



LOCAL  
GOVERNMENT  
MANAGERS  
AUSTRALIA

## **2010 Annual General Meeting & 2009 Financial Statements**

Dear LGMA Member,

This document comprises notice of the 2010 Annual General Meeting and the Audited Financial Statements for the year ended 31st December 2009.

**John Ravlic  
Chief Executive  
National Board  
Local Government Managers Australia**

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# Notice of the Annual General Meeting

Notice is hereby given that the 2010, 59<sup>th</sup> ANNUAL GENERAL MEETING of members of Local Government Managers Australia will be held in Meeting Room 1 of the Adelaide Convention Centre on Sunday 16<sup>th</sup> May 2010 at 5.00 pm.

1. **Election of Chairman for the AGM**
2. **Apologies**
3. **Welcome of International Visitors**
4. **Confirmation of Minutes**  
Confirmation of the Minutes of the 2009, 58<sup>th</sup> Annual General Meeting held in Waterfront Room 2 of the Darwin Convention Centre, Darwin, NT on Sunday 24<sup>th</sup> May 2009 at 5.00 pm.
5. **President's Report**  
National President Neil Hartley will present a report on LGMA activities for 2009.
6. **2009 Financial Statements and Statutory Reports**  
To receive and consider the Financial Statements and Statutory Reports for the year ended 31<sup>st</sup> December 2009.
7. **Appointment of Auditor**  
To appoint an Auditor for the financial year 2010. UHY Haines Norton were auditors for the 2009 financial year.
8. **Other Business**  
Such other business as may be brought forward in line with the Articles of Association.

By Order of the National Board  
John Ravlic, FLGMA  
Chief Executive  
Registered Office:  
Level 2, 153 – 161 Park Street  
South Melbourne, Victoria 3205

# Minutes

Of the 2009, 58<sup>th</sup> ANNUAL GENERAL MEETING of members of Local Government Managers Australia held in Waterfront Room 2 of the Darwin Convention Centre on Sunday 24<sup>th</sup> May 2009 at 5.00 pm.

John Ravlic FLGMA  
Chief Executive and Company Secretary  
Registered Office:  
Level 2, 153-161 Park Street  
South Melbourne, Victoria 3205

## PRESENT

### CHAIRPERSON

David Hitchcock presided over the Annual General Meeting as Chairperson.

## MEMBERS' REPRESENTATIVES

### New South Wales

Barry Smith (Hunters Hill)  
John Burgess (Auburn)

### Queensland

Mark Crawley (Isaac)  
Bryan Ottone (Central Highlands)

### South Australia

David Hitchcock (LGA SA)  
Paul di Iulio (Campbelltown)

### Tasmania

Liz Gillam (LGMA Tas)  
Glen Doyle (Huon Valley)

### Victoria

Janet Lawson (Stonnington)  
Nick Foa (Brimbank)

### Western Australia

Cliff Frewing (South Perth)  
Bob Jarvis (Bassendean)

## **NATIONAL DIRECTORS**

### **New South Wales**

Mark Ferguson  
Paul Bennett

### **Queensland**

Ray Burton  
Nick Clarke

### **South Australia**

Jane Trotter  
John Coombe

### **Tasmania**

Tracey Bradley  
Paul West

### **Victoria**

John Bennie  
Marianne Di Giallonardo

### **Western Australia**

Gary Evershed  
Neil Hartley

### **Immediate Past President**

Ray Pincombe (SA)

### **Company Secretary and Chief Executive**

John Ravlic

## **BUSINESS**

### **1. Election of Chairman for the AGM**

Moved: Paul di Iulio  
Seconded: Cliff Frewing

That David Hitchcock be elected as Chairperson to preside over the 2009 Annual General Meeting.

**CARRIED**

### **2 Apologies**

Member Representatives: Nil

National Directors: Neil Hartley

LGMA Members: Peter Irvine and Frank Pearce

Moved: Janet Lawson  
Seconded: Bryan Ottone

That the apologies be received and noted.

**CARRIED**

**3. Welcome to International Visitors**

The Chairperson welcomed David Limardi, President ICMA (USA).

**4. Confirmation of Minutes**

Moved: John Burgess  
Seconded: Nick Foa

That the Minutes of the 2008, 57<sup>th</sup> Annual General Meeting of Members of Local Government Managers Australia held in Central Room C of the Gold Coast Convention and Exhibition Centre on Sunday 25<sup>th</sup> May, 2008 at 5:00 pm be confirmed.

**CARRIED**

**5. President's Report**

Moved: John Burgess  
Seconded: Bob Jarvis

That the President's Report be received and the President be thanked for the leadership of LGMA National for 2008-09.

**CARRIED**

**6. 2008 Financial Statements and Statutory Reports**

To receive and consider the Financial Statements and Statutory Reports for the period ending 31 December 2008.

