 2010	6,623,300	700,259	9,261,086	21,168	16,605,813
Total Comprehensive Income:					
Surplus (Deficit) for the Reporting Period	-	-	6,629,229	-104,941	6,524,288
Other Comprehensive Income:	-	-	-	-	-
Transactions with Owners in their Capacity as Owners:					
Non-controlling interest on acquisition of QPG	-	-	-	121,705	121,705
Equity Investment in QPG Venture	-	-	-	125,000	125,000
Balance at 30 June 2011	**6,623,300**	**700,259**	**15,890,315**	**162,932**	**23,376,806**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation

General
The Association was previously created under section 1194 of the current Local Government Act 1993. Effective 1 July 2010 the Local Government Act 2009 contained provisions for the Association to reconstitute as a company limited by guarantee and provided that all rights, liabilities and interests of the former incorporated Association become the rights, liabilities and interests of the new entity.

On 1 July 2010 the Association registered a company limited by guarantee (Local Government Association of Queensland Ltd) and commenced operating via this entity in accordance with the provisions of the Local Government Act 2009. The Association's principal activity is to represent Queensland Local Governments in their dealings with other governments, unions, business and the community.

The consolidated financial statements of the Local Government Association of Queensland Ltd for the year ended 30 June 2011 are comprised of the Association, its subsidiaries and the Association's interest in its other entities. The Association is considered a not-for-profit entity for the purposes of preparing these statements. The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements have also been prepared on an accrual and going concern basis. The financial statements were authorised for issue on 30 September 2011.

The financial statements have also been prepared under the historical cost convention and except where specifically stated do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars which is the Association's functional and presentation currency.

The Corporations Amendment (Corporate Reporting Reform) Bill 2010, which came into effect for the financial year ended 30 June 2010, has abolished the need to include parent entity financial statements within the consolidated financial statements prepared under the Corporations Act 2001. The company has decided to included the parent entity financial statements in these financial statements.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Association recognises any non controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Accounting policies
The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011. The accounting policies have been consistently applied unless otherwise stated.

Classification between current and non-current
In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months.

Critical accounting estimates and judgments
The estimates and judgments incorporated into the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity. There were no significant estimates or judgments used in the preparation of these financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

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

The Association was registered as a company limited by guarantee (Local Government Association of Queensland Ltd) and commenced operating via this entity from 1 July 2010. The provisions contained within the Local Government Act 2009 ensured that the Association maintained total continuity despite this change in legal structure. As a result of this continuity the Association has maintained comparative figures in these statements inline with the continuity provided by the Act.

During the prior reporting period, the Company extended its current financial period by one month to 30 June 2010 to align with the its transition to a company on 1 July 2010. The 2010 reporting period is comprised of 13 months and is not necessarily comparable to the comparative figures contained in the statements or notes to the financial statements.

Rounding
Unless otherwise stated, amounts in the statements have been rounded to the nearest dollar.

(b) Income Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and specific criteria have been met for each revenue earning activity as described below.

Subscriptions
Annual membership subscriptions are recognised on an accrual basis over the term of the membership period.

Rendering of services
Revenue from a contract is recognised on an accrual basis in accordance with the substance and term of the relevant agreement.

Government contributions
Government grants and contributions are recognised as operating income on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the Statement of Comprehensive Income as Contributions and Grants.

These amounts are received under a binding legal obligation to either expend the funds for the purpose which they are granted, or return any unspent funds to the grantor. In accordance with accounting standards, grant funds are recorded as ordinary revenue in the financial period they are received, without raising any corresponding liability item to recognise the expenditure or refund obligation. Commonly, grants received in one period are expended over one or more following years.

The underlying performance of the LGAQ can therefore be determined by removing the impact of grant revenues and expenditures from the stated amounts. Refer also to note 16.

Sale of assets
The profit or loss on sale of an asset is determined when control has passed to the buyer. In accounting for the sale of non-current assets, the proceeds from the sale of assets is offset against the carrying value of the asset with any net gain or loss on the sale being recognised in the Statement of Comprehensive Income.

Shared Services Sales
Shared Services Sales comprises revenue earned from services rendered and is recognised on an accruals basis in accordance with the substance and term of the relevant agreement.

Tenant Revenue
Revenue from rental agreements is recognised when the consolidated entity and Association's right to receive the rental payment has been established.

Interest Revenue

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(b) Income Recognition - Continued

Dividends and Distributions
Dividend and distribution revenue from investments is recognised when the consolidated entity and Association's right to receive payment has been established.

Distribution revenue from the DDS Unit Trust and Local Buy Trading Trust is recognised in the same year in which the surpluses were generated by each Trust.

(c) Borrowing Costs

Borrowing costs are comprised of interest that has been paid or has become payable on the borrowings of the consolidated entity during the current reporting period. Borrowing costs are recognised as an expense in the period in which they are incurred and are not capitalised into the cost of qualifying assets.

(d) Recognition, Measurement and Impairment of Property, Plant and Equipment

Recognition
Property, plant and equipment items with a cost or value in excess of $1,000 and a useful life of more than one year are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

Valuation
Land and buildings are measured at fair value. The fair values are reviewed by the Directors at the end of each reporting period to ensure the carrying value of land and buildings is not materially different from their fair values. Revaluations of land and buildings are determined on the basis of an independent valuation and other market based evidence available to the Directors. Office furniture, equipment and motor vehicles are stated at cost less accumulated depreciation and impairment.

A revaluation of freehold land and buildings was performed in May 2008 in accordance with an independent valuation by Australia Pacific Valuers. The valuation was performed on the basis of current market sale and building replacement values at that time. Based on a recent valuation of the building carried out in December 2010, and other market based evidence available, the Directors have decided that no material movement in the valuation of the freehold land and buildings and therefore no revaluation has been performed in the current financial year.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense, in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset, in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Repairs and maintenance
Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated.

Impairment of assets
At each reporting date the carrying amounts of property, plant and equipment are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(e) Recognition, Measurement and Impairment of Intangible Assets

Recognition and measurement
The development or purchase of any software or technology-based solution with a useful life of more than one year is recognised as an intangible asset. Intangible assets are stated at cost less accumulated amortisation and impairment. No intangible assets have been classified as held for sale or form part of a disposal group held for sale as at the end of the reporting period. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Impairment of Intangibles
At each reporting date the carrying amounts of intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised.

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The value of Goodwill is tested for impairment based on discounted cash flow projections for the applicable businesses. Management bases these cash flow projections on the commercial revenue forecasts of the applicable businesses over a future period of 5 years (from the balance date). The future cash flows are discounted to a present value using a discount rate of 20% to incorporate the risk associated with the 5 year forecast.

(f) Depreciation and Amortisation

Land is not depreciated as it has an unlimited useful life.

Depreciation on buildings, infrastructure and equipment and motor vehicles is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Association. The depreciation of Property, Plant and Equipment is recognised in the 'Depreciation and Amortisation' expense on the Statement of Comprehensive Income.

The amortisation of intangible assets is recognised in the 'Depreciation and Amortisation' expense on the Statement of Comprehensive Income.

Where assets have separately identifiable components, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new asset value is depreciated over the remaining useful life of the asset to the Association.

The estimated useful lives for the current and comparative periods are as follows:

Building	10 - 50 Years
Office Furniture and Equipment	3-15 Years
Motor Vehicles	5 Years
Intangibles	3-15 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(g) Cash and Cash Equivalents

For Statement of Cash Flows and Statement of Financial Position presentation purposes, cash and cash equivalents include all cash and cheques receipted but not banked as at 30 June 2011 as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are convertible readily to cash on hand at the Association’s option and that are subject to a low risk of changes in value.

(h) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement being generally required within 30 days from the invoice date.

Association annual membership subscriptions are invoiced at the beginning of each financial year for a 12 month period, with settlement being generally required within 30 days from the invoice date.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(h) Receivables - Continued

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impaired debts is raised when some doubt as to collection exists. All debts known to be uncollectable as at 30 June 2011 have been written off.

The units held in the DDS and Local Buy Unit Trusts entitles the Association to a profit distribution equal to 100% of the annual profits declared in these entities. These distributions are recognised as a receivable and a revenue to the Association in the same year in which the profit was generated by the Trusts.

(i) 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 consolidated entity’s intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

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 recognised in other comprehensive income.

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

Derivative instruments
Derivative instruments are measured at fair value. The consolidated entity did not hold any derivative instruments during the current reporting period.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant 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.

(j) Other Financial Assets

Investments are measured at cost.

