LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND LTD

ABN 11 010 883 293

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

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Directors' Report

The directors submit the following report for the year ended 30 June 2012 made in accordance with a resolution of the Board of directors.

Company Details

The Local Government Association of Queensland Ltd has its Principle Place of Business and Registered Office at Level 2, 25 Evelyn St Newstead Queensland.

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 2012 were:

Director	Appointed	Resigned
Cr P Bell	1 July 2010	-
Cr B Abbot	1 July 2010	27 July 2012
Cr M de Wit	1 July 2010	-
Cr B McNamara	1 July 2010	27 July 2012
Cr A Sutherland	28 July 2012	-
Cr R Brown	28 July 2012	-

Directors' Meetings

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

Director	Attended / Eligible
Cr P Bell	9 / 9
Cr B Abbot	8 / 9
Cr M de Wit	8 / 9
Cr B McNamara	9 / 9
Cr A Sutherland	0 / 0
Cr R Brown	0 / 0

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

Cr M de Wit

Graduate of Aust. Institute of Company Directors; Graduate Diploma of Business Administration (QUT); Diploma of Financial Planning (Deakin University); Councillor Brisbane City Council 15 yrs; Chairman Role Brisbane City Council 4 yrs; Member Regional Development Australia 2 yrs; Kenmore Chamber of Commerce Management Committee 6 yrs

Information on Directors - Continued

Applicable Qualifications, Experience & Special Responsibilities

Cr B McNamara

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

Cr A Sutherland

Diploma of Business; Mayor Moreton Bay Regional Council 4 yrs; Mayor Redcliffe City Council 4 yrs; Deputy Mayor Redcliffe City Council 7 yrs; Councillor Redcliffe City Council 3 yrs

Cr R Brown

Mayor Western Downs Regional Council 5 yrs; Deputy Mayor and Councillor Tara Shire Council 17 yrs; Commissioner Gasfields Commission; Chairman Surat Basin Leadership Group; Chairman Western Downs Housing Trust

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.

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

In March 2012 the Association purchased a property adjacent to its current building at 25 Evelyn Street to allow for the construction of a future extension to the Association's existing building. In July 2012 the Association entered into a construction contract with Pelicano Builders Pty Ltd to construct an extension to the existing Association Building for $6,000,000 (excluding GST). The commencement of this construction project is subject to the negotiation of an appropriate loan agreement with Queensland Treasury Corporation. As at the date of this report the execution of this loan agreement is yet to be finalised with Queensland Treasury Corporation. In September 2012 the Association entered into a lease commitment with Jardine Lloyd Thompson Pty Ltd to enable them to lease the newly created office space once construction of the building extension is complete.

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 Queensland Ltd for the year ended 30 June 2012 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 2012 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: 28 September 2012

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Local Government Association of Queensland Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of Local Government Association of Queensland Ltd for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been –

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

B P WORRALL, FCA
(as delegate of the Auditor-General of Queensland)

Signed at Brisbane, 26 September 2012

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 2012, 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 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: 28 September 2012

Statements of Comprehensive Income for the year ended 30 June 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Income					
Fees and Service Charges	1(b) 2(a)	28,679,801	26,722,150	14,654,575	13,068,344
Contributions and Grants	1(b) 2(b)	16,393,105	12,111,492	16,393,105	12,111,492
Dividends and Distributions	2(c)	-	-	2,123,058	1,163,668
Share of Profits in LGIS Joint Venture	8	491,386	355,000	-	-
Interest	2(d)	329,028	255,068	232,834	151,080
Gain from Disposal of Non-Current Assets		-	13,160	-	15,250
Total Income		**45,893,321**	**39,456,870**	**33,403,572**	**26,509,834**
Expenses					
Depreciation and Amortisation	1(f) 2(e)	1,001,795	1,027,494	880,096	851,272
Employee Benefit Expenses	1(k) 2(f)	10,684,408	8,076,533	7,116,896	4,787,384
Administration and Branch Management Expenses	2(g)	2,103,244	2,069,498	1,630,310	1,542,179
Property Repairs and Maintenance Expense		437,169	385,351	437,169	385,351
Loss from Disposal of Non-Current Assets	1(b)	5,635	-	100	-
Grant Expenditure	2(h)	17,530,605	6,118,142	17,530,605	6,118,142
LGAQ Annual Conference		638,918	720,882	645,987	720,882
LGOnline		491,855	574,372	1,172,448	1,348,722
ALGA Annual Subscription		404,189	388,369	404,189	388,369
Share of Loss in Shared Services Ventures	9(a) - 9(c)	-	-	-	-
Other Expenses	2(i)	14,814,169	13,466,453	5,169,687	4,827,815
Borrowing Costs	1(c) 2(j)	68,716	103,817	68,716	103,817
Total Expenses		**48,180,704**	**32,930,911**	**35,056,202**	**21,073,933**
Surplus (Deficit) for the year before Tax		**-2,287,383**	**6,525,959**	**-1,652,630**	**5,435,901**
Income Tax Expense	1(l)	-	1,671	-	-
Surplus (Deficit) for the year		**-2,287,383**	**6,524,288**	**-1,652,630**	**5,435,901**
Attributable to:					
Members of the Association		-1,990,303	6,629,229	-1,652,630	5,435,901
Non-Controlling Interest	20	-297,080	-104,941	-	-
Surplus (Deficit) for the year		**-2,287,383**	**6,524,288**	**-1,652,630**	**5,435,901**
Other Comprehensive Income for the year					
Increase (Decrease) in Reserves - Revaluation		700,000	-	700,000	-
Total Comprehensive Income for the year		**-1,587,383**	**6,524,288**	**-952,630**	**5,435,901**
Attributable to:					
Members of the Association		-1,290,303	6,629,229	-952,630	5,435,901
Non-Controlling Interest		-297,080	-104,941	-	-