Moved: Mark Crawley  
Seconded: Liz Gillam

That the Financial Statements and Statutory Reports for the year ended 31 December 2008, as presented to the meeting, be received and noted.

**CARRIED**

**7. Appointment of Auditor**

Moved: John Burgess  
Seconded: Glen Doyle

That UHY Haines Norton be appointed as auditors for 2009.

**CARRIED**

**8 Other Business**

No other business

There being no further business the meeting closed at 5.42pm.



*Local Government Managers Australia  
(Limited by Guarantee)  
A.B.N. 85 004 221 818*

# *FINANCIAL AND STATUTORY REPORTS*

*FOR THE YEAR ENDED 31 DECEMBER 2009*

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**REPORT OF THE DIRECTORS**  
**For the year ended 31 December 2009**

Your Directors present their report on the Company for the year ended 31 December 2009.

**Directors**

The following persons hold office as Directors at the date of this report:

Neil Hartley, FLGMA  
Paul West, FLGMA  
John Bennie, MLGMA  
Mark Ferguson, MLGMA  
Paul Bennett, FLGMA  
Marianne Di Giallonardo, MLGMA  
Tracey Bradley, MLGMA  
Nick Clarke, MLGMA  
Ray Burton, FLGMA  
Gary Evershed, MLGMA  
John Coombe, FLGMA  
Jane Trotter, MLGMA

**Principal Activities**

The principal continuing activities of the company are professional association services for local government managers.

**Results**

The net result of operations for the twelve months was a loss of \$178,796 (2008 = profit of \$92,658).

**Dividends**

The Directors have not declared or paid any dividends during the period.

**Matters Subsequent to the End of the Financial Period**

At the date of this report there are no matters or circumstances which have arisen since 31 December 2009 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2009, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2009, of the company.

**Likely Developments and Expected Results of Operations**

The directors are confident of maintaining the viability of the company. This is based on:

- (a) five year projections of the Statement of Financial Performance and the Statement of Financial Position,
- (b) projected cash flows, and
- (c) a detailed review of the 2010 budget which has been set to yield a minor operating deficit.

### **Review of Operations**

In the year ended 31 December 2009, the company's operating revenue was \$1,763,594 (2008 = \$2,064,367) a decrease of 14.57 %.

### **Significant Changes in the State of Affairs**

The directors consider that there were no significant changes in the company's state of affairs during the financial year.

### **Information on Directors**

#### **Director: Neil Hartley, FLGMA**

Experience:

- \* Employed in local government for 32 years
- \* Chief Executive Officer, Town of Kwinana, Western Australia
- \* Divisional Director 1993 – 2009
- \* National Director 2004 - 2009

Special responsibilities held in Company: National President/ Chairman of Directors

#### **Director: Paul West, FLGMA**

Experience:

- \* Employed in local government for 25 years
- \* General Manager, Kingborough Council, Tasmania
- \* Divisional Director 2000 - 2009
- \* National Director 2005 – 2009

Special responsibilities held in Company: Director

#### **Director: John Bennie, MLGMA**

Experience:

- \* Employed in local government for 33 years
- \* Chief Executive Officer, Greater Dandenong City Council, Victoria
- \* Divisional Director 2005 - 2009
- \* National Director 2005 - 2009

Special responsibilities held in Company: Director

#### **Director: Mark Ferguson, MLGMA**

Experience:

- \* Employed in local government for 32 years
- \* General Manager, Pittwater Council, New South Wales
- \* Divisional Director 2006 - 2007
- \* National Director 2008 - 2009
- \* President, New South Wales Division

Special responsibilities held in Company: Director

*Local Government Managers Australia  
(Limited by Guarantee)*

**Director: Paul Bennett, FLGMA**

Experience:

- \* Employed in local government for 23 years
- \* Director Organisational Services, Dubbo City Council, New South Wales
- \* Divisional Director 2004 - 2009
- \* National Director 2009

Special responsibilities held in Company: Director

**Director: Marianne Di Giallonardo, MLGMA**

Experience:

- \* Employed in local government for 27 years
- \* Director Corporate & Economic Development, Maroondah City Council, Victoria
- \* Divisional Director 2005 - 2009
- \* National Director 2006 - 2009

Special responsibilities held in Company: Director

**Director: Tracey Bradley, MLGMA**

Experience:

- \* Employed in local government for 26 years
- \* Director Community Services, Waratah-Wynyard Council, Tasmania
- \* Divisional Director 2006 - 2009
- \* National Director 2008 - 2009

Special responsibilities held in Company: Director

**Director: Nick Clarke, MLGMA**

Experience:

- \* Employed in local government for 9 years
- \* General Manager Governance, Redland City Council, Queensland
- \* Divisional Director 2005 - 2009
- \* National Director 2007 - 2009

Special responsibilities held in Company: Director

**Director: Ray Burton, FLGMA**

Experience:

- \* Employed in local government for 34 years
- \* Chief Executive Officer, Townsville City Council, Queensland
- \* Divisional Director 2005 – 2009
- \* National Director 2008 - 2009

Special responsibilities held in Company: Director

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**Director: Gary Evershed, MLGMA**

Experience:

- \* Employed in local government for 13 years
- \* Chief Executive Officer, Shire of Augusta Margaret River, Western Australia
- \* Divisional Director 2005 - 2009
- \* National Director 2007 - 2009

Special responsibilities held in Company: Director

**Director: John Coombe, FLGMA**

Experience:

- \* Employed in local government for 41 years
- \* Chief Executive Officer, Alexandrina Council, South Australia
- \* Divisional Director 2001 - 2009
- \* National Director 2007 - 2009

Special responsibilities held in Company: Director

**Director: Jane Trotter, MLGMA**

Experience:

- \* Employed in local government for 10 years
- \* Director Corporate Development, City of Salisbury, South Australia
- \* Divisional Director 2007 - 2009
- \* National Director 2009

Special responsibilities held in Company: Director

*Local Government Managers Australia  
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### **Meetings of Directors**

The number of directors' and meetings of committees of directors held and attended by each director holding office during the year were:

	<i>Board of Directors Meetings</i>		<i>Executive Committee Meetings</i>	
	<i>Number Held</i>	<i>Number Attended</i>	<i>Number Held</i>	<i>Number Attended</i>
<i>Neil Hartley</i>	6	5	8	5
<i>Paul West</i>	6	6	8	8
<i>John Bennie</i>	6	6	5	4
<i>Mark Ferguson</i>	6	5		
<i>Marianne Di Giallonardo</i>	6	6		
<i>Nick Clarke</i>	6	4		
<i>Ray Burton</i>	6	5		
<i>Gary Evershed</i>	6	5		
<i>John Coombe</i>	6	3		
<i>Tracey Bradley</i>	6	3		
<i>Paul Bennett (Appointed 21 February 2009)</i>	6	6		
<i>Jane Trotter (Appointed 24 May 2009)</i>	5	4		
<i>Ray Pincombe (Resigned 23 May 2009)</i>	1	1	3	3
<i>Penny Holloway (Resigned 20 February 2009)</i>	-	-		

### **Directors' Benefits**

Since 31 December 2009, no Director of the company has received, or become entitled to receive, a benefit (other than a remuneration benefit included in note 5 to the accounts) because of a contract that the director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during the period ended 31 December 2009 or at any other time) with:

- (a) the company, or
- (b) an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received, or became entitled to receive, the benefit.

### **Insurance of Officers**

During the financial period, Local Government Managers Australia paid a premium of \$8,204 to insure certain officers of the company and related bodies corporate.

The officers of the company covered by the insurance policy include the directors listed in statutory pages 2, 3 and 4 and the National Chief Executive. Other officers covered by the contract are the directors of the State Divisions, the directors of the Queensland Local Government Foundation, the Divisional Chief Officers and the staff of the National Office and State Divisions.

This policy indemnity is available to directors and officers for defence costs incurred in the legal representation of any director or officer contesting any allegation, whether criminal or otherwise, contained in any claim made against them jointly or severally.


### **Environmental Regulation**

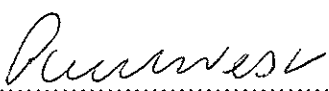
The company materially complies with all particular and significant environmental regulation in respect of its activities as a professional association for local government officers.

**Auditors Independence Declaration**

A copy of the auditors independence declaration as required under S307C of the Corporations Act 2001 is set out on page 7.

Signed at Melbourne this 31<sup>st</sup> day of March 2010, in accordance with a resolution of the Directors.

  
.....  
Neil Hartley, FLGMA  
National President/Chairman of Directors

  
.....  
Paul West, FLGMA  
Deputy President/Director

**AUDITOR'S INDEPENDENCE DECLARATION**  
**To the Board of Directors of**  
**Local Government Managers Australia**

As engagement partner for the audit of Local Government Managers Australia for the year ended 31<sup>st</sup> December 2009, I declare that, to the best of my knowledge and belief, there have been:

- i. No contraventions of the independence requirements of the Corporations Act in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.



Adam G Roberts  
Partner



UHY Haines Norton  
Chartered Accountants

Melbourne

Date: 26/3/2010

**INDEPENDENT AUDIT REPORT**  
**to the members of Local Government Managers Australia (Limited by  
Guarantee)**

**Report on the financial report**

We have audited the accompanying financial report of Local Government Managers Australia (the company), which comprises the Balance Sheet as at 31 December 2009, and the Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT**  
**To the Members of Local Government Managers Australia (Limited  
by Guarantee)**

**Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of **Local Government Managers Australia** on **26<sup>th</sup> March 2010**, would be in the same terms if provided to the directors as at the date of this auditor's report.