The loans to the DDS Unit Trust (Resolute Information Technology Pty Ltd as trustee) and Prevwood Pty Ltd are not currently accruing interest or repayments and there is no term for repayment, therefore there are no related borrowing costs to disclose.

The investment in the joint ventures is accounted for at cost in the chief entity's financial statements, and under the equity accounting method, in the consolidated financial statements. Refer also to note 8.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(k) Employee Benefits

Wages and Salaries
Wages and salaries payable but remaining unpaid as at the reporting date are recognised in the statement of financial position at the nominal salary rates. Workers' compensation insurance is a consequential cost of employing employees, but is not considered part of an employees total remuneration package and as such is recognised separately as an employee related expense. Employer superannuation contributions, annual leave and long service leave entitlements are regarded as employee benefits.

Sick Leave
Employee sick leave history indicates that the sick leave entitlements taken each reporting period are generally less than the corresponding entitlement accrued for that period. As this trend is expected to continue in future periods it is unlikely that the existing accumulated entitlements will be fully utilised. As such no liability for unused sick leave entitlements is recognised in the financial statements. As sick leave is non-vesting, an expense is recognised for sick leave as and when it is taken.

Annual Leave
Employee benefits in respect of annual leave are accrued on a pro rata basis in respect of services provided by employees up to balance date, having regard to future rates of pay and on-costs. Entitlements expected to be settled within 12 months are accrued at their nominal value. Entitlements not expected to be settled within 12 months are measured at the present value of estimated future cash outflows and classified as non-current liabilities.

Long Service Leave
Employee benefits in respect of long service leave are provided for on a pro rata basis, after 5 years of continuous service, in respect of services provided by employees up to balance date, having regard to future rates of pay and on-costs. Entitlements expected to be settled within 12 months are accrued at their nominal value. Entitlements not expected to be settled within 12 months are measured at the present value of estimated future cash outflows and are classified as non-current liabilities.

Superannuation
Employees of the Local Government Association of Queensland Ltd are members of LG Super. Employer contributions to employee superannuation plans are charged as expenses as the contributions are paid or become payable. The Association has no liability to or interest in the scheme other than payment of employer contributions.

(l) Taxation

The activities of the Association and its wholly-owned subsidiaries are exempt from Commonwealth income taxation as a non-excluded State or Territory Body under Part 3, Division 1AB of the Income Tax Assessment Act 1936. The Association and its wholly-owned subsidiaries are not exempt from Fringe Benefits Tax (FBT) and Goods and Services Tax (GST) and as such, input tax credits receivable and GST payable from and to the Australian Taxation Office are recognised and accrued.

The activities of Resolute I.T. Pty Ltd are not exempt from Commonwealth income taxation by virtue of the fact that the company is only 70% owned and controlled by the Association. As such, a corresponding income tax expense has been recognised in the Association's consolidated financial statements. Resolute I.T. Pty Ltd's charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Revenues, 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 Tax Office (ATO). 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(l) Taxation - Continued

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Trade and Other Payables

Trade creditors are recognised upon receipt of goods and services provided and are measured at the agreed purchase price, gross of applicable trade and other discounts. The amounts are unsecured and are generally settled within 30 days of invoice date.

(n) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs. The consolidated entity did not have any finance leases during the current reporting period.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred, as this represents the pattern of benefit derived from the leased assets. The consolidated entity did enter into operating leases for business premises during the current reporting period.

The Association currently leases a portion of its business premises to third party tenants. The resulting lease receipts are recorded in the Statement of Comprehensive Income in the periods in which they are earned.

(o) Insurances

The physical assets and risks held by the consolidated entity are insured via a variety of specific insurance policies for which premiums are generally levied on a risk assessment basis. In addition, the consolidated entity pays premiums to Work Cover Qld in respect of its obligations for employee protection.

(p) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the economic entity, being the Association (the chief entity) and its controlled entities as defined in Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. A list of controlled entities appears in note 18 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(q) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred and the liabilities incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The company recognises any non controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(q) Business Combinations - Continued

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the groups share of the net identifiable assets acquired is recorded as goodwill.

(r) New Accounting Standards and Interpretations

A number of new and amended accounting standards are mandatory for the year ended 30 June 2011. The adoption of these standards or interpretations had no material impact on the financial statements or the performance of the Association.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period. The Association's assessment on the impact of these new standards and interpretations is set out below:

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 (applicable for annual reporting periods commencing 1 January 2013). AASB 9: Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Association is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the consolidated entities financial statements.

Revised AASB 124: Related Party Disclosures and AASB 2009-12: Amendments to Australian Accounting Standards (applicable for annual reporting periods commencing 1 January 2011). The revised AASB 124: Related Party Disclosures amends the related party disclosure reporting requirements for government related entities and clarifies and simplifies the definition of a related party. The standard is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The Association is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the consolidated entities financial statements.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 20102: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).
AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. The Association is yet to consider the framework to adopt.

AASB 2009–12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011). This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The Association is yet to assess the full impact of the amendments however, initial indications are that the standard is not expected to have any impact on the consolidated entities financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(r) New Accounting Standards and Interpretations - Continued

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011). This Standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- amending AASB 7 to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- amending AASB 134 by adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- adding sundry editorial amendments to various Standards and Interpretations.

The Association is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the consolidated entities financial statements.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011). This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011). This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets. The Association is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the consolidated entities financial statements.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013). This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9. The Association is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the consolidated entities financial statements.

AASB 10: 'Consolidated Financial Statements'. This standard replaces the part of IAS 27: 'Consolidated and Separated Financial Statements' and is applicable for the annual period beginning 1 January 2013. This new standard introduces a new definition of control that determines which entities are consolidated. This new definition of control may potentially lead to the consolidation of entities that were not previously included in the Consolidated Group resulting in more assets and liabilities on the books. The Association is currently assessing the impact of this standard.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(r) New Accounting Standards and Interpretations - Continued

AASB 11: 'Joints Arrangements'. This standard replaces IAS 31: 'Interest in Joint Ventures' and is applicable for annual periods beginning on or after 1 January 2013. This new standard introduces new rules which classify joint arrangements as either a joint operation or joint venture. Under the new standard, proportionate consolidation is not allowed and all joint ventures must be equity accounted. All joint arrangements held by the Consolidated Group will need to be reassessed to determine whether the joint operation or joint venture classification is appropriate, and therefore the potential impacts of a change on the presentation of the Financial Statements. The Association is currently assessing the impact of this standard.

AASB 12: ' Disclosure of interest in other Entities'. This standard is applicable for annual reporting periods beginning on or after 1 January 2013. This standard clarifies the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Association is assessing the impact of this standard.

AASB 13: 'Fair Value Measurement'. This standard establishes a single course of guidance for determining the fair value of assets and liabilities. The Association is currently assessing the impact of this standard.

Other than as noted above, the adoption of various Australian Accounting Standards and Interpretations on issue but not yet effective are not expected to have any financial impact on the consolidated entity.

(s) Prior Period Adjustment

During the 2011 year, an adjustment was made in the financials of Services Queensland impacting the Association for the financial year ending 31 May 2009 and 30 June 2010 by virtue of the fact Prevwood had a 25% share in Services Queensland for these affected years.

Schedule 4 in the Services Agreement between Ipswich City Council and Queensland Partnerships Group (LG Shared Services) Pty Ltd indicates that with effect from each annual review date, the part of the Service Charge which comprises other costs will increase by CPI. The adjustment for CPI was calculated subsequent to 30 June 2010 resulting in an additional accrual of $65,111 in Services Qld for the period from November 2008 to June 2010. In Prevwood a portion of this accrual $10,802 (being $43,210 x 25%) related to 2010 and $5,475 (being $24,887 x 25%) related to 2009.

This error has resulted in a restatement to increase Prevwood's share of the profit reported by Services Queensland for the period ending 31 May 2009 of $5,475. This restatement impacted on Prevwood's 1 June 2009 retained profits and 1 June 2009 interest in Services Queensland. As Prevwood shares in the profits and losses of Services Queensland the reduction in Prevwood's share of the losses reported by Services Queensland for the period ending 31 May 2009 of $5,475 therefore increased its corresponding share of losses in Services Queensland for the year ending 30 June 2010.

Due to an incorrect prior year adjustment in the 2010 year a further profit adjustment of $195,332 was required in Service Queensland for the year ended 30 June 2010 effecting both the Distributions Received and Receivable by Prevwood as at 30 June 2010. A downward restatement of the 30 June 2010 Distributions Received and Receivable in the Statement of Financial Position of $97,666 (being $195,332 x 50%). There was no impact on Distributions Received and Receivable by Prevwood for the period ending 31 May 2009 as there was no profit to distribute at 31 May 2009.