Statements of Financial Position as at 30 June 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Assets					
Current Assets					
Cash and Cash Equivalents	1(g),3	8,961,205	12,049,007	6,066,395	8,835,320
Trade and Other Receivables	1(h),4	5,166,943	4,045,678	3,703,062	3,081,003
Prepayments	5	622,830	557,037	462,343	480,267
Total Current Assets		**14,750,978**	**16,651,722**	**10,231,800**	**12,396,590**
Non-Current Assets					
Trade and Other Receivables	1(h),4	-	-	201,000	-
Loan to Owned Entities	5	-	-	1,677,998	2,328,198
Intangibles	1(e),6	2,019,615	2,538,683	1,098,228	1,563,175
Property, Plant and Equipment	1(d),7	12,825,662	11,072,952	12,685,153	10,931,393
Interest in LGIS Joint Venture	8	885,559	885,559	100,000	100,000
Total non-current assets		**15,730,836**	**14,497,194**	**15,762,379**	**14,922,766**
Total Assets		**30,481,814**	**31,148,916**	**25,994,179**	**27,319,356**
Liabilities					
Current Liabilities					
Trade and Other Payables	1(m),10	4,484,728	4,057,415	1,677,973	1,949,828
Borrowings	11	242,689	258,718	242,689	258,718
Subscriptions in Advance		85,572	89,054	85,572	89,054
Unearned Income		512,833	277,024	261,251	277,024
Member Special Levy		257,838	324,638	257,838	324,638
Accrued Employee Benefits	1(k),12	708,619	565,163	520,794	406,382
Provision for Employee Benefits	1(k),12	23,219	18,709	23,219	18,709
Total Current Liabilities		**6,315,498**	**5,590,721**	**3,069,336**	**3,324,353**
Non-Current Liabilities					
Borrowings	11	1,298,070	1,514,880	1,298,070	1,514,880
Accrued Employee Benefits	1(k),12	131,294	127,534	116,453	109,475
Provision for Employee Benefits	1(k),12	645,301	538,975	569,351	477,049
Interest in Shared Services Ventures	9(a) - 9(c)	-	-	-	-
Total Non-Current Liabilities		**2,074,665**	**2,181,389**	**1,983,874**	**2,101,404**
Total Liabilities		**8,390,163**	**7,772,110**	**5,053,210**	**5,425,757**
Net Assets		**22,091,651**	**23,376,806**	**20,940,969**	**21,893,599**
Equity					
Reserves	13(a)	8,023,559	7,323,559	8,023,559	7,323,559
Retained Surpluses	13(b)	13,900,012	15,890,315	12,917,410	14,570,040
Total Equity Attributable to Members of the Association		**21,923,571**	**23,213,874**	**20,940,969**	**21,893,599**
Non-Controlling Interest	20	168,080	162,932	-	-
Total Equity		**22,091,651**	**23,376,806**	**20,940,969**	**21,893,599**

Statements of Cash Flows for the year ended 30 June 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Cash Flows from Operating Activities					
Inflows					
Service Charges		41,813,510	36,794,595	29,156,041	23,491,407
Dividends and Distributions		542,226	88,668	1,119,500	1,509,000
Interest		329,028	255,068	232,834	151,080
GST Refunds Received from the ATO		2,309,294	1,385,885	1,986,183	1,042,237
		44,994,059	**38,524,216**	**32,494,558**	**26,193,724**
Outflows					
Supplier and Employee Payments		-42,474,771	-28,985,167	-30,870,134	-17,915,905
Dividends and Distributions		-72,629	-	-	-
Borrowing Costs		-68,716	-103,817	-68,716	-103,817
GST Payments Remitted to the ATO		-4,015,850	-2,839,114	-3,272,986	-2,123,381
		-46,631,967	**-31,928,098**	**-34,211,836**	**-20,143,103**
Net Cash Inflow (Outflow) from Operating Activities	14(b)	**-1,637,908**	**6,596,118**	**-1,717,277**	**6,050,621**
Cash Flows from Investing Activities					
Payments for Property, Plant & Equipment		-1,532,701	-699,891	-1,471,410	-591,101
Payments for Intangibles		-11,250	-240,190	-	-203,940
Proceeds from Sale of Property, Plant & Equipment		2,879	276,210	2,400	239,845
Investment in Shared Services Venture		324,016	125,000	-	-
Payment for Acquisition of Subsidiary, Net of Cash Acquired		-	591,603	-	-
Net Cash Inflow (Outflow) from Investing Activities		**-1,217,056**	**52,732**	**-1,469,010**	**-555,196**
Cash Flows from Financing Activities					
Borrowings		-232,839	-	-232,839	-
Loan with Owned Entities		-	-	650,200	-33,700
Payment of Share Capital		-	-200	-	-
Net Cash Inflow (Outflow) from Financing Activities		**-232,839**	**-200**	**417,361**	**-33,700**
Net Increase (Decrease) in Cash and Cash Equivalents		**-3,087,802**	**6,648,650**	**-2,768,926**	**5,461,726**
Cash and Cash Equivalents at Beginning of Financial Year		12,049,007	5,400,357	8,835,320	3,373,594
Cash and Cash Equivalents at End Financial Year	14(a)	**8,961,205**	**12,049,007**	**6,066,395**	**8,835,320**

Statements of Changes in Equity
for the year ended 30 June 2012

	Asset Revaluation $	General Reserve $	Retained Surpluses $	Non Controlling Interests $	Total $
Chief Entity	13(a)	13(a)	13(b)		
Balance at 1 July 2010	6,623,300	700,259	9,134,139	-	16,457,698
Comprehensive Income:					
Surplus (Deficit) for the Year	-	-	5,435,901	-	5,435,901
Other Comprehensive Income:					
Increase (Decrease) in Reserves - Revaluation	-	-	-	-	-
Total Comprehensive Income:	**-**	**-**	**5,435,901**	**-**	**5,435,901**
Balance at 30 June 2011	**6,623,300**	**700,259**	**14,570,040**	-	**21,893,599**
Balance at 1 July 2011	6,623,300	700,259	14,570,040	-	21,893,599
Comprehensive Income:					
Surplus (Deficit) for the Year	-	-	-1,652,630	-	-1,652,630
Other Comprehensive Income:					
Increase (Decrease) in Reserves - Revaluation	700,000	-	-	-	700,000
Total Comprehensive Income:	**700,000**	**-**	**-1,652,630**	-	**-952,630**
Balance at 30 June 2012	**7,323,300**	**700,259**	**12,917,410**	-	**20,940,969**
Consolidated					
Balance at 1 July 2010	6,623,300	700,259	9,261,086	21,168	16,605,813
Comprehensive Income:					
Surplus (Deficit) for the Year	-	-	6,629,229	-104,941	6,524,288
Other Comprehensive Income:					
Increase (Decrease) in Reserves - Revaluation	-	-	-	-	-
Total Comprehensive Income:	**-**	**-**	**6,629,229**	**-104,941**	**6,524,288**
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**
Balance at 1 July 2011	6,623,300	700,259	15,890,315	162,932	23,376,806
Comprehensive Income:					
Surplus (Deficit) for the Year	-	-	-1,990,303	-297,080	-2,287,383
Other Comprehensive Income:					
Increase (Decrease) in Reserves - Revaluation	700,000	-	-	-	700,000
Total Comprehensive Income:	**700,000**	**-**	**-1,990,303**	**-297,080**	**-1,587,383**
Transactions with Owners in their Capacity as Owners:					
Dividend Paid	-	-	-	-21,788	-21,788
Equity Investment in QPG Venture	-	-	-	324,016	324,016
Balance at 30 June 2012	**7,323,300**	**700,259**	**13,900,012**	**168,080**	**22,091,651**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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 2012 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 28 September 2012.