**Auditor's opinion**

In our opinion:

- a. the financial report of **Local Government Managers Australia** is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 31 December 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



UHY Haines Norton



Adam G Roberts

Melbourne

Dated this 7 day of April 2010

**DIRECTORS' DECLARATION**


The Directors declare that the financial report and notes set out on pages 11 to 24:


- (a) comply with Australian Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements in Australia.
- (b) give a true and fair view of the company's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial report is in accordance with the Corporations Act 2001; and
- (b) 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 statement is made in accordance with a resolution of the Directors.

  
.....  
Neil Hartley, FLGMA  
National President/Chairman of Directors

  
.....  
Paul West, FLGMA  
Deputy President/Director

Signed at Melbourne this 31<sup>st</sup> day of March 2010

*Local Government Managers Australia  
(Limited by Guarantee)*

**COMPREHENSIVE INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009	2008
			\$
Revenues from Ordinary Activities	2	1,763,594	2,064,367
Finance costs	3(b)	-	(6,610)
Expenses from Ordinary Activities		(1,942,390)	(1,965,099)
<b>Total Expenses</b>	<b>3(a)</b>	<b><u>1,942,390</u></b>	<b><u>1,971,709</u></b>
Profit/(Loss) before income tax	3(b)	(178,796)	92,658
Income Tax expense	1(f)	_____ -	_____ -
<b>Profit/(Loss) attributable to members</b>		<b><u>(178,796)</u></b>	<b><u>92,658</u></b>
Other Comprehensive Income		_____ -	_____ -
<b>Total Comprehensive Income/(Loss)</b>		<b><u>(178,796)</u></b>	<b><u>92,658</u></b>

The accompanying notes form part of these financial statements.

Local Government Managers Australia  
(Limited by Guarantee)

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Note	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	466,238	473,431
Trade and other receivables	7	438,036	452,007
Other current assets	8	<u>151,549</u>	<u>107,906</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>1,055,823</u></b>	<b><u>1,033,344</u></b>
<b>NON-CURRENT ASSETS</b>			
Investment Property	9	333,605	-
Property, plant & equipment	10	<u>88,574</u>	<u>418,010</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>422,179</u></b>	<b><u>418,010</u></b>
<b>TOTAL ASSETS</b>		<b><u>1,478,002</u></b>	<b><u>1,451,354</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	148,364	101,964
Provisions	12	77,463	48,991
Other current liabilities	13	<u>653,666</u>	<u>531,079</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>879,493</u></b>	<b><u>682,034</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	<u>23,308</u>	<u>15,323</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>23,308</u></b>	<b><u>15,323</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>902,801</u></b>	<b><u>697,357</u></b>
<b>NET ASSETS</b>		<b><u>575,201</u></b>	<b><u>753,997</u></b>
<b>MEMBERS EQUITY</b>			
Retained Earnings		<u>575,201</u>	<u>753,997</u>
<b>TOTAL MEMBERS EQUITY</b>		<b><u>575,201</u></b>	<b><u>753,997</u></b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

Local Government Managers Australia  
(Limited by Guarantee)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 \$	2008 \$
Retained profits at the beginning of the year		753,997	661,339
Comprehensive profit/(loss) attributable to members of the company		<u>(178,796)</u>	<u>92,658</u>
<b>Retained profits at the end of the year</b>		<b><u>575,201</u></b>	<b><u>753,997</u></b>

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 Inflows/ (Outflows) \$	2008 Inflows/ (Outflows) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b> <i>(including GST)</i>			
Receipts from Members and Customers		2,039,006	2,213,353
Payments to Suppliers & Employees		(2,055,568)	(2,056,356)
Interest Paid		-	(6,610)
Net Cash Inflows/(Outflows) from Operating Activities	16(a)	<u>(16,562)</u>	<u>150,387</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments		14,817	46,251
Purchase of Property, Plant & Equipment		(23,630)	(57,686)
Proceeds on disposal of Plant & Equipment		<u>18,182</u>	-
Net Cash Inflows/(Outflows) from Investing Activities		<u>9,369</u>	<u>(11,435)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	(141,949)
Net Cash Inflows/(Outflows) from Financing Activities		-	<u>(141,949)</u>
Net increase/(decrease) in cash held		(7,193)	(2,997)
Cash at beginning of the financial year		<u>473,431</u>	<u>476,428</u>
<b>Cash at the End of the Financial Year</b>	<b>6</b>	<b><u>466,238</u></b>	<b><u>473,431</u></b>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**1. STATEMENT OF ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australia Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the entity in the preparation of the financial report.

**(b) Investment Property**

A property held to earn rental income, with a total value of \$333,605 has been reclassified as an investment property. In accordance with AASB 140 "Investment Properties", this building is not depreciated. The carrying value of the property is compared to a market value on an annual basis. An impairment provision would be required if the fair value was less than the cost.

**(c) Property, Plant and Equipment**

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

Property, plant, equipment and motor vehicles are measured on the cost basis.