During the 2011 year, an adjustment of $446,281 was made in the 2010 financial statement comparative figures of the Local Buy Trading Trust to include Microsoft Service Provisioning Funding (SPF) as a corresponding asset and liability of the Trust. This restatement occurred as the funds were deemed to be controlled by the Trust. This adjustment has resulted in the restatement the 2010 comparative figures in the Association's 2011 financial statements. The adjustment has no effect on retained earnings of the 2009 year and as such no prior period reclassification as at 1 July 2009 is required.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies - Continued

(s) Prior Period Adjustment - Continued

The Association's financial statements have been restated for the 2010 year to incorporate these adjustments. The restated 2009 year comparative has not been included in the financial statements as these adjustments are not material. The resulting adjustments to the financial statements are as follows:

	Previously Stated 2010 $	Correction 2010 $	Restated 2010 $
Statement of Comprehensive Income			
Fees and Service Charges	17,214,071	-97,666	17,116,405
Total Revenue	26,566,264	-97,666	26,468,598
Share of Loss in Shared Services Ventures	108,468	5,475	113,943
Total Expenses	24,101,647	5,475	24,107,122
Surplus (Deficit) for the Reporting Period	2,462,437	-103,141	2,359,296
Total Comprehensive Income for the Reporting Period	2,462,437	-103,141	2,359,296
Statement of Financial Position			
Cash and Cash Equivalents	4,954,076	446,281	5,400,357
Trade and Other Receivables	2,070,431	-97,666	1,972,765
Total Current Assets	9,114,975	348,615	9,463,590
Total Assets	22,853,540	348,615	23,202,156
Trade and Other Payables	2,262,904	446,281	2,709,185
Total Current Liabilities	3,021,989	446,281	3,468,270
Total Liabilities	6,150,063	446,281	6,596,342
Net Assets	16,703,478	-97,666	16,605,814
Retained Funds	9,358,752	-97,666	9,261,086
Total Equity	16,703,479	-97,666	16,605,813
Statement of Cash Flows			
Supplier and Employee Payments	-20,192,916	-210,160	-20,403,076
Net Cash Inflow (Outflow) from Operating Activities	3,821,243	-210,160	3,611,083
Net Increase/(Decrease) in Cash and Cash Equivalents Held	2,416,145	-210,160	2,205,985
Cash and Cash Equivalents at Beginning of Financial Period	2,537,931	656,441	3,194,372
Cash and Cash Equivalents at End of Financial Period	4,954,076	446,281	5,400,357
Statement of Changes in Equity			
Retained Surpluses at 1 June 2009	6,897,660	5,475	6,903,135
Surplus/(Deficit) for the Reporting Period	2,461,092	-103,141	2,357,951
Total Comprehensive Income			
Balance at 30 June 2010	9,358,752	-97,666	9,261,086

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Statement of Comprehensive Income - Disclosures

		Consolidated	Consolidated	Chief Entity	Chief Entity
		2011	**2010**	**2011**	**2010**
		$	**$**	**$**	**$**
Note 2	**(a) Fees and Service Charges**				
	Seminar and Events	609,365	878,232	611,692	880,950
	Annual Conference	651,581	615,337	656,946	625,226
	Annual Member Subscriptions	3,618,681	3,586,848	3,618,681	3,586,848
	Member Special Levy	175,362	-	175,362	-
	Local Government Online	2,751,444	2,837,764	2,751,444	2,837,764
	Tenant Revenue	415,984	418,613	498,448	502,656
	Financial Services	32,620	46,337	147,170	153,170
	Local Government Mutual	576,534	558,657	576,534	558,657
	Local Government Workcare	632,216	662,662	632,216	662,662
	Subscriptions	118,828	141,366	118,828	141,366
	Industrial Relations Consultancy	49,148	160,465	49,148	160,465
	Human Resources Consultancy	913,705	294,865	913,705	294,865
	General Consultancy	61,126	-	61,126	-
	Employment Assistance Programs	152,550	203,850	152,550	203,850
	Training Services	794,611	872,490	798,211	882,508
	Study Tours	99,800	134,665	99,800	134,665
	Elected Member Seminars	-	219,853	-	219,853
	Local Government Week	-	26,886	-	26,886
	Flood Inquiry Recovery	610,054	-	610,054	-
	Disaster Response Recovery	205,000	-	205,000	-
	Other Expenses Recovery	216,875	-	188,817	-
	General	1,566,241	858,396	202,612	508,673
	Tender Arrangements	2,720,171	2,655,300	-	-
	Online Tendering	69,810	83,990	-	-
	Procurement Services	311,527	143,846	-	-
	IT Services	1,621,855	1,426,250	-	-
	Hardware and Software Sales	218,764	289,731	-	-
	Shared Services Sales	7,528,297	-	-	-
		26,722,150	**17,116,405**	**13,068,344**	**12,381,065**

(b) Contributions and Grants

Contributions and grants are recognised as revenues during the reporting period and are obtained on the condition that they be expended in a manner specified by the contributor. In some cases, corresponding expenditure is recognised in subsequent periods. Refer also to note 16.

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
Assist Stream	833,626	2,232,524	833,626	2,232,524
Advance Stream	3,187,896	-	3,187,896	-
Advocate Stream	8,089,970	6,736,784	8,089,970	6,736,784
	12,111,492	**8,969,308**	**12,111,492**	**8,969,308**

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
(c) Dividends and Distributions				
DDS Unit Trust Profit Distribution	-	-	44,000	244,000
Local Buy Trading Trust Profit Distribution	-	-	1,031,000	1,057,000
Local Government Infrastructure Services Dividend	-	-	88,668	82,000
Prevwood Pty Ltd Dividend	-	-	-	-
	-	-	**1,163,668**	**1,383,000**
(d) Interest	**255,068**	**165,885**	**151,080**	**82,586**
(e) Depreciation and Amortisation				
Building	96,372	165,153	96,372	165,153
Office Furniture and Equipment	232,065	236,886	153,404	155,665
Motor Vehicles	101,856	95,159	91,401	83,650
Intangibles	597,201	576,765	510,095	456,924
	1,027,494	**1,073,964**	**851,272**	**861,393**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
(f) Employee Benefit Expenses				
Wages and Salaries	6,664,425	5,892,497	3,852,288	3,626,890
Employer Superannuation Contributions	1,050,874	1,162,271	758,032	847,345
Other Employee Expenses	361,234	244,773	177,064	79,948
	8,076,533	**7,299,541**	**4,787,384**	**4,554,183**

The Association had 69 full time equivalent employees at 30 June 2011 (57 at 30 June 2010).
The Consolidated entity had 96 full time equivalent employees at 30 June 2011 (85 at 30 June 2010).

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
(g) Administration and Management Expenses				
Travel and Accommodation	521,988	593,351	342,296	428,695
Communication	198,834	208,256	114,628	118,035
Stationery, Printing and Office Supplies	147,836	146,616	114,110	117,024
IT Services and Maintenance	254,881	219,303	545,576	564,075
Publications	225,486	172,946	225,486	172,946
Subscriptions and Memberships	33,214	32,972	33,073	32,500
Marketing and Promotions	309,029	305,011	101,619	139,916
General Administration Expenses	378,230	394,427	65,391	75,301
	2,069,498	**2,072,882**	**1,542,179**	**1,648,492**
(h) Grant Expenditure				
Refer also to note 16.				
Assist Stream	752,016	670,692	752,016	670,692
Advance Stream	2,308,283	-	2,308,283	-
Advocate Stream	3,057,843	6,163,015	3,057,843	6,163,015
	6,118,142	**6,833,707**	**6,118,142**	**6,833,707**
(i) Other Expenses				
Member Special Levy	175,362	-	175,362	-
Board and Meeting Fees	187,784	173,138	187,784	173,138
Consultants	1,095,418	872,187	1,089,934	872,187
Seminar and Events	448,769	516,969	448,769	522,018
Insurances	121,186	122,647	97,215	97,088
Fringe Benefits Tax	183,178	155,925	140,565	120,681
Industrial Relations Consultancy	2,374	41,793	2,374	41,793
Human Resources Consultancy	810,361	187,529	810,361	187,529
Local Government Week	-	44,926	-	44,926
Training Services	451,566	576,020	451,566	576,020
Study Tours	99,800	197,367	99,800	197,367
Reference Groups	8,248	31,488	8,248	31,488
Member Connect Program	67,685	186,359	67,685	186,359
Population Inquiry	27,991	237,910	27,991	237,910
Flood Inquiry - Recovered	610,054	-	610,054	-
Disaster Response - Recovered	206,278	-	206,278	-
Other Expenses - Recovered	360,733	302,833	153,108	302,833
General Expenses	224,697	226,366	188,696	137,715
Bad and Doubtful Debts	-	10,597	-	3,603
External Audit Fees	92,311	83,220	62,025	50,294
Tendered Arrangement	243,811	169,521	-	-
Hardware and Software	183,328	251,996	-	-
Shared Services	7,865,519	-	-	-
	13,466,453	**4,388,790**	**4,827,815**	**3,782,948**
(j) Borrowing Costs				
Interest Expense	**103,817**	-	**103,817**	-