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 Association has decided to include the Association 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 2012. 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. Significant estimates or judgments used in the preparation of these financial statements include:

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies - Continued

Critical accounting estimates and judgments
Quotation and Tender Arrangement Revenue - Contract Management Fee amounts for the period April to June 2012 have been accrued based upon actual values advised by Contract Suppliers in the April to June 2012 quarterly Statistical Returns.

Provision for Employee Benefits - the timing of benefits in respect of Long Service Leave has been estimated by examining historical trends and valued using estimates of pay increases at the present value of estimated future cash flows by using the Indicative Mid Rates of Commonwealth Government Securities published by the Reserve Bank of Australia.

Depreciation and Amortisation - useful lives of property plant and equipment items and intangible items are reviewed at the end of each reporting period. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives.

Goodwill - the consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, wheather goodwill and other indefinite assets have suffered any impairment, in accordance with the accounting policy stated in note 1.

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

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 Association 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies - Continued

(b) Income Recognition - Continued

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.

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.

Tender arrangements revenue

Tender arrangement revenues are recognised upon the receipt of a quarterly statistical return provided by the supplier. Where a return has not been submitted at the end of the reporting year, an estimate is performed for the previous three months.

(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 June 2012 in accordance with an independent valuation by Australia Pacific Valuers in June 2012. The valuation was performed on the basis of current market sale and building replacement values as well as other market based evidence available.

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.

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. Where an indication of impairment exists, the recoverable amount of the asset is calculated. 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 2012

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. Where an indication of impairment exists, the recoverable amount of the asset is calculated. 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% (post tax) to incorporate the risk associated with the 5 year forecast.

The following key assumptions were used in the discounted cash flow model for the QPG Shared Services Support Centres Joint Venture:

a. 15% per annum projected growth in revenue from general consulting
b. 10% per annum projected growth in revenues from contracts with Councils
c. Inclusion of up to 4 new contracts with Councils by 30 June 2017
d. 5% per annum projected growth in Employment and operating costs

Management believe the projected growth in revenue is justified, based on prior year revenue growth and the significant investment in business development for the 2012-2013 year onward.

There are no other key assumptions used for the QPG Shared Services Support Centres Joint Venture with the exception of those outlined above.

(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.

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 2012 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies - Continued

(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.

(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 2012 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. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event/s has an impact on the estimated future cash flows of the financial asset or group of

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies - Continued

(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 Association's financial statements, and under the equity accounting method, in the consolidated financial statements. Refer also to note 8.

(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. Local Government Infrastructure Services Pty Ltd is owned 50% by the Association and 50% by Queensland Treasury Corporation and is also exempt from Commonwealth income taxation.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies - Continued

(l) Taxation - Continued

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. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination. Deferred tax assets and liabilities are not recognised for temporary differences, nor unused tax losses.

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.

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Summary of Significant Accounting Policies - Continued

(q) Business Combinations - Continued

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.

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 2012. 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.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: 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 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 2012

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.

AASB 128: 'Investments in Associates and Joint Ventures' is effective from Periods beginning on or after 1 January 2013.
AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements.
The standard sets out how the equity method of accounting is to be applied, defines “significant influence,” and how impairment is to be tested for investments in associates or joint ventures.

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Statement of Comprehensive Income - Disclosures

Note 2

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
(a) Fees and Service Charges				
Seminar and Events	266,602	609,365	274,092	611,692
Annual Conference	707,663	651,581	718,407	656,946
Annual Member Subscriptions	3,892,229	3,618,681	3,892,229	3,618,681
Member Special Levy	566,799	175,362	566,799	175,362
Local Government Online	2,717,699	2,751,444	2,717,699	2,751,444
Tenant Revenue	425,387	415,984	515,603	498,448
Financial Services	33,105	32,620	154,104	147,170
Local Government Mutual	598,442	576,534	598,442	576,534
Local Government Workcare	656,240	632,216	656,240	632,216
Subscriptions	148,188	118,828	148,188	118,828
Industrial Relations Consultancy	84,121	49,148	84,121	49,148
Human Resources Consultancy	1,390,758	913,705	1,390,758	913,705
General Consultancy	90,813	61,126	90,813	61,126
Employment Assistance Programs	170,738	152,550	170,738	152,550
Training Services	910,238	794,611	913,374	798,211
Study Tours	122,198	99,800	122,198	99,800
Elected Member Seminars	160,305	-	160,305	-
Flood Inquiry Recovery	357,224	610,054	357,224	610,054
Disaster Response Recovery	-	205,000	-	205,000
Other Expenses Recovery	512,284	216,875	858,115	188,817
General	1,406,188	1,566,241	265,126	202,612
Tender Arrangements	3,613,486	2,720,171	-	-
Online Tendering	63,170	69,810	-	-
Procurement Services	310,234	311,527	-	-
IT Services	1,182,626	1,621,855	-	-
Hardware and Software Sales	303,140	218,764	-	-
Shared Services Sales	7,765,769	7,528,297	-	-
Cloud Software Sales	224,157	-	-	-
	28,679,801	**26,722,150**	**14,654,575**	**13,068,344**

(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 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Assist Stream	924,990	833,626	924,990	833,626
Advance Stream	9,383,800	3,187,896	9,383,800	3,187,896
Advocate Stream	6,084,315	8,089,970	6,084,315	8,089,970
	16,393,105	**12,111,492**	**16,393,105**	**12,111,492**