The carrying amount of these assets are reviewed annually by directors to ensure they are not in excess of recoverable amounts. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts. Refer to Note 21 for reconciliation for the carrying amounts of property, plant and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying value is greater than the recoverable amount.

**(d) Depreciation**

Assets are depreciated over their estimated useful lives using the reducing balance or prime cost method. Profits and losses on disposal of assets are taken into account in determining the profit for the period.

Assets residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

*Local Government Managers Australia  
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Depreciation rates for each class of assets are:

Plant & Equipment	- Furniture	14%
	- Electrical Equipment	20%
	- Computer Equipment	27%
	- Building Improvement	3.75%-37.5%
Motor Vehicle		18.75%

**(e) Trade and Other Creditors**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition unless other arrangements have been made.

**(f) Income Tax**

The charge for current income tax expenses is based on the profit for the year adjusted 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 balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition or an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The Company is a non-profit organisation and is assessable to income tax only on its net non-member income. Deferred income tax assets of \$498,939 (2008 = \$364,319) attributable to tax losses has not been brought to account. The realisation of these benefits is dependent upon:

- (i) The Company's ability to derive future assessable income,
- (ii) Continuing to comply with conditions of deductibility imposed by law, and
- (iii) There being no changes to tax legislation adversely affecting the Company's claims for the losses.

**(g) Employee Benefits**

Provision is made for amounts expected to be paid to employees in relation to employer benefits arising from services rendered to balance date, based on amounts expected to be paid when the liability is settled plus related on-costs.

Sick leave is non-vesting and no provision is recognised, as entitlements expected to be taken in the next twelve months are not expected to exceed entitlements that will accrue over the same period.

**(h) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand, at call deposits and investments in money market instruments maturing within three months and net of bank overdraft.

**(i) Revenue Recognition**

Membership Levies are brought to account when charges are raised to State Divisions and are based on memberships as at 1 July each year.

All other income is recognised on an accrual basis. Income received in advance and trade debtor invoices issued in the current year for services to be provided in the next financial year are recognised as deferred revenue.

**(j) 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.

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**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 company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Available for sale financial assets include any assets not included in the above categories. Available for sale assets are measured at fair value. Unrealised gains and losses are taken directly to equity. The company has no available for sale assets at 31<sup>st</sup> December 2009.

**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.

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### **Impairment**

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

### **(k) Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>		
<u>Operating activities</u>		
Revenue from members for services	1,723,458	1,988,672
Interest Received	14,817	46,251
Other	<u>25,319</u>	<u>29,444</u>
	<b><u>1,763,594</u></b>	<b><u>2,064,367</u></b>
<b>3.(a) EXPENSES BY FUNCTION</b>		
<u>Operating activities</u>		
Professional Development	983,103	886,144
Strategic Alliances	91,269	90,441
Leadership and Advocacy	123,185	385,356
Brand Development	77,353	77,836
Commercial Development	202,350	149,901
Operations and Administration	<u>463,769</u>	<u>382,031</u>
	<b><u>1,941,029</u></b>	<b><u>1,971,709</u></b>
<u>Non-operating activities</u>		
Loss on disposal of plant and equipment	<u>1,361</u>	-
	<b><u>1,942,390</u></b>	<b><u>1,971,709</u></b>

In 2009 salaries and on-costs of \$623,956 (2008=\$477,069) have been distributed across all of the above functions.

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	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>PROFIT/LOSS FROM ORDINARY ACTIVITIES</b>		
<b>(b)</b> Operating profit/loss before income tax is arrived at after crediting and charging the following specific items:		
Depreciation of property, plant and equipment	29,019	30,008
Rental expenses relating to operating leases	10,776	7,872
Provision for employee entitlements	53,062	5,877
Interest paid on borrowings	-	6,610
<b>4. AUDITORS REMUNERATION</b>		
Total amounts received by the auditors of the Company for:		
Audit of the Company's accounts	6,100	5,680
Other services – fringe benefits and income tax returns	<u>2,450</u>	<u>1,950</u>
	<b><u>8,550</u></b>	<b><u>7,630</u></b>
The auditors received no other benefits.		
<b>5. REMUNERATION OF DIRECTORS</b>		
Amounts received, or due and receivable, by Directors of Local Government Managers Australia from the Company and related corporations	-	-
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at Bank	466,138	473,331
Petty Cash	<u>100</u>	<u>100</u>
	<b><u>466,238</u></b>	<b><u>473,431</u></b>
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Trade Debtors	422,897	437,657
Rental Bond	<u>15,139</u>	<u>14,350</u>
	<b><u>438,036</u></b>	<b><u>452,007</u></b>
<b>8. OTHER CURRENT ASSETS</b>		
Pre-payments	<b><u>151,549</u></b>	<b><u>107,906</u></b>
<b>9. INVESTMENT PROPERTY</b>		
At cost – Unit D3.1, 63 – 85 Turner Street, Port Melbourne	<b><u>333,605</u></b>	<u>          -</u>

A 2009 valuation from an independent valuer obtained by LGMA determined for existing use, the value of the freehold land and building was approximately \$380,000.