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Statement of Financial Position - Disclosures

		Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
Note 3	**Cash and Cash Equivalents**				
	Cash on hand	1,300	1,800	500	1,000
	Cash at bank	1,929,704	520,206	298,923	252,343
	Deposits at call	10,118,004	4,878,351	8,535,898	3,120,251
		12,049,007	**5,400,357**	**8,835,320**	**3,373,594**
Note 4	**Trade and Other Receivables**				
	Current				
	Trade debtors and accruals	3,696,106	1,788,390	1,750,267	754,357
	Less allowance for impairment	-11,310	-	-	-
	Dividends and distributions receivable	348,214	173,157	1,320,668	1,457,000
	Other debtors - travel advances	12,668	11,218	10,068	8,618
		4,045,678	**1,972,765**	**3,081,003**	**2,219,976**
	Non-current				
	Dividends and distributions receivable	-	-	-	157,000
		-	-	-	**157,000**
	Total	**4,045,678**	**1,972,765**	**3,081,003**	**2,376,976**
	Movements in Allowance for Impairment				
	Balance at beginning of the year	-	129,506	-	-
	Amounts written off during the year	-	-93,969	-	-
	Amounts recovered during the year	-	-47,584	-	-
	Increase in allowance recognised in Statement of Comprehensive Income	11,310	12,047	-	-
	Balance at end of reporting period	**11,310**	-	-	-
Note 5	**Other Assets**				
	Current				
	Prepayments	557,037	316,870	480,267	234,905
		557,037	**316,870**	**480,267**	**234,905**
	Loan to associated entities				
	- QPG Shared Service Support Centres Joint Venture	-	1,301,705	-	1,301,705
	- Local Partnerships Services Pty Ltd	-	471,893	-	471,893
		-	**1,773,598**	-	**1,773,598**
	Non-current				
	Loan to owned entities				
	- DDS Unit Trust	-	-	20,000	20,000
	- Resolute I.T. Pty Ltd	-	-	700	700
	- Prevwood Pty Ltd	-	-	2,307,498	500,200
		-	-	**2,328,198**	**520,900**
	Total	**557,037**	**2,090,468**	**2,808,465**	**2,529,403**

In August 2006, the Association Executive agreed to lend Prevwood Pty Ltd $500,000 to fund the Association's initial investment in the QPG Shared Services Support Centres Joint Venture.

In March 2011, the Association Board resolved to lend Prevwood Pty Ltd an additional $1,807,298 to fund a further investment in the QPG Shared Services Support Centres Joint Venture. This investment increased the Association's interest in the Joint Venture from 50% to 66.6% and in Local Partnerships Services Pty Ltd (formerly UCMS Management Pty Ltd) from 50% to 100%. The effective date of this change was 1 July 2010.

The Loan to Prevwood is not currently accruing interest and no term has been yet specified for repayment.
The Association will not seek any repayment of this loan until such time as Prevwood is receiving sufficient profit returns from the QPG Joint Venture to fund the loan repayment.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
Note 6 Intangibles				
Internally Generated Systems and Software				
At Cost	3,092,888	3,370,180	2,839,557	2,964,206
Less accumulated amortisation	-1,396,965	-1,317,246	-1,276,382	-1,094,876
	1,695,923	**2,052,934**	**1,563,175**	**1,869,330**
Goodwill				
At Cost	842,760	-	-	-
Less accumulated impairment	-	-	-	-
	842,760	-	-	-
Total	**2,538,683**	**2,052,934**	**1,563,175**	**1,869,330**
Opening WDV	2,052,934	1,545,267	1,869,330	1,356,254
Additions	1,082,950	1,084,432	203,940	970,000
Disposals	-	-	-	-
Amortisation	597,201	576,765	510,095	456,924
Closing WDV	**2,538,683**	**2,052,934**	**1,563,175**	**1,869,330**
Note 7 Property, Plant and Equipment				
Freehold Land				
At fair value	3,250,000	3,250,000	3,250,000	3,250,000
	3,250,000	**3,250,000**	**3,250,000**	**3,250,000**
Building				
At fair value	7,968,499	8,038,027	7,968,499	8,038,027
Less accumulated depreciation	-1,128,784	-1,101,940	-1,128,784	-1,101,940
	6,839,715	**6,936,087**	**6,839,715**	**6,936,087**
Office Furniture and equipment				
At Cost	1,353,161	1,409,780	862,084	898,647
Less accumulated depreciation	-844,266	-807,289	-438,303	-416,342
	508,895	**602,491**	**423,781**	**482,305**
Motor Vehicles				
At Cost	554,256	452,795	489,634	386,486
Less accumulated depreciation	-79,914	-174,968	-71,737	-148,813
	474,342	**277,827**	**417,897**	**237,673**
Total	**11,072,952**	**11,066,405**	**10,931,393**	**10,906,065**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 7 Property, Plant and Equipment - Continued

Chief Entity Movements During the Reporting Period

2011	Opening WDV $	Revaluation $	Additions $	Disposals $	Depreciation $	Closing WDV $
Land	3,250,000	-	-	-	-	3,250,000
Building	6,936,087		-	-	96,372	6,839,715
Office Furniture and Equip	482,305	-	101,467	6,587	153,404	423,782
Motor Vehicles	237,673	-	489,634	218,009	91,401	417,897
Totals	**10,906,065**	**-**	**591,101**	**224,596**	**341,177**	**10,931,393**

Consolidated Entity Movements During the Reporting Period

2011	Opening WDV $	Revaluation $	Additions $	Disposals $	Depreciation $	Closing WDV $
Land	3,250,000	-	-	-	-	3,250,000
Building	6,936,087	-	-	-	96,372	6,839,715
Office Furniture and Equip	602,491	-	145,635	7,166	232,065	508,895
Motor Vehicles	277,827	-	554,256	255,885	101,856	474,342
Totals	**11,066,405**	**-**	**699,891**	**263,051**	**430,294**	**11,072,952**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 7 Property, Plant and Equipment - Continued

Chief Entity Movements During the Reporting Period

2010	Opening WDV $	Revaluation $	Additions $	Disposals $	Depreciation $	Closing WDV $
Land	3,250,000	-	-	-	-	3,250,000
Building	7,101,240	-	-	-	165,153	6,936,087
Office Furniture and Equip	362,919	-	284,880	9,829	155,665	482,305
Motor Vehicles	321,323	-	-	-	83,650	237,673
Totals	**11,035,483**	**-**	**284,880**	**9,829**	**404,468**	**10,906,065**

Consolidated Entity Movements During the Reporting Period

2010	Opening WDV $	Revaluation $	Additions $	Disposals $	Depreciation $	Closing WDV $
Land	3,250,000	-	-	-	-	3,250,000
Building	7,101,240	-	-	-	165,153	6,936,087
Office Furniture and Equip	526,545	-	322,666	9,834	236,886	602,491
Motor Vehicles	372,986	-	-	-	95,159	277,827
Totals	**11,250,772**	**-**	**322,666**	**9,834**	**497,199**	**11,066,405**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 8 Interest in LGIS Joint Venture

Local Government Infrastructure Services Pty Ltd

On 26 August 2005, LGAQ, in conjunction with Queensland Treasury Corporation, formed Local Government Infrastructure Services Pty Ltd, each holding (50%) of the share capital of the company.

The principal activity of the joint venture is to provide assistance to Queensland local governments in relation to infrastructure procurement.

The joint venture has a reporting date as at 30 June. This date is in line with the reporting date of Queensland Treasury Corporation. Results reported here represent LGAQ's investment at 30 June 2011.

On commencing the joint venture the LGAQ contributed $100,000 to the company. This amount forms part of the net assest of the joint venture and is repayable to the LGAQ on agreement between the LGAQ and the Board of the company.