	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
(c) Dividends and Distributions				
DDS Unit Trust Profit Distribution	-	-	-	44,000
Local Buy Trading Trust Profit Distribution	-	-	1,581,000	1,031,000
Resolute I.T. Pty Ltd Dividend	-	-	50,840	-
Local Government Infrastructure Services Dividend	-	-	491,218	88,668
Prevwood Pty Ltd Dividend	-	-	-	-
	-	-	**2,123,058**	**1,163,668**
(d) Interest	**329,028**	**255,068**	**232,834**	**151,080**
(e) Depreciation and Amortisation				
Building	93,408	96,372	93,408	96,372
Office Furniture and Equipment	269,446	232,065	223,547	153,404
Motor Vehicles	108,630	101,856	98,195	91,401
Intangibles	530,311	597,201	464,946	510,095
	1,001,795	**1,027,494**	**880,096**	**851,272**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
(f) Employee Benefit Expenses				
Wages and Salaries	7,980,570	6,664,425	4,895,251	3,852,288
Employer Superannuation Contributions	1,130,269	1,050,874	866,955	758,032
Payroll Tax Expense	1,147,525	-	1,082,497	-
Other Employee Expenses	426,045	361,234	272,193	177,064
	10,684,408	**8,076,533**	**7,116,896**	**4,787,384**

The Association had 81 full time equivalent employees at 30 June 2012 (69 at 30 June 2011).
The Consolidated entity had 108 full time equivalent employees at 30 June 2012 (96 at 30 June 2011).

	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
(g) Administration and Management Expenses				
Travel and Accommodation	507,242	521,988	320,250	342,296
Communication	245,477	198,834	82,292	114,628
Stationery, Printing and Office Supplies	153,134	147,836	120,206	114,110
IT Services and Maintenance	173,008	254,881	535,060	545,576
Publications	275,311	225,486	275,311	225,486
Subscriptions and Memberships	30,495	33,214	29,179	33,073
Marketing and Promotions	416,476	309,029	202,116	101,619
General Administration Expenses	302,100	378,230	65,895	65,391
	2,103,244	**2,069,498**	**1,630,310**	**1,542,179**
(h) Grant Expenditure				
Refer also to note 16.				
Assist Stream	935,368	752,016	935,368	752,016
Advance Stream	9,715,323	2,308,283	9,715,323	2,308,283
Advocate Stream	6,879,914	3,057,843	6,879,914	3,057,843
	17,530,605	**6,118,142**	**17,530,605**	**6,118,142**
(i) Other Expenses				
Member Special Levy	566,799	175,362	566,799	175,362
Board and Meeting Fees	199,132	187,784	199,132	187,784
Consultants	806,564	1,095,418	828,234	1,089,934
Seminar and Events	82,143	448,769	82,143	448,769
Insurances	131,716	121,186	110,706	97,215
Fringe Benefits Tax	192,716	183,178	162,166	140,565
Industrial Relations Consultancy	8,672	2,374	8,672	2,374
Human Resources Consultancy	1,000,255	810,361	1,000,255	810,361
Training Services	432,660	451,566	432,660	451,566
Study Tours	130,711	99,800	130,711	99,800
Elected Member Seminars	139,183	-	139,183	-
Reference Groups	-	8,248	-	8,248
Council Advisors	114,614	-	114,614	-
Member Connect Program	31,944	67,685	31,944	67,685
Population Inquiry	-	27,991	-	27,991
Flood Inquiry - Recovered	357,149	610,054	357,149	610,054
Disaster Response - Recovered	-	206,278	-	206,278
Other Expenses - Recovered	707,699	360,733	726,099	153,108
General Expenses	207,402	224,697	206,972	188,696
Bad and Doubtful Debts	-	-	-	-
External Audit Fees	101,010	92,311	72,250	62,025
Tendered Arrangement	329,201	243,811	-	-
Hardware and Software	259,142	183,328	-	-
Shared Services	8,611,516	7,865,519	-	-
Cloud Software Services	403,943	-	-	-
	14,814,169	**13,466,453**	**5,169,687**	**4,827,815**
(j) Borrowing Costs				
Interest Expense	**68,716**	**103,817**	**68,716**	**103,817**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Statement of Financial Position - Disclosures

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Note 3 Cash and Cash Equivalents				
Cash on hand	1,300	1,300	500	500
Cash at bank	1,806,651	1,929,704	345,454	298,923
Deposits at call	7,153,254	10,118,004	5,720,441	8,535,898
	8,961,205	**12,049,007**	**6,066,395**	**8,835,320**
Note 4 Trade and Other Receivables				
Current				
Trade debtors and accruals	4,366,599	3,696,106	1,619,776	1,750,267
Less allowance for impairment	-9,889	-11,310	-	-
Dividends and distributions receivable	766,091	348,214	2,072,386	1,320,668
Other debtors - travel advances	13,300	12,668	10,900	10,068
GST receivable	30,842	-	-	-
	5,166,943	**4,045,678**	**3,703,062**	**3,081,003**
Non-current				
Dividends and distributions receivable	-	-	201,000	-
	-	-	**201,000**	-
Total	**5,166,943**	**4,045,678**	**3,904,062**	**3,081,003**
Movements in Allowance for Impairment				
Balance at beginning of the year	11,310	-	-	-
Amounts written off during the year	-	-	-	-
Amounts recovered during the year	-	-	-	-
Increase (Decrease) in allowance recognised in Statement of Comprehensive Income	-1,421	11,310	-	-
Balance at end of reporting period	**9,889**	**11,310**	-	-
Note 5 Other Assets				
Current				
Prepayments	622,830	557,037	462,343	480,267
	622,830	**557,037**	**462,343**	**480,267**
Non-current				
Loan to owned entities				
- DDS Unit Trust	-	-	170,000	20,000
- Resolute I.T. Pty Ltd	-	-	700	700
- Prevwood Pty Ltd	-	-	1,507,298	2,307,498
	-	-	**1,677,998**	**2,328,198**
Total	**622,830**	**557,037**	**2,140,341**	**2,808,465**

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.

In June 2012, Prevwood Pty Ltd made its first loan repayment to the Association in the amount of $800,000.