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	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>10. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Plant and Equipment - cost	146,248	142,563
<b>LESS</b> Accumulated Depreciation	<u>97,725</u>	<u>77,888</u>
	<b><u>48,523</u></b>	<b><u>64,675</u></b>
Motor Vehicle - cost	49,046	45,580
<b>LESS</b> Accumulated Depreciation	<u>8,995</u>	<u>25,850</u>
	<b><u>40,051</u></b>	<b><u>19,730</u></b>
Land at Cost	_____ -	<b><u>176,441</u></b>
Building at Cost	_____ -	172,361
<b>LESS</b> Accumulated Depreciation	_____ -	<u>15,197</u>
	_____ -	<b><u>157,164</u></b>
<b>TOTAL</b>	<b><u>88,574</u></b>	<b><u>418,010</u></b>
<b>11. TRADE AND OTHER PAYABLES</b>		
Trade Creditors	45,476	38,111
Other Creditors	58,922	35,560
GST	<u>43,966</u>	<u>28,293</u>
	<b><u>148,364</u></b>	<b><u>101,964</u></b>
<b>12. PROVISIONS</b>		
Current Employee Entitlements	77,463	48,991
Non Current Employee Entitlements	<u>23,308</u>	<u>15,323</u>
	<b><u>100,771</u></b>	<b><u>64,314</u></b>
<b>13. OTHER CURRENT LIABILITIES</b>		
Deferred Revenue	<b><u>653,666</u></b>	<b><u>531,079</u></b>
<b>14. RELATED PARTIES</b>		
<p>Related parties include the various State Divisions of Local Government Managers Australia. Amounts due from/to related corporations at the year end represents payments made by the National Council on behalf of the State Divisions, and vice versa. These amounts are reimbursed on a monthly basis.</p> <p>Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of related corporations were as follows:</p>		
Membership Fee from Divisions	99,220	97,680

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## 15. DIRECTORS AND KEY MANAGEMENT PERSONNEL COMPENSATION

The names of persons who were Directors during the year are set out below.

<i>Neil Hartley</i>	<i>Nick Clarke</i>
<i>Paul West</i>	<i>Ray Burton</i>
<i>John Bennie</i>	<i>Gary Evershed</i>
<i>Mark Ferguson</i>	<i>John Coombe</i>
<i>Paul Bennett</i>	<i>Jane Trotter</i>
<i>Marianne Di Giallonardo</i>	<i>Ray Pincombe</i>
<i>Tracey Bradley</i>	<i>Penny Holloway</i>

There were no transactions with Directors by the Company that were outside the normal course of the Company's operations.

	2009	2008
	\$	\$
<b>Employment benefits paid by the company to key management personnel</b>		
Short term employee benefits	178,471	162,152
Post employment benefits	<u>16,556</u>	<u>13,454</u>
Total	<u><b>195,027</b></u>	<u><b>175,606</b></u>

## 16.(a) RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX

<b>Operating Profit/(Loss) after tax</b>	(178,796)	92,658
<b>Non Cash Items and Other Adjustments</b>		
Depreciation	29,019	30,008
Interest Income	(14,817)	(46,251)
Loss on disposal of non-current assets	1,361	-
<b>Changes in Operating Assets &amp; Liabilities</b>		
(Increase)/Decrease in receivables	13,971	(15,093)
(Increase)/Decrease in other assets	(72,744)	57,646
Increase/(Decrease) in accounts payable	46,400	13,037
Increase/(Decrease) in provisions	36,457	5,877
Increase/(Decrease) in other liabilities	<u>122,587</u>	<u>12,505</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<u><b>(16,562)</b></u>	<u><b>150,387</b></u>

## (b) UNUSED CREDIT FACILITY

The company has an overdraft credit facility of \$100,000 (2008 = \$100,000) with the Commonwealth Bank of Australia as at 31 December 2009.

## 17. FINANCIAL REPORTING BY SEGMENTS

The company operates as a professional association service for local government managers in Australia, its revenue being derived from activities involving its members. The company has no separate material segments.

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## 18. FINANCIAL INSTRUMENTS

### (a) Credit Risk Exposures

The credit risk on financial assets of the company which have been recognised on the balance sheet is generally the carrying amount, net of any provisions for doubtful debts.

### (b) Market Risk

The company is not exposed to any direct market risk arising from movement in interest rates, equity markets or foreign exchange rates.

### (c) Interest Rate Risk Exposure

The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity.