	2011 $	2010 $
Results of Joint Venture Entity		
Statement of Comprehensive Income		
Revenues	33,713,000	52,710,419
Expenses	33,003,000	52,276,419
Profit before income tax expense	**710,000**	**434,000**
Income tax expense		
Net profit	**710,000**	**434,000**
Statement of Financial Position		
Current assets	12,369,000	14,648,315
Non-current assets	-	-
Total assets	**12,369,000**	**14,648,315**
Current liabilities	10,598,000	13,409,861
Non-current liabilities	-	-
Total liabilities	**10,598,000**	**13,409,861**
Net assets	**1,771,000**	**1,238,454**

LGAQ's share of the joint venture entity's result and retained profits for the year ended 30 June 2011, including movements in carrying amount of investment, consists of:

	2011	2010
Share of post-acquisition retained profits		
Share at beginning of reporting period	519,227	384,227
Share of net result	355,000	217,000
Dividend Paid	-88,668	-82,000
Share at end of reporting period	**785,559**	**519,227**
Movements in carrying amount of investment		
Carrying amount at beginning of reporting period	619,227	484,227
Investments acquired during the period	-	-
Share of net result	355,000	217,000
Dividends Paid	-88,668	-82,000
Carrying amount at end of reporting period	**885,559**	**619,227**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 9 Interest in Shared Services Ventures

(a) QPG Shared Services Support Centres Joint Venture

The QPG Shared Services Support Centres Joint Venture was established on 6 February 2007. The joint venture participants, Prevwood Pty Ltd and Partnerships Australia Pty Ltd, entered into an agreement to establish a joint venture and appoint Queensland Partnerships Group (LG Shared Services) Pty Ltd as the manager of the joint venture. The term of the joint venture is 10 years commencing from 6 February 2007. The term can be extended by mutual agreement by the participants for a further 5 years.

The principal activity of the joint venture is to provide assistance to Queensland local governments in relation to shared service arrangements.

On 1 July 2010 Prevwood acquired an additional 16.67% share in the QPG Shared Services Support Centres Joint Venture. The acquisition has resulted in Prevwood Pty Ltd increasing its share in the venture to 66.67% while Partnerships Australia Pty Ltd has reduced its share to 33.33%. This acquisition has resulted in Prevwood Pty Ltd now controlling the financial and operating policies of the venture. As a result from 1 July 2010 Prevwood's interest in this venture is included in the consolidated group in accordance with AASB 127 *Consolidated and Separate Financial Statements* and AASB 3 *Business Combinations* .

Prior to 1 July 2010, Prevwood equity accounted for its 50% share in the Joint venture. Clause 3.9 (a) of the Joint Venture Agrement states that each Joint Venture particpant is severally liable for its Individual Share of all costs and expenses relating to or arising out of the QPG Business. As a result of this obligation Prevwood's share of the accumulated losses in the Joint Venture ($721,055 as at 30 June 2010) are recorded as a non-current liability on the face of the Statement of Financial Position.

The joint venture has a reporting date as at 30 June. This date is in line with the reporting date of the venture for taxation purposes. Results reported here represent Prevwood's investment as at 30 June 2010 and 2011.

	2011	13 Months 2010
Results of Joint Venture Entity	$	$
Statement of Comprehensive Income		
Revenues	7,559,418	7,843,491
Expenses	7,877,423	8,270,291
Profit before income tax expense	(318,005)	(426,800)
Income tax expense		
Net profit	**(318,005)**	**(426,800)**
Statement of Financial Position		
Current assets	1,403,502	806,706
Non-current assets	-	-
Total assets	1,403,502	806,706
Current liabilities	981,318	947,110
Non-current liabilities	-	1,301,705
Total liabilities	981,318	2,248,815
Net assets	**422,184**	**(1,442,109)**

Prevwood's share of the joint venture entity's result for the period ended 30 June 2010 and 2011, including movements in carrying amount of investment, consists of:

	2011	2010
Share of post-acquisition retained profits		
Share at beginning of reporting period	(1,628,887)	(1,007,655)
Share of net result	(212,109)	(213,400)
Share at end of reporting period	**(1,840,996)**	**(1,221,055)**
Movements in carrying amount of investment		
Carrying amount at beginning of reporting period	(721,054)	(507,655)
Increased share as result of acquisition	(240,290)	-
Share of Investments of equity during the period	1,454,926	-
Share of net result	(212,109)	(213,400)
Carrying amount at end of reporting period	**281,473**	**(721,054)**

For the 2011 year the Joint Venture results are incorporated into the consolidated position as a result of the change in control as outlined above however the 30 June 2011 figures have been disclosed here to assist with direct comparability.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 9 Interest in Shared Services Ventures (Continued)

(b) Services Queensland

The Services Queensland Partnership was established on 12 October 2007. The partnership partners, Ipswich City Enterprises Investments Pty Ltd, Partnerships Australia Pty Ltd and Prevwood Pty Ltd, entered into an agreement to establish a partnership and appoint Local Partnerships Services Pty Ltd (Formerly UCMS Management Pty Ltd) as the manager of the partnership. The current Partnership interests are Ipswich City Enterprises Investments Pty Ltd (50%), Partnerships Australia Pty Ltd (16.67%) and Prevwood Pty Ltd (33.33%).

The partners entered into the partnership agreement with the view of developing a business that provides shared services to various entities including local government councils.

The partnership has a reporting date as at 30 June. This date is in line with the reporting date of the partnership for taxation purposes. Results reported here represent Prevwood's investment as at 30 June 2010 and 2011.

	2011	**13 Months Restated 2010**
Results of the Partnership	$	$
Statement of Comprehensive Income		
Revenues	7,149,641	7,816,363
Expenses	5,356,655	6,761,780
Profit before income tax expense	1,792,986	1,054,583
Income tax expense		
Net profit	**1,792,986**	**1,054,583**
Statement of Financial Position		
Current assets	875,011	1,420,760
Non-current assets	-	-
Total assets	875,011	1,420,760
Current liabilities	875,011	1,420,760
Non-current liabilities	-	-
Total liabilities	875,011	1,420,760
Net assets	**-**	**-**

Prevwood's share of the partnership's result for the period ended 30 June 2010 and 2011, including movements in carrying amount of investment, consists of:

Share of post-acquisition retained profits		
Share at beginning of reporting period	-	(99,457)
Share of net result	1,136,389	272,614
Distributions paid	(1,136,389)	(173,157)
Share at end of reporting period	**-**	**-**
Movements in carrying amount of investment		
Carrying amount at beginning of reporting period	-	(99,457)
Investments during the period	-	-
Share of net result	1,136,389	272,614
Distributions paid	(1,136,389)	(173,157)
Carrying amount at end of reporting period	**-**	**-**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 9 Interest in Shared Services Ventures (Continued)

(c) Local Partnerships Services Pty Ltd

Local Partnerships Services (formerly UCMS Management Pty Ltd) is a company limited by shares, first incorporated and domiciled in Australia. The company was formerly owned and controlled equally by Partnerships Australia Pty Ltd (50%) and Prevwood Pty Ltd (50%).

On 12 October 2007 UCMS Management Pty Ltd was appointed as the manager of the Services Queensland partnership and the company exists primarily to assist the Services Queensland partnership in providing its shared services solutions.

On 4 April 2011 Partnerships Australia Pty Ltd and Prevwood Pty Ltd entered into an agreement for Prevwood Pty Ltd to take 100% ownership of the Company (effective 1 July 2010). This agreement has resulted in Prevwood Pty Ltd solely controlling the financial and operating policies of the company. As a result from 1 July 2010 Prevwood's ownership of Local Partnerships Services Pty Ltd is included in the consolidated group in accordance with AASB 127 *Consolidated and Separate Financial Statements* and AASB 3 *Business Combinations*.

The company has a reporting date as at 30 June. This date is in line with the reporting date of the company for taxation purposes. Results reported here represent Prevwood's investment as at 30 June 2010 and 2011.