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

		Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Note 6	**Intangibles**				
	Internally Generated Systems and Software				
	At Cost	2,493,919	3,092,888	2,241,938	2,839,557
	Less accumulated amortisation	-1,317,064	-1,396,965	-1,143,710	-1,276,382
		1,176,855	**1,695,923**	**1,098,228**	**1,563,175**
	Goodwill				
	At Cost	842,760	842,760	-	-
	Less accumulated impairment	-	-	-	-
		842,760	**842,760**	-	-
	Total	**2,019,615**	**2,538,683**	**1,098,228**	**1,563,175**
	Opening WDV	2,538,683	2,052,934	1,563,175	1,869,330
	Additions	11,250	1,082,950	-	203,940
	Disposals	7	-	-	-
	Amortisation	530,311	597,201	464,946	510,095
	Closing WDV	**2,019,615**	**2,538,683**	**1,098,228**	**1,563,175**
Note 7	**Property, Plant and Equipment**				
	Freehold Land				
	At fair value	4,399,200	3,250,000	4,399,200	3,250,000
		4,399,200	**3,250,000**	**4,399,200**	**3,250,000**
	Building				
	At fair value	8,659,527	7,968,499	8,659,527	7,968,499
	Less accumulated depreciation	-1,170,183	-1,128,784	-1,170,183	-1,128,784
		7,489,345	**6,839,715**	**7,489,345**	**6,839,715**
	Office Furniture and equipment				
	At Cost	1,450,014	1,353,161	1,087,238	862,084
	Less accumulated depreciation	-878,609	-844,266	-610,332	-438,303
		571,405	**508,895**	**476,906**	**423,781**
	Motor Vehicles				
	At Cost	554,256	554,256	489,634	489,634
	Less accumulated depreciation	-188,544	-79,914	-169,932	-71,737
		365,712	**474,342**	**319,702**	**417,897**
	Total	**12,825,662**	**11,072,952**	**12,685,153**	**10,931,393**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 7 Property, Plant and Equipment - Continued

Chief Entity Movements During the Year

2012	Opening WDV $	Revaluation $	Additions $	Disposals $	Depreciation $	Closing WDV $
Land	3,250,000	-	1,149,200	-	-	4,399,200
Building	6,839,715	700,000	43,038	-	93,408	7,489,345
Office Furniture and Equip	423,782	-	279,172	2,500	223,547	476,906
Motor Vehicles	417,897	-	-	-	98,195	319,702
Totals	**10,931,394**	**700,000**	**1,471,410**	**2,500**	**415,150**	**12,685,153**

Consolidated Entity Movements During the Year

2012	Opening WDV $	Revaluation $	Additions $	Disposals $	Depreciation $	Closing WDV $
Land	3,250,000	-	1,149,200	-	-	4,399,200
Building	6,839,715	700,000	43,038	-	93,408	7,489,345
Office Furniture and Equip	508,895	-	340,463	8,505	269,447	571,405
Motor Vehicles	474,342	-	-	-	108,630	365,712
Totals	**11,072,952**	**700,000**	**1,532,701**	**8,505**	**471,486**	**12,825,662**

The Association's building (Local Government House) has been utilised as security against the borrowings outlined in note 11.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 7 Property, Plant and Equipment - Continued

Chief Entity Movements During the Year

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 Year

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**

The Association's building (Local Government House) has been utilised as security against the borrowings outlined in note 11.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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 2012.

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

	2012	**2011**
	$	$
Results of Joint Venture Entity		
Statement of Comprehensive Income		
Revenues	59,475,000	33,713,000
Expenses	58,492,000	33,003,000
Profit before income tax expense	**983,000**	**710,000**
Income tax expense		
Net profit	**983,000**	**710,000**
Statement of Financial Position		
Current assets	18,952,000	12,369,000
Non-current assets	-	-
Total assets	**18,952,000**	**12,369,000**
Current liabilities	17,181,000	10,598,000
Non-current liabilities	-	-
Total liabilities	**17,181,000**	**10,598,000**
Net assets	**1,771,000**	**1,771,000**

LGAQ's share of the joint venture entity's result and retained profits for the year ended 30 June 2012, including movements in carrying amount of investment, consists of:

	2012	2011
Share of post-acquisition retained profits		
Share at beginning of year	785,559	519,227
Share of net result	491,386	355,000
Dividend Paid	-491,386	-88,668
Share at end of year	**785,559**	**785,559**
Movements in carrying amount of investment		
Carrying amount at beginning of year	885,559	619,227
Investments acquired during the year	-	-
Share of net result	491,386	355,000
Dividends Paid	-491,386	-88,668
Carrying amount at end of year	**885,559**	**885,559**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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* .

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 2011 and 2012.

	2012	**2011**
Results of Joint Venture Entity	$	$
Statement of Comprehensive Income		
Revenues	8,028,045	7,559,418
Expenses	8,634,392	7,877,423
Profit before income tax expense	(606,347)	(318,005)
Income tax expense		
Net profit	**(606,347)**	**(318,005)**
Statement of Financial Position		
Current assets	2,367,959	1,403,502
Non-current assets	-	-
Total assets	2,367,959	1,403,502
Current liabilities	1,580,035	981,318
Non-current liabilities	-	-
Total liabilities	1,580,035	981,318
Net assets	**787,924**	**422,184**

Prevwood's share of the joint venture entity's result for the period ended 30 June 2011 and 2012, including movements in carrying amount of investment, consists of:

Share of post-acquisition retained profits		
Share at beginning of year	(1,840,996)	(1,628,887)
Share of net result	(404,433)	(212,109)
Share at end of year	**(2,245,429)**	**(1,840,996)**
Movements in carrying amount of investment		
Carrying amount at beginning of year	281,473	(721,054)
Increased share as result of acquisition	-	(240,290)
Share of Investments of equity during the year	648,071	1,454,926
Share of net result	(404,252)	(212,109)
Carrying amount at end of year	**525,292**	**281,473**

The Joint Venture results are incorporated into the consolidated position however the 30 June 2011 and 2012 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 2012

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 2011 and 2012.