2009		Fixed interest Maturing in:				
	Notes	Floating interest rate	1 year or less	over 1 - 5 years	Non- interest bearing	Total
		\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and deposits	6	216,238	250,000	-	-	466,238
Receivables	7	-	-	-	422,897	422,897
		216,238	250,000	-	422,897	889,135
Weighted Average Interest Rate		1.85%	4.1%			
<b>Financial Liabilities</b>						
Accounts Payable	11	-	-	-	(148,364)	(148,364)
Interest Bearing Liability	12	-	-	-	-	-
		-	-	-	(148,364)	(148,364)
Weighted Average Interest Rate						
<b>Net financial assets (liabilities)</b>		<b>216,238</b>	<b>250,000</b>	<b>-</b>	<b>274,533</b>	<b>740,771</b>

2008		Fixed interest Maturing in:				
	Notes	Floating interest rate	1 year or less	over 1 - 5 years	Non- interest bearing	Total
		\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and deposits	6	123,331	350,000	-	-	473,331
Receivables	7	-	-	-	437,657	437,657
		123,331	350,000	-	437,657	910,988
Weighted Average Interest Rate			4.9%			
<b>Financial Liabilities</b>						
Accounts Payable	11	-	-	-	(101,964)	(101,964)
Interest Bearing Liability	12	-	-	-	-	-
		-	-	-	(101,964)	(101,964)
Weighted Average Interest Rate						
<b>Net financial assets (liabilities)</b>		<b>123,331</b>	<b>350,000</b>	<b>-</b>	<b>335,693</b>	<b>809,024</b>

*Local Government Managers Australia  
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**Sensitivity Disclosure Statement**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, The Company believes the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of +1% in market interest rates (AUD) from year-end rates;
- A parallel shift of +1% and -1% in inflation rate from year end rates

The following table discloses the impact on net operating result and equity for each category of financial instrument held by The Company at year end as presented to key management personnel, if changes in the relevant risk occur.

	Interest Rate Risk				Other Price Risk			
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	-1%	-1%	+1%	+1%	-1%	-1%	+1%	+1%
Financial assets								
Cash & Bank deposit	(471)	(471)	471	471	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-

**(d) Net Fair Value of Financial Assets and Liabilities**

The net fair value of financial assets and financial liabilities approximates their carrying value.

	2009	2008
	\$	\$
<b>19. COMMITMENTS FOR EXPENDITURE</b>		
Commitments in relation to a non-cancellable operating leases are payable as follows:		
Not later than one year	79,559	76,284
Later than one year but not later than 5 years	<u>194,182</u>	<u>273,742</u>
	<b><u>273,741</u></b>	<b><u>350,026</u></b>

The commitments listed above relate to photocopier and accommodation leases.

**Photocopier**

The operating lease relates to a photocopier lease for a five-year term due to expire May 2013.

**Accommodation**

The accommodation lease relates to leased office accommodation from April 2008 due to expire in April 2013. A rental bond of \$15,139, being three months rent was paid. The lease is for a five year tenancy with an option for a further term of five years. The rental on the lease is adjusted by an increase 5% compounding in April each year.

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Investment Property

The former office accommodation has been leased from December 2009 on a three year term with the rental increased each year by the C.P.I. A security deposit equivalent to three months rent is held by the leasing agent by way of Bank Guarantee. A further three year term will be considered on completion of a market review.

**20. GUARANTEE OF MEMBERS**

The company is limited by Guarantee. Each of the six members being the State Divisions of the company is liable to contribute up to a maximum of \$100 to the assets of the company in the event of it being wound up.

**21. RECONCILIATION OF CARRYING AMOUNTS FOR PROPERTY, PLANT AND EQUIPMENT**

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current year.

2009	<b>Motor Vehicle</b>	<b>Plant &amp; Equipment</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Carrying amount at beginning of the year	19,730	64,675	176,441	157,164	418,010
Additions	49,046	3,685	-	-	52,731
Disposals	19,543	-	-	-	19,543
Transfer to Investment Property	-	-	176,441	157,164	333,605
Depreciation expense	<u>9,182</u>	<u>19,837</u>	-	-	<u>29,019</u>
Carrying amount at end of the year	<u>40,051</u>	<u>48,523</u>	<u>-</u>	<u>-</u>	<u>88,574</u>

2008	<b>Motor Vehicle</b>	<b>Plant &amp; Equipment</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Carrying amount at beginning of the year	28,276	54,513	176,441	160,202	419,432
Additions	-	28,586	-	-	28,586
Disposals	-	-	-	-	-
Depreciation expense	<u>8,546</u>	<u>18,424</u>	-	<u>3,038</u>	<u>30,008</u>
Carrying amount at end of the year	<u>19,730</u>	<u>64,675</u>	<u>176,441</u>	<u>157,164</u>	<u>418,010</u>

**22. REGISTERED OFFICE**

The registered office and principal place of business is –  
Local Government Managers Australia  
Level 2, 153 – 161 Park Street  
SOUTH MELBOURNE VIC 3205

Local Government Managers Australia  
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**DETAILED PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