	2011	**13 Months 2010**
Results of the Company	$	$
Statement of Comprehensive Income		
Revenues	259,082	704,036
Expenses	259,082	704,036
Profit before income tax expense		
Income tax expense		
Net profit	**-**	**-**
Statement of Financial Position		
Current assets	35,231	524,190
Non-current assets	-	-
Total assets	35,231	524,190
Current liabilities	34,831	523,790
Non-current liabilities	-	-
Total liabilities	34,831	523,790
Net assets	**400**	**400**

Prevwood's share of the company's result for the period ended 30 June 2010, including movements in carrying amount of investment, consists of:

Share of post-acquisition retained profits		
Share at beginning of reporting period	-	-
Share of net result	-	-
Share at end of reporting period	-	-
Movements in carrying amount of investment		
Carrying amount at beginning of reporting period	200	200
Investments during the period	-	-
Investments resulting from change in shareholding	200	-
Share of net result	-	-
Carrying amount at end of reporting period	**400**	**200**

For the 2011 year the company results are incorporated into the consolidated position as a result of the change in control as outlined above however the 30 June 2011 figures have been disclosed here to assist with direct comparability.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Note 10 Trade and Other Payables				
Trade Creditors	3,735,758	2,673,466	1,638,334	1,761,749
GST Payable	321,657	35,719	311,494	2,620
	4,057,415	**2,709,185**	**1,949,828**	**1,764,369**

Note 11 Borrowings

Current				
QTC Generic Debt Pool Loan Facility	258,718	-	258,718	-
Non-current				
QTC Generic Debt Pool Loan Facility	1,514,880	1,773,598	1,514,880	1,773,598
	1,773,598	**1,773,598**	**1,773,598**	**1,773,598**

All borrowings are carried at amortised cost and interest expensed as it accrues. No interest has been capitalised during the current or comparative reporting period.

In September 2004, a working capital facility with Queensland Treasury Corporation was approved which currently has an approved limit $1.5 million. This facility remained fully undrawn at 30 June 2011 and is available for use in the next reporting period.

In October 2007, a debt pool loan facility with Queensland Treasury Corporation was approved with a limit of $2 million. The loan facility was established to provide working capital funding to the QPG Shares Services Support Centres Joint Venture and fund Prevwood Pty Ltd's investments in the Shared Services Business more generally. The loan was first drawn upon in March 2008 and the term of the debt pool loan is 10 years from the date of this first draw down. The expected final repayment date on the loan is currently 15 March 2018.

The Association's building (Local Government House) has been utilised as security against these borrowing facilities. There have been no loan agreement breaches during the current reporting period.

Note 12 Employee Benefits

(a) Accrued Employee Benefits				
Current				
Annual Leave	565,163	455,498	406,382	314,688
Non-current				
Annual Leave	127,534	157,842	109,475	123,058
	692,697	**613,340**	**515,857**	**437,746**
(b) Provision for Employee Benefits				
Current				
Long Service Leave	18,709	16,038	18,709	15,257
Non-current				
Long Service Leave	538,975	475,779	477,049	419,150
	557,684	**491,817**	**495,758**	**434,407**
Movement in Benefits				
Balance at beginning of the year	1,105,157	1,044,644	872,153	788,000
Additional benefits recognised	776,327	759,132	566,479	517,280
Reductions in benefits as a result of payments	-631,103	-698,620	-427,017	-433,128
Balance at end of reporting period	**1,250,381**	**1,105,157**	**1,011,615**	**872,153**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Note 13 Equity				
(a) Reserves				
Composition of Reserves				
Asset Revaluation Reserve	6,623,300	6,623,300	6,623,300	6,623,300
General Reserve	700,259	700,259	700,259	700,259
	7,323,559	**7,323,559**	**7,323,559**	**7,323,559**
Movements in Reserves				
* *Asset revaluation reserve*				
Balance at beginning of reporting period	6,623,300	6,623,300	6,623,300	6,623,300
Revaluation increment of non-current assets	-	-	-	-
Balance at end of reporting period	**6,623,300**	**6,623,300**	**6,623,300**	**6,623,300**
General Reserve				
Balance at beginning of reporting period	700,259	700,259	700,259	700,259
Balance at end of reporting period	**700,259**	**700,259**	**700,259**	**700,259**
(b) Retained Surpluses				
Balance at beginning of reporting period	9,261,086	6,897,660	9,134,139	6,974,089
Adjustment on Correction of Error	-	5,475	-	-
Add Transfer to/(from) Surplus/(Deficit)	6,524,288	2,359,296	5,435,901	2,160,050
Less Minority Interest	104,941	-1,346	-	-
Balance at end of reporting period	**15,890,315**	**9,261,086**	**14,570,040**	**9,134,139**
* **Closing Balance of Asset Revaluation Reserve by Class**				
Freehold Land				
Opening Balance	2,070,000	2,070,000	2,070,000	2,070,000
Current Year Revaluation Increment	-	-	-	-
Balance at end of reporting period	**2,070,000**	**2,070,000**	**2,070,000**	**2,070,000**
Building				
Opening Balance	4,553,300	4,553,300	4,553,300	4,553,300
Current Year Revaluation Increment	-	-	-	-
Balance at end of reporting period	**4,553,300**	**4,553,300**	**4,553,300**	**4,553,300**
Total	**6,623,300**	**6,623,300**	**6,623,300**	**6,623,300**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 14 Statement of Cash Flows - Disclosures

(a) Cash and Cash Equivalents at the end of the year, as shown in the Statement of Cash Flows

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
Cash at hand				
Petty Cash	1,300	1,800	500	1,000
Cash at bank				
National Aust Bank Transaction Account				
- LGAQ Imprest Account	409,109	252,343	298,923	252,343
- Local Buy Pty Ltd Cheque Account	-	121,189	-	-
- Resolute Information Technology Pty Ltd Cheque Account	130,044	98,282	-	-
- Resolute I.T. Pty Ltd Cheque Account	66,466	48,392	-	-
- Prevwood Pty Ltd	-	-	-	-
- QPG Shared Services Joint Venture	1,324,085	-	-	-
Deposits at call				
QTC Investment Trust				
- QTC Cash Fund LGAQ	8,427,660	3,017,530	8,427,660	3,017,530
- QTC Cash Fund LGAQ Reserve	108,237	102,720	108,237	102,720
- QTC Cash Fund Local Buy Pty Ltd	1,214,773	1,120,903	-	-
- QTC Cash Fund Resolute Info. Tech. Pty Ltd	367,171	637,043	-	-
- QTC Cash Fund Prevwood Pty Ltd	162	154	-	-
	12,049,007	**5,400,357**	**8,835,320**	**3,373,594**

(b) Reconciliation of Operating Surplus (Deficit) to Net Cash from Operating Activities

	Consolidated 2011 $	Consolidated 2010 $	Chief Entity 2011 $	Chief Entity 2010 $
Operating Surplus (Deficit)	6,524,288	2,359,296	5,435,901	2,160,050
(Profit)/Loss on Disposals of Non-current assets	-13,160	7,834	-15,250	7,829
Depreciation of Non-current assets	1,027,494	1,073,964	851,272	861,393
Share of (Profits) in LGIS Joint Venture	-355,000	-217,000	-	-
Dividend Received from LGIS Joint Venture	88,668	82,000	-	-
Share of Loss in Shared Services Ventures	-	113,943	-	-
Change in operating assets and liabilities				
(Increase)/Decrease in Assets				
Prepayments	-222,864	284,836	-245,363	332,646
Trade and Other Debtors	-1,056,329	-50,188	-704,028	-115,491
Increase/(Decrease) in Liabilities				
Creditors & Borrowing Costs	54,628	-70,059	185,459	296,129
Employee Entitlements	145,224	60,514	139,462	84,154
Subscriptions in Advance	27,656	-232,047	27,656	-232,047
Unearned Income	50,874	197,991	50,874	197,991
Member Special Levy	324,638	-	324,638	-
Net cash from operating activities	**6,596,118**	**3,611,083**	**6,050,622**	**3,592,654**

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 15 Financial Instruments

Further details of the significant accounting policies in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

(a) Categorisation of Financial Instruments

The consolidated entity and the Association have the following categories of financial assets and financial liabilities with coresponding exposure to interest rates at the reporting date is as follows:

Class	Average	Consolidated			Chief Entity		
	Interest	Variable Interest rate	Fixed Interest rate	Non Interest Bearing	Variable Interest rate	Fixed Interest rate	Non Interest Bearing
2011	rate %	$	$	$	$	$	$
Financial Assets							
Cash and Cash Equivalents	5.34%	12,047,707		1,300	8,834,820		500
Trade and Other Receivables				4,045,678			3,081,003
Loan to Owned Entities	5.74%	-			-		2,328,198
		12,047,707	-	4,046,978	8,834,820	-	5,409,701
Financial Liabilities							
Trade Payables				4,057,415			1,949,828
QTC Borrowing	5.74%	1,773,598			1,773,598		
		1,773,598	-	4,057,415	1,773,598	-	1,949,828

Class	Average	Consolidated			Chief Entity		
	Interest	Variable Interest rate	Fixed Interest rate	Non Interest Bearing	Variable Interest rate	Fixed Interest rate	Non Interest Bearing
2010	rate %	$	$	$	$	$	$
Financial Assets							
Cash and Cash Equivalents	4.12%	5,398,557		1,800	3,372,594		1,000
Trade and Other Receivables				1,972,765			2,376,976
Loan to Owned Entities	5.78%	-			-		520,900
		5,398,557	-	1,974,565	3,372,594	-	2,898,876
Financial Liabilities							
Trade Payables				2,709,185			1,764,369
QTC Borrowing	5.78%	1,773,598			1,773,598		
		1,773,598	-	2,709,185	1,773,598	-	1,764,369

(b) Financial Risk Management

The consolidated entity and Association's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk is primarily managed by the Association's Board, Audit and Compliance Committee and the respective Boards of Directors of its subsidiaries and jointly controlled entities. Credit risk is generally measured using ageing analsyis while market risk is measured by undertaking interest rate sensitivity analysis.