	2012	**2011**
Results of the Partnership	$	$
Statement of Comprehensive Income		
Revenues	7,725,758	7,149,641
Expenses	5,636,314	5,356,655
Profit before income tax expense	2,089,444	1,792,986
Income tax expense		
Net profit	**2,089,444**	**1,792,986**
Statement of Financial Position		
Current assets	1,980,297	875,011
Non-current assets	-	-
Total assets	1,980,297	875,011
Current liabilities	1,980,297	875,011
Non-current liabilities	-	-
Total liabilities	1,980,297	875,011
Net assets	**-**	**-**

Prevwood's share of the partnership's result for the period ended 30 June 2011 and 2012, including movements in carrying amount of investment, consists of:

Share of post-acquisition retained profits		
Share at beginning of year	-	-
Share of net result	963,214	1,136,389
Distributions paid	(963,214)	(1,136,389)
Share at end of year	**-**	**-**
Movements in carrying amount of investment		
Carrying amount at beginning of year	-	-
Investments during the year	-	-
Share of net result	963,214	1,136,389
Distributions paid	(963,214)	(1,136,389)
Carrying amount at end of year	**-**	**-**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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 2011 and 2012.

	2012	**2011**
Results of the Company	$	$
Statement of Comprehensive Income		
Revenues	326,000	259,082
Expenses	326,000	259,082
Profit before income tax expense		
Income tax expense		
Net profit	**-**	**-**
Statement of Financial Position		
Current assets	68,579	35,231
Non-current assets	-	-
Total assets	68,579	35,231
Current liabilities	68,179	34,831
Non-current liabilities	-	-
Total liabilities	68,179	34,831
Net assets	**400**	**400**

Prevwood's share of the company's result for the period ended 30 June 2011 and 2012, including movements in carrying amount of investment, consists of:

	2012	2011
Share of post-acquisition retained profits		
Share at beginning of year	-	-
Share of net result	-	-
Share at end of year	-	-
Movements in carrying amount of investment		
Carrying amount at beginning of year	400	200
Investments during the year	-	-
Investments resulting from change in shareholding	-	200
Share of net result	-	-
Carrying amount at end of year	**400**	**400**

The Company results are incorporated into the consolidated position however the 30 June 2011 and 2012 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 2012

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**

Note 10 Trade and Other Payables

Trade Creditors	4,555,475	3,735,758	1,731,196	1,638,334
GST Payable	-70,747	321,657	-53,223	311,494
	4,484,728	**4,057,415**	**1,677,973**	**1,949,828**

Note 11 Borrowings

Current				
QTC Generic Debt Pool Loan Facility	242,689	258,718	242,689	258,718
Non-current				
QTC Generic Debt Pool Loan Facility	1,298,070	1,514,880	1,298,070	1,514,880
	1,540,759	**1,773,598**	**1,540,759**	**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 2012 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 undrawn component of this facility as at 30 June 2012 was $459,241 ($226,402 as at 30 June 2011).

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	708,619	565,163	520,794	406,382
Non-current				
Annual Leave	131,294	127,534	116,453	109,475
	839,913	**692,697**	**637,247**	**515,857**
(b) Provision for Employee Benefits				
Current				
Long Service Leave	23,219	18,709	23,219	18,709
Non-current				
Long Service Leave	645,301	538,975	569,351	477,049
	668,520	**557,684**	**592,570**	**495,758**
Movement in Benefits				
Balance at beginning of the year	1,250,381	1,105,157	1,011,615	872,153
Additional benefits recognised	1,049,867	776,327	795,850	566,479
Reductions in benefits as a result of payments	-791,816	-631,103	-577,649	-427,017
Balance at end of reporting period	**1,508,433**	**1,250,381**	**1,229,816**	**1,011,615**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 13 Equity

	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
(a) Reserves				
Composition of Reserves				
Asset Revaluation Reserve	7,323,300	6,623,300	7,323,300	6,623,300
General Reserve	700,259	700,259	700,259	700,259
	8,023,559	**7,323,559**	**8,023,559**	**7,323,559**
Movements in Reserves				
* *Asset revaluation reserve*				
Balance at beginning of year	6,623,300	6,623,300	6,623,300	6,623,300
Revaluation increment of non-current assets	700,000	-	700,000	-
Balance at end of year	**7,323,300**	**6,623,300**	**7,323,300**	**6,623,300**
General Reserve				
Balance at beginning of year	700,259	700,259	700,259	700,259
Balance at end of year	**700,259**	**700,259**	**700,259**	**700,259**
(b) Retained Surpluses				
Balance at beginning of year	15,890,315	9,261,086	14,570,040	9,134,139
Add Transfer to/(from) Surplus/(Deficit)	-2,287,383	6,524,288	-1,652,630	5,435,901
Less Non-controlling Interest	297,080	104,941	-	-
Balance at end of year	**13,900,012**	**15,890,315**	**12,917,410**	**14,570,040**
* **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 year	**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	700,000	-	700,000	-
Balance at end of year	**5,253,300**	**4,553,300**	**5,253,300**	**4,553,300**
Total	**7,323,300**	**6,623,300**	**7,323,300**	**6,623,300**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Cash at hand				
Petty Cash	1,300	1,300	500	500
Cash at bank				
National Aust Bank Transaction Account				
- LGAQ Imprest Account	345,454	409,109	345,454	298,923
- Local Buy Pty Ltd Cheque Account	115,818	-	-	-
- Resolute Information Technology Pty Ltd Cheque Account	113,577	130,044	-	-
- Resolute I.T. Pty Ltd Cheque Account	1,000	66,466	-	-
- Prevwood Pty Ltd	447,773	-	-	-
- QPG Shared Services Joint Venture	555,259	1,324,085	-	-
- GovCloud Joint Venture	227,770	-	-	-
Deposits at call				
QTC Investment Trust				
- QTC Cash Fund LGAQ	5,606,584	8,427,660	5,606,584	8,427,660
- QTC Cash Fund LGAQ Reserve	113,856	108,237	113,856	108,237
- QTC Cash Fund Local Buy Pty Ltd	1,415,672	1,214,773	-	-
- QTC Cash Fund Resolute Info. Tech. Pty Ltd	17,141	367,171	-	-
- QTC Cash Fund Prevwood Pty Ltd	-	162	-	-
	8,961,205	**12,049,007**	**6,066,395**	**8,835,320**