(Compiled without audit review or independent certification)

Activity	Expenditure		Income	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>PROFESSIONAL DEVELOPMENT</b>				
National Congress	564,984	477,063	659,351	637,770
Management Challenge	351,287	314,533	416,693	400,418
Leading Practices Symposium	2,388	69,602		52,591
Women in Local Government Program	64,444	20,361	1,600	4,600
Overseas Visitor Sessions		4,585		12,000
	<b>983,103</b>	<b>886,144</b>	<b>1,077,644</b>	<b>1,107,379</b>
<b>STRATEGIC ALLIANCES</b>				
International Projects	16,902	13,297		
International Liaison	31,382	33,588		
Korean Research Project			7,350	10,785
ICMA Membership	8,807	7,833	16,685	15,609
Divisional Membership Fees	29,775	26,931	99,220	97,680
Divisional Liaison	1,495	6,347		
Divisional Chief Officers	538	995		
Professional Association Liaison	2,370	1,450		
	<b>91,269</b>	<b>90,441</b>	<b>123,255</b>	<b>124,074</b>
<b>LEADERSHIP &amp; ADVOCACY</b>				
Advocacy and Liaison	49,451	36,101		
DEST Alliance Project		299,716		312,364
Skills Shortage Project	52,828	29,405	11,520	(1,400)
Financial Sustainability	19,155	17,394		
Asset Management	1,751	2,740		
	<b>123,185</b>	<b>385,356</b>	<b>11,520</b>	<b>310,964</b>
<b>BRAND DEVELOPMENT</b>				
LGMA Diaries	9,654	10,057	16,625	15,835
LGM Magazine	11,357	5,671	51,191	53,684
LG Update Newsletter	11,156	10,911		
Marketing and Image	16,656	6,992		
Membership Certificates and Badges	1,114			
Online Services/Website	27,416	44,205		
	<b>77,353</b>	<b>77,836</b>	<b>67,816</b>	<b>69,519</b>

*Local Government Managers Australia  
(Limited by Guarantee)*

<b>Activity</b>	<b>Expenditure 2009</b>	<b>Expenditure 2008</b>	<b>Income 2009</b>	<b>Income 2008</b>
<b>COMMERICAL DEVELOPMENT</b>				
Corporate Membership	101,761	139,220	325,041	383,984
LGMA Enterprises	9,589	7,634		
Centre for Excellence (C4X)	84,958		100,000	
International Consulting	6,042	3,047		
	<b>202,350</b>	<b>149,901</b>	<b>425,041</b>	<b>383,984</b>
<b>OPERATIONS &amp; ADMINISTRATION</b>				
<b>Governance</b>				
Annual Report and Statements	6,881	4,758		
Legal	1,664	71		
National Board and NEC	108,736	81,727		
<b>Financial Management</b>				
Audit and Financial Management	54,692	38,471		
Bank Interest			14,817	46,251
Bank and Credit Fees	3,597	3,855		
Interest on Loan Repayments		6,610		
<b>Employment Costs</b>				
Salaries	45,904	33,824		
Vehicle Leases and Operating Expenses	2,660	2,385		
Fringe Benefits Tax	1,984	1,666		
Provision for Annual Leave	3,526	2,972		
Provision for Long Service	1,443	741		
Superannuation	4,827	2,843		
Workcover	308	250		
TAC Reimbursement				982
<b>General Administration</b>				
Equipment/Furniture/Vehicle Depreciation	29,019	26,970		
Building Depreciation		3,038		
Computer Support	13,039	8,450		
Equipment Maint and Operation	3,081	10,393		
Insurance	31,630	26,284	25,319	21,214
Miscellaneous Office	2,749	7,971		
Miscellaneous Staffing	2,392	15,675		
Office Liaison	4,048	3,251		
Office Rental	59,552	43,050		
Profit/Loss from Sale of Assets	19,543		18,182	
Property Maintenance	30,136	19,039		
Photocopier and Fax Rental	10,776	7,872		
Postage, Freight and Couriers	2,342	2,198		
Printing and Stationery	7,142	10,241		
Staff Travel and Parking	599	649		
Telephone and Facsimile	12,860	16,777		
	<b>465,130</b>	<b>382,031</b>	<b>58,318</b>	<b>68,447</b>
<b>Total</b>	<b>1,942,390</b>	<b>1,971,709</b>	<b>1,763,594</b>	<b>2,064,367</b>

Local Government Managers Australia  
(Limited by Guarantee)

	2009	2008
	\$	\$
<b>OPERATING PROFIT/(LOSS)</b>	<b>(178,796)</b>	<b>92,658</b>
Retained Profit/(Losses) at the beginning of period	753,997	661,339
<b>RETAINED PROFITS AT THE END OF PERIOD</b>	<b>575,201</b>	<b>753,997</b>

**Note:**

1. Salaries and On Costs have been distributed throughout various programs with only unallocated amounts shown.