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 15 Financial Instruments - Continued

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the consolidated entity and Association may incur a financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk, at the reporting date, for each class of financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment as detailed in note 15(a).

The consolidated entity and Association manages credit risk by investing in secure assets and monitoring all funds owed on an ongoing basis. No collateral is held as security on financial assets held by the consolidated entity and no financial assets and financial liabilities have been offset and presented net in the statement of financial position.

The method of calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit positions.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. All past due receivables have been deemed to be recoverable (unless otherwise impaired) in accordance with note 1 (h). Debtors are contacted regularly to asses and ensure collectability of receivables. The ageing of the consolidated entity's and Association's trade and other receivables at the reporting date is as follows:

	Consolidated			Chief Entity		
Ageing	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
2011	**$**	**$**	**$**	**$**	**$**	**$**
Trade Receivables						
Not Past Due (less than 30 days ageing)	2,736,572	-	2,736,572	1,364,566	-	1,364,566
Past Due (30-60 days ageing)	606,696	-	606,696	254,531	-	254,531
Past Due (60-90 days ageing)	117,014	-	117,014	17,200	-	17,200
Past Due (more than 90 days ageing)	235,824	11,310	224,514	113,970	-	113,970
			-			
Other Receivables						
Current (less than 1 year ageing)	360,882	-	360,882	1,330,736	-	1,330,736
Non-Current (more than 1 year ageing)				-	-	-
	4,056,988	11,310	4,045,678	3,081,003	-	3,081,003

	Consolidated			Chief Entity		
Ageing	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
2010	**$**	**$**	**$**	**$**	**$**	**$**
Trade Receivables						
Not Past Due (less than 30 days ageing)	987,809	-	987,809	277,403	-	277,403
Past Due (30-60 days ageing)	449,696	-	449,696	363,643	-	363,643
Past Due (60-90 days ageing)	240,160	-	240,160	68,116	-	68,116
Past Due (more than 90 days ageing)	110,725	-	110,725	45,195	-	45,195
Other Receivables						
Current (less than 1 year ageing)	184,375	-	184,375	1,465,618	-	1,465,618
Non-Current (more than 1 year ageing)	-	-	-	157,000	-	157,000
	1,972,765	-	1,972,765	2,376,976	-	2,376,976

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 15 Financial Instruments - Continued

(d) Liquidity Risk

Liquidity risk refers to the situation where the consolidated entity and Association may encounter difficulty in meeting obligations associated with financial liabilities.

The consolidated entity and Association manage liquidity risk by monitoring forecast and actual cash flows and generally matching the maturity profiles of financial assets and liabilities to ensure that adequate liquid funds are maintained.

Trade payables are short term in nature and are generally settled within 30 days. The debt pool loan facility with Queensland Treasury was first drawn upon in March 2008 and is repayable within 10 years of that date.

(e) Market Risk

The consolidated entity and Association does not trade in foreign currency and is not materially exposed to commodity price changes. The consolidated entity is exposed to interest rate risk through its borrowing from Queensland Treasury Corporation and cash deposited in interest bearing accounts. The consolidated entity and Association do not undertake any hedging in relation to interest rate risk.

(f) Interest Rate Sensitivity Analysis

The consolidated entity and Association's exposure to interest rate risk, which is that a financial instrument's value will fluctuate as a result of changes in market interest rate, and the resultant impact of a +/- 1% change in interest rate will have an effect on profit and equity as follows:

		Consolidated			Chief Entity		
Class 2011	Interest Rate Move %	Carrying Amount $	Profit Increase (Decrease) $	Equity Increase (Decrease) $	Carrying Amount $	Profit Increase (Decrease) $	Equity Increase (Decrease) $
Financial Assets							
Cash and Cash Equivalents	+ 100 bpts	12,047,707	120,477	120,477	8,834,820	88,348	88,348
Loan to Owned Entities	+ 100 bpts	-	-	-	-	-	-
Financial Liabilities							
QTC Loan	+ 100 bpts	1,773,598	(17,736)	(17,736)	1,773,598	(17,736)	(17,736)
Total Impact			102,741	102,741		70,612	70,612
Financial Assets							
Cash and Cash Equivalents	- 100 bpts	12,047,707	120,477	120,477	8,834,820	(88,348)	(88,348)
Loan to Owned Entities	- 100 bpts	-	-	-	-	-	-
Financial Liabilities							
QTC Loan	- 100 bpts	1,773,598	(17,736)	(17,736)	1,773,598	17,736	17,736
Total Impact			102,741	102,741		(70,612)	(70,612)

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Note 15 Financial Instruments - Continued

(f) Interest Rate Sensitivity Analysis - Continued

Class	Interest Rate Move	Consolidated			Chief Entity		
2010	%	Carrying Amount $	Profit Increase (Decrease) $	Equity Increase (Decrease) $	Carrying Amount $	Profit Increase (Decrease) $	Equity Increase (Decrease) $
Financial Assets							
Cash and Cash Equivalents	+ 100 bpts	5,398,557	53,986	53,986	3,372,594	33,726	33,726
Loan to Owned Entities	+ 100 bpts	-	-	-	-	-	-
Financial Liabilities							
QTC Loan	+ 100 bpts	1,773,598	(17,736)	(17,736)	1,773,598	(17,736)	(17,736)
Total Impact			36,250	36,250		15,990	15,990
Financial Assets							
Cash and Cash Equivalents	- 100 bpts	5,398,557	(53,986)	(53,986)	3,372,594	(33,726)	(33,726)
Loan to Owned Entities	- 100 bpts	-	-	-	-	-	-
Financial Liabilities							
QTC Loan	- 100 bpts	1,773,598	17,736	17,736	1,773,598	17,736	17,736
Total Impact			(36,250)	(36,250)		(15,990)	(15,990)

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**

Note 16 Unexpended Grant Funds Held by Association

Opening Balance	3,721,507	1,585,905	3,721,507	1,585,905
Plus current year movement	5,993,350	2,135,602	5,993,350	2,135,602
Balance	**9,714,857**	**3,721,507**	**9,714,857**	**3,721,507**

Note 17 Remuneration of Directors and Policy Executive Members

On 31 August 2010 the Association adopted a new Constitution that now sees the organisation governed and represented by both a Board of Directors and a Policy Executive.

Board of Directors
The Association's Board of Directors is responsible for the operation of the business of the Association. The Board of four Directors consist of the President (elected by members at the Annual General Meeting) and three other Directors elected by and from the Policy Executive.

The following councillors held office as Directors of the Association from 1 July 2010 up to the balance date:

Cr P Bell (President)
Cr B Abbot
Cr M de Wit
Cr B McNamara

Remuneration is received by the President and Directors of the Association in connection with their roles involving the governance and representation of the Association. The remuneration (being fees, allowances and superannuation) paid to the President and Directors was $124,296 and $18,165 respectively for the current financial period.

Policy Executive
The Association's Policy Executive is responsible for the determination of the Association's policy on behalf of members councils. The Policy Executive consists of 13 district representatives and the President.

In addition to the Directors detailed above the following councillors held office as Policy Executive Members of the Association from 1 July 2010 up to the balance date:

Cr G Belz
Cr R Clarke
Cr R Dare
Cr P Gregory
Cr P Koongotema (Removed 14 April 2011)
Cr R Loughnan
Cr P Pisasale
Cr L Pyefinch
Cr P Taylor
Cr L Tyrell
Cr A Lacey (Appointed 25 May 2011)

Remuneration is received by Policy Executive Members in connection with their roles involving the governance and representation of the Association. The remuneration (being fees, allowances and superannuation) paid to Policy Executive Members ranged between $1,630 and $6,392 for the current financial period.