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

	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Operating Surplus (Deficit)	-2,287,383	6,524,288	-1,652,630	5,435,901
(Profit)/Loss on Disposals of Non-current assets	5,635	-13,160	100	-15,250
Depreciation of Non-current assets	1,001,795	1,027,494	880,096	851,272
Share of (Profits) in LGIS Joint Venture	-491,386	-355,000	-	-
Dividend Received from LGIS Joint Venture	491,386	88,668	-	-
Dividend Paid Resolute I.T. Pty Ltd	-72,629	-	-	-
Dividend Received Resolute I.T. Pty Ltd	50,840	-	-	-
Change in operating assets and liabilities				
(Increase)/Decrease in Assets				
Prepayments	-65,793	-222,864	17,924	-245,363
Trade and Other Debtors	-1,121,264	-1,056,329	-823,059	-704,028
Increase/(Decrease) in Liabilities				
Creditors & Borrowing Costs	427,313	54,628	-271,855	185,459
Employee Entitlements	258,051	145,224	218,201	139,462
Subscriptions in Advance	-3,483	27,656	-3,483	27,656
Unearned Income	235,809	50,874	-15,773	50,874
Member Special Levy	-66,799	324,638	-66,799	324,638
Net cash from / (used in) operating activities	**-1,637,908**	**6,596,118**	**-1,717,277**	**6,050,621**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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:

		Consolidated			Chief Entity		
Class 2012	Average Interest rate %	Variable Interest rate $	Fixed Interest rate $	Non Interest Bearing $	Variable Interest rate $	Fixed Interest rate $	Non Interest Bearing $
Financial Assets							
Cash and Cash Equivalents	5.15%	8,959,905		1,300	6,065,895		500
Trade and Other Receivables				5,176,832			3,904,062
Loan to Owned Entities	5.74%	-			-		1,677,998
		8,959,905	-	5,178,132	6,065,895	-	5,582,560
Financial Liabilities							
Trade Payables				4,484,728			1,677,973
QTC Borrowing	5.74%	1,540,759			1,540,759		
		1,540,759	-	4,484,728	1,540,759	-	1,677,973

		Consolidated			Chief Entity		
Class 2011	Average Interest rate %	Variable Interest rate $	Fixed Interest rate $	Non Interest Bearing $	Variable Interest rate $	Fixed Interest rate $	Non Interest Bearing $
Financial Assets							
Cash and Cash Equivalents	5.34%	12,047,707		1,300	8,834,820		500
Trade and Other Receivables				4,056,988			3,081,003
Loan to Owned Entities	5.74%	-			-		2,328,198
		12,047,707	-	4,058,288	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

(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. This policy has not been changed since the prior year.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

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 (or the Association) 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
2012	$	$	$	$	$	$
Trade Receivables						
Not Past Due (less than 30 days ageing)	3,858,326	-	3,858,326	747,334	-	747,334
Past Due (30-60 days ageing)	655,568	-	655,568	501,752	-	501,752
Past Due (60-90 days ageing)	213,320	-	213,320	66,726	-	66,726
Past Due (more than 90 days ageing)	449,618	9,889	439,729	303,964	-	303,964
			-			
Other Receivables						
Current (less than 1 year ageing)	-	-	-	2,083,286	-	2,083,286
Non-Current (more than 1 year ageing)				201,000	-	201,000
	5,176,832	9,889	5,166,943	3,904,062	-	3,904,062

	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

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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 borrowing being the debt pool loan facility with Queensland Treasury was first drawn upon in March 2008 and is repayable within 10 years of that date.
The expected final repayment date on the borrowing is currently 15 March 2018.

(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 (Varible Rate Financial Instruments)

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 2012	**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	8,959,905	89,599	89,599	6,065,895	60,659	60,659
Financial Liabilities							
QTC Loan	+ 100 bpts	1,540,759	(15,408)	(15,408)	1,540,759	(15,408)	(15,408)
Total Impact			74,191	74,191		45,251	45,251
Financial Assets							
Cash and Cash Equivalents	- 100 bpts	8,959,905	(89,599)	(89,599)	6,065,895	(60,659)	(60,659)
Financial Liabilities							
QTC Loan	- 100 bpts	1,540,759	15,408	15,408	1,540,759	15,408	15,408
Total Impact			(74,191)	(74,191)		(45,251)	(45,251)

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 15 Financial Instruments - Continued

(f) Interest Rate Sensitivity Analysis (Varible Rate Financial Instruments) - Continued

Class	Interest Rate Move	Consolidated			Chief Entity		
2011	%	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
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)
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)

Fair Value Considerations

The net fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of finacial assets and liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(g) Capital Risk Management

The consolidated entity and Association objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can provide returns to the Association and ultimately deliver benefits to the Association membership.

In order to maintain or adjust the capital structure, the consolidated entity and Association may adjust the amount of dividends paid or levels of service provided to maintain or reduce debt.

During the 2012 year the the consolidated entity's strategy was unchanged from the 2011 year with the majority of debt being maintained within the Association.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 16 Unexpended Grant Funds Held by Association

	Consolidated 2012 $	Consolidated 2011 $	Chief Entity 2012 $	Chief Entity 2011 $
Opening Balance	9,714,857	3,721,507	9,714,857	3,721,507
Plus current year movement	-1,137,499	5,993,350	-1,137,499	5,993,350
Balance	**8,577,358**	**9,714,857**	**8,577,358**	**9,714,857**

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 2011 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 $132,342 and $22,890 respectively for the current financial year.

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 2011 up to the balance date:

Cr G Belz
Cr R Clarke
Cr R Dare
Cr P Gregory
Cr R Loughnan
Cr P Pisasale
Cr L Pyefinch
Cr P Taylor
Cr L Tyrell
Cr A Lacey

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 $1,345 and $5,385 for the current financial period.

Subsequent to the Queensland Local Government elections held on 28 April 2012 a new Association Policy Executive was elected on 6 July 2012. The new Policy Executive, consisting of 15 district representatives and the President, held their first meeting on 19 July 2012.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 18 Related Entities

	Country of Incorporation	Ownership 2012	Ownership 2011
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%	66.6%
Queensland Partnerships Group (LG Shared Services) Pty Ltd	Australia	66.6%	66.6%
Local Partnerships Services Pty Ltd	Australia	100%	100%
LG Disaster Recovery Services Pty Ltd	Australia	100%	100%
LG Cloud Pty Ltd	Australia	100%	-
Gov Cloud Joint Venture - Gov Cloud Pty Ltd as manager	Australia	60%	-
Other Related Entities			
Local Government Infrastructure Services Pty Ltd	Australia	50%	50%
Services Queensland	Australia	33.3%	33.3%

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, Queensland Partnerships Group (LG Shared Services) Pty Ltd and GovCloud 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.

LG Cloud Pty Ltd is a controlled entity established by the LGAQ to invest in the GovCloud Joint Venture on behalf of the Association.

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:

	2011 $
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

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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

	2011
	$
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 .

The GovCloud Joint Venture was established on 19 September 2011. The joint venture was established to provide information technology infrastructure and applications as a service primarily to Queensland local governments.

The LGAQ maintains control of the joint venture by virtue of the fact LG Cloud Pty Ltd holds 60% of the share in the joint venture with the remaining 40% being controlled by Pacific Technology Group Pty Ltd .

Note 21 Contingent Liability

The Association 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 subsequently provided a submission to the Office of State Revenue in June 2010 requesting that the Association be granted an exemption under this section of the Act.

In June 2011 the Office of State Revenue rejected this application on the basis that the Associations' Constitution did not contain an appropriate wind-up clause. Following further submissions the Office of State Revenue has further confirmed that it does not believe the Association qualifies for exemption under section 14 of the Payroll Tax Act (1971) based on the nature of the services provided by the Association.

The Association lodged objections against the Office of State Revenue decisions in September 2011 and are currently awaiting a formal response. The Association and the Office of State Revenue entered into a payment arrangement whereby the Association made an ex gratia payment of $800,000, with the Office of State Revenue agreeing not to seek any further payments in relation to prior-year payroll tax until the objection process has been complete.

The Association began remitting payroll-tax on its wages from 1 July 2011 while the objection process continues.

Any determination that the Association is in fact not able to be granted an exemption under this section of the Act may 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 ultimate amount of liability is not capable of reliable measurement at this time.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 22 Events Occurring After Balance Date

In March 2012 the Association purchased a property adjacent to its current building at 25 Evelyn Street to allow for the construction of a future extension to the Association's existing building.

In July 2012 the Association entered into a construction contract with Pelicano Builders Pty Ltd to construct an extension to the existing Association Building for $6,000,000 (excluding GST). The commencement of this construction project is subject to the negotiation of an appropriate loan agreement with Queensland Treasury Corporation.

As at the date of this report the execution of this loan agreement is yet to be finalised with Queensland Treasury Corporation.

In September 2012 the Association entered into a lease commitment with Jardine Lloyd Thompson Pty Ltd to enable them to lease the newly created office space once construction of the building extension is complete.

There are no other 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 Relating to Operating Leases

Operating Lease Asset
Commitments for operating lease revenue as at the reporting date are inclusive of GST and are payable as follows:

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2012 **$**	**2011** **$**	**2012** **$**	**2011** **$**
Not later than one year	55,166	52,194	55,166	52,194
Later than one year and not later than five years	60,150	115,316	60,150	115,316
Later than five years	-	-	-	-
Total	**115,316**	**167,510**	**115,316**	**167,510**

The Association entered into a three year lease agreement on 14 July 2011 to lease the café space located on the ground floor of its Building. As at 30 June 2012, the remaining financial asset under the lease is $115,316 inc GST and is not provided for in the financial statements.

Operating Lease Liability
Commitments for operating lease expenditure as at the reporting date are inclusive of GST and are payable as follows:

	Consolidated	Consolidated	Chief Entity	Chief Entity
	2012 **$**	**2011** **$**	**2012** **$**	**2011** **$**
Not later than one year	164,216	81,744	-	-
Later than one year and not later than five years	69,303	-	-	-
Later than five years	-	-	-	-
Total	**233,519**	**81,744**	-	-

The DDS Unit Trust entered into a two year lease agreement on 1 December 2011 for its new Fortitude Valley Premises. As at 30 June 2012, the remaining financial obligation under the lease is $233,519 inc GST and is not provided for in the financial statements.

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.

A security deposit for the premises has been paid to the lessor, Lambert & Rehbein Pty Ltd, equalling three months rent, to be refunded within 30 days of the termination of the lease and vacation of the premises.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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	**2012** $	**2011** $
Accumulated Funds	80,540	77,338
Surplus/(Deficit)	-19,668	3,202
Total Accumulated Net Assets	**60,872**	**80,540**
Current Assets		
BT Australia Local Authorities Investment Trust	60,367	79,731
Accrued Interest	504	809
Total Assets	**60,872**	**80,540**
Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	**60,872**	**80,540**
Trust Revenues and Expenses		
Revenue		
Interest - BT Local Authorities Trust	2,741	3,202
Total Income	**2,741**	**3,202**
Expenses		
Fellowship Grants Paid	22,409	-
Total Expenditure	**22,409**	-
Surplus/(Deficit)	**-19,668**	**3,202**

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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	**2012**	**2011**
	$	$
Accumulated Funds	97,798	92,813
Surplus/(Deficit)	5,077	4,985
Total Accumulated Net Assets	**102,875**	**97,798**
Current Assets		
QTC Cash Fund Mt Emerald	102,875	97,798
Accrued Interest		
Total Assets	**102,875**	**97,798**
Net Assets	**102,875**	**97,798**
Trust Revenues and Expenses		
Revenue		
Interest	5,181	5,083
Total Income	**5,181**	**5,083**
Expenses		
Bank Charges	103	98
Total Expenditure	**103**	**98**
Surplus/(Deficit)	**5,077**	**4,985**

INDEPENDENT AUDITOR'S REPORT

To the Members of Local Government Association of Queensland Ltd

Report on the Financial Report

I have audited the accompanying financial report of Local Government Association of Queensland Ltd, which comprises the statements of financial position as at 30 June 2012, 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 gives a true and fair view and 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 company'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 company'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 be removed only 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 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 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 2012 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 Local Government Association of Queensland Ltd and the consolidated entity for the year ended 30 June 2012. Where the financial report is included on Local Government Association of Queensland Ltd's website the company's directors are responsible for the integrity of Local Government Association of Queensland Ltd's website and I have not been engaged to report on the integrity of 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 WORRALL FCA
(as Delegate of the Auditor-General of Queensland)
Signed at Brisbane on 2 October 2012