Note 18 Related Entities

	Country of Incorporation	Ownership 2011	Ownership 2010
Chief Entity			
Local Government Association of Queensland Ltd	Australia		
Controlled Entities			
DDS Unit Trust - Resolute Information Technology Pty Ltd as trustee	Australia	100%	100%
Local Buy Trading Trust - Local Buy Pty Ltd as trustee	Australia	100%	100%
Resolute I.T. Pty Ltd	Australia	70%	70%
Prevwood Pty Ltd	Australia	100%	100%
QPG Shared Services Support Centres Joint Venture	Australia	66.6%	50%
Queensland Partnerships Group (LG Shared Services) Pty Ltd	Australia	66.6%	50%
Local Partnerships Services Pty Ltd	Australia	100%	50%
LG Disaster Recovery Services Pty Ltd	Australia	100%	-
Other Related Entities			
Local Government Infrastructure Services Pty Ltd	Australia	50%	50%
Services Queensland	Australia	33.3%	25%

The above Unit Trusts are under the trusteeship of the respective companies as stated. These trustee companies are controlled entities of the LGAQ.

Resolute Information Technology Pty Ltd, Local Buy Pty Ltd have not traded in their own right.

Prevwood Pty Ltd is a controlled entity established by the LGAQ to invest in the Shared Services Ventures on behalf of the Association and has not traded in its own right.

LG Disaster Recovery Services Pty Ltd has not yet commenced trading.

Note 19 Business Combinations

(a) Summary of Acquisition

On 1 July 2010 the Association via its wholly owned subsidiary Prevwood acquired an additional 16.67% share in the the QPG Shared Services Support Centres Joint Venture. The acquisition has resulted in Prevwood Pty Ltd increasing its share in the venture to 66.67% while Partnerships Australia Pty Ltd has reduced its share to 33.33%. This acquisition has resulted in the Association now controlling the financial and operating policies of the venture via Prevwood. Through this transaction Prevwood Pty Ltd also entered into an agreement to take 100% ownership of the Local Partnerships Services Pty Ltd (effective 1 July 2010). This agreement has resulted in the Association also solely controlling the financial and operating policies of the company via Prevwood.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$
Purchase consideration	
Total cash injected into venture	1,807,298
Less Prevwood debt repaid	650,852
Less Share of cash injected controlled post acq (66.67%)	337,079
Total purchase consideration	**819,367**

The assets and liabilities recognised in the venture at the time of share increase are as

Cash and Cash Equivalants	119,440
Trade and Other Recivables	964,557
Prepayments	17,304
Trade and Other Payables	-1,241,705
Borrowings	-1,301,705
Net Assets 30 June 2010	**-1,442,109**
Add Extinguishment of Loan Payable	1,301,705
Net Identifiable Assets Acquired (100%)	**-140,404**
Add Non-controlling interest (33.33%)	46,809
Add Share previously held (50%)	70,202
Add Goodwill	842,760
	819,367

Note 19 Business Combinations (Continued)

(a) Summary of Acquisition

The Non-controlling interest was recognised at the fair value of their share of the net identifiable assets acquired. The goodwill is attributable to the Associations increased share in the future cashflows generated by the commercial activities of the business.

(b) Purchase Consideration

Inflow (Outflow) of cash to acquire increased share in venture, net of cash acquired

Total cash contributed	-1,807,298
Add Cash contributed retained within group	1,807,298
Add Cash balance acquired	119,440
Add Cash balance acquired	472,163
Outflow of Cash - Investing Activities	**591,603**

Note 20 Non Controlling Interests

Resolute I.T. Pty Ltd is a company limited by shares and was first incorporated on 31 May 2007. The company was established for the purpose of providing information technology related services to prospective clients in the private sector.

The LGAQ maintains control of Resolute I.T. Pty Ltd by virtue of the fact it holds 70% of the shares in the company with the remaining 30% of on issue share capital being held by an independent minority party.

The QPG Shared Services Support Centres Joint Venture was established on 6 February 2007. The joint venture was established to provide assistance to Queensland local governments in relation to shared service arrangements.

The LGAQ maintains control of the joint venture by virtue of the fact Prevwood Pty Ltd holds 66.67% of the share in the joint venture with the remaining 33.33% being controlled by Partnerships Australia Pty Ltd .

Note 21 Contingent Liability

The Association has sought a legal opinion in relation to its exemption, or otherwise, from payroll tax under section 14 of the Payroll Tax Act (1971). The Association has subsequently provided a submission to the Office of State Revenue requesting that the Association be granted an exemption under this section of the Act. Any determination that the Association is in fact not able to be granted an exemption under this section of the Act would likely result in a liability for prior year payroll tax payable.

The Association is of the opinion that a provision is not required in respect of this matter, as the probability that a future sacrifice of economic benefits will occur and the amount of liability is not capable of reliable measurement at this time.

Note 22 Events Occurring After Balance Date

There are no matters or circumstances which have arisen since the end of the financial year that have 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 years.

Note 23 Commitments for Lease Expenditure

Operating Lease Liability

Commitments under operating leases as at the reporting date are inclusive of GST and are payable as follows:

	Consolidated **2011** $	Consolidated **2010** $	Chief Entity **2011** $	Chief Entity **2010** $
Not later than one year	81,744	162,323	-	4,354
Later than one year and not later than five years	-	80,722	-	-
Later than five years	-	-	-	-
Total	**81,744**	**243,046**	-	**4,354**

The DDS Unit Trust entered into a renewed 3 year lease agreement on 1 January 2009 for its existing Brisbane premises. The lease currently expires on 31 December 2011. As at 30 June 2011 the remaining financial obligation under the lease is $81,744 inc GST and is not provided for in the financial report.

This operating lease was entered into as a means of securing office accommodation. Lease payments are fixed, but with annual inflation escalation clauses upon which the commitments are determined. No renewal or purchase options exists under this operating lease.

Note 24 The Fred Rogers Memorial Trust

The Association acts as trustee for the Fred Rogers Memorial Trust which was established to fund research projects. As the Association performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by it and accordingly, are not recognised in the financial statements. They are, however, disclosed in these notes for the information of users.

Accumulated Funds	**2011**	**2010**
	$	$
Accumulated Funds	77,338	165,062
Surplus/(Deficit)	3,202	-87,723
Total Accumulated Net Assets	**80,540**	**77,338**

Current Assets		
BT Australia Local Authorities Investment Trust	79,731	76,635
Accrued Interest	809	703
Total Assets	**80,540**	**77,338**
Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	**80,540**	**77,338**

Trust Revenues and Expenses		
Revenue		
Interest - BT Local Authorities Trust	3,202	3,338
Total Income	**3,202**	**3,338**
Expenses		
Fellowship Grants Paid	-	91,061
Total Expenditure	-	**91,061**
Surplus/(Deficit)	**3,202**	**-87,723**

Note 25 Mt Emerald Trust

The Association acts as trustee for the Mt Emerald Trust which was established to provide and administer the funds necessary to enable persons to undertake recognised courses of study in matters relevant to Local Government. As the Association performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by it and accordingly, are not recognised in the financial statements. They are, however, disclosed in these notes for the information of users.

Accumulated Funds	**2011**	**2010**
	$	$
Accumulated Funds	92,813	88,876
Surplus/(Deficit)	4,985	3,937
Total Accumulated Net Assets	**97,798**	**92,813**
Current Assets		
QTC Cash Fund Mt Emerald	97,798	92,813
Accrued Interest		
Total Assets	**97,798**	**92,813**
Net Assets	**97,798**	**92,813**
Trust Revenues and Expenses		
Revenue		
Interest	5,083	4,038
Total Income	**5,083**	**4,038**
Expenses		
Bank Charges	98	101
Total Expenditure	**98**	**101**
Surplus/(Deficit)	**4,985**	**3,937**

INDEPENDENT AUDITOR'S REPORT

To the Members of the Local Government Association of Queensland Ltd

Report on the Financial Report

I have audited the accompanying financial report of the Local Government Association of Queensland Ltd, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001,* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed 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 entity's preparation of the financial report that gives a true and fair view 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 entity'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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Local Government Association of Queensland Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion –

(a) the financial report of the Local Government Association of Queensland Ltd is in accordance with the *Corporations Act 2001*, including –

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Local Government Association of Queensland Ltd and the consolidated entity for the year ended *30 June 2011*. Where the financial report is included on the Local Government Association of Queensland Ltd's website the company's directors are responsible for the integrity of the Local Government Association of Queensland Ltd's website and I have not been engaged to report on the integrity of the Local Government Association of Queensland Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

B P WORRALL, FCA
Delegate of the Auditor-General of Queensland

Signed at Brisbane on 30 September 2011