

# WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

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### **LWK Pty Limited**

Chartered Accountants  
Business Advisers and Consultants

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Australia

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## INDEPENDENT AUDIT REPORT

Stephen K M Liu FCA  
Victor K M Kwok CA  
Harmit S Chopra CA

**TO THE MEMBERS OF  
WATER DIRECTORATE INCORPORATED  
AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**

### Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Water Directorate Incorporated (the association), which comprises the assets and liabilities statement as at 30 June 2012, the income and expenditure statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the Executive Committee.

### Executive Committee's Responsibility for the Financial Report

The Executive Committee of the association is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Associations Incorporation Act 2009 (NSW) and the needs of the members. The Executive Committee's responsibility also includes such internal control as the Executive Committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 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 association'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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, 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.

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## INDEPENDENT AUDIT REPORT (Continued)

### Audit Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Water Directorate Incorporated as at 30 June 2012 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the Associations Incorporation Act 2009 (NSW).

### Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Water Directorate Incorporated to meet the requirements of the Associations Incorporation Act 2009 (NSW). As a result, the financial report may not be suitable for another purpose.

*LWK*

LWK  
Chartered Accountants

*S.K.M. Liu*

S.K.M. LIU  
Partner

Date 6 September 2012

Sydney

**WATER DIRECTORATE INCORPORATED**  
**AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE**

The Executive Committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Executive Committee the financial report:

1. presents a true and fair view of the financial position of Water Directorate Incorporated as at 30 June 2012 and its performance for the year ended on that date; and
2. at the date of this statement, there are reasonable grounds to believe that Water Directorate Incorporated will be able to pay its debts as and when they fall due.

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

*S.M.*

*G.M.*

*S. McLeod*

*G. Mitchell*

S. McLeod  
Chairman

G. Mitchell  
Executive Officer

Dated this *5th* day of *September* 2012

**WATER DIRECTORATE INCORPORATED**  
**AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>INCOME</b>			
Membership fees		453,298	426,092
Sales – manuals		6,105	7,177
Sundry income		24,607	16,532
Change in net market value of investment		238	608
		<u>484,248</u>	<u>450,409</u>
<b>EXPENDITURE</b>			
Accounting and audit		7,100	6,400
Advertising sponsorship		25,598	24,094
Bank Charges		276	420
Computer expenses		3,048	4,279
Conferences, travel and accommodation		5,966	6,755
Consultants and technical support		92,091	53,014
Executive committee expenses		8,055	9,632
Insurance		6,787	6,557
IPWEA support - Management fees		66,000	72,000
Membership		11,023	10,705
Printing, postage and stationery		9,971	7,648
Salary		197,675	185,055
		<u>433,590</u>	<u>386,559</u>
Profit before income tax		50,658	63,850
Income tax expense	2	<u>-</u>	<u>-</u>
Profit after income tax		50,658	63,850
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>190,632</u>	<u>126,782</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u>241,290</u>	<u>190,632</u>

The accompanying notes form part of this financial report.

**WATER DIRECTORATE INCORPORATED**  
**AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**

**ASSETS AND LIABILITIES STATEMENT**  
**AS AT 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	248,908	196,414
Trade and other receivables	4	11,240	4,353
Prepayments		449	448
<b>TOTAL CURRENT ASSETS</b>		<u>260,597</u>	<u>201,215</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	68,609	66,084
<b>TOTAL NON-CURRENT ASSETS</b>		<u>68,609</u>	<u>66,084</u>
<b>TOTAL ASSETS</b>		<u>329,206</u>	<u>267,299</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	14,395	10,855
Short-term provisions	7	73,521	65,812
<b>TOTAL CURRENT LIABILITIES</b>		<u>87,916</u>	<u>76,667</u>
<b>TOTAL LIABILITIES</b>		<u>87,916</u>	<u>76,667</u>
<b>NET ASSETS</b>		<u>241,290</u>	<u>190,632</u>
<b>MEMBERS' FUNDS</b>			
Retained profits		<u>241,290</u>	<u>190,632</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>241,290</u>	<u>190,632</u>

The accompanying notes form part of this financial report.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1. Statement of Significant Accounting Policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act 2009 (NSW). The Executive Committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of this financial report:

**(a) Trade receivables and revenue recognition**

Membership income is recorded when the period of membership begins. Any membership fees received in advance are taken to deferred income until the period of membership begins.

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

**(b) Trade and other payables**

Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(c) Employee benefits**

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

**(d) Income tax**

Much of the income of the association is "mutual" income as defined in tax law, whereby income derived from member sources is tax exempt. Taxable income includes income derived from non-member sources after deducting expenditure incurred in deriving that income.

**(e) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

**WATER DIRECTORATE INCORPORATED**  
**AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$	2011 \$
<b>2. Income Tax</b>		
<b>(a) Income tax expense</b>		
(i) The components of tax expense comprise:		
Current tax	<u>-</u>	<u>-</u>
(ii) The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
The prima facie tax payable on profit before income tax at 30% (2011: 30%)	15,197	19,155
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(18,405)	(22,779)
- income tax loss not brought to account	<u>3,208</u>	<u>3,624</u>
Income tax expense	<u>-</u>	<u>-</u>
<b>(b) Future income tax benefit not recognised</b>		
Tax losses	<u>31,091</u>	<u>27,883</u>
The benefit of these losses will only be obtained if:		
(i) the association derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;		
(ii) the association continues to comply with the conditions for deductibility imposed by tax legislation, and		
(iii) no changes in tax legislation adversely affect the association in realising the benefit from the deductions for the losses.		



**WATER DIRECTORATE INCORPORATED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>3. Cash and Cash Equivalents</b>		
Cash at bank	<u>248,908</u>	<u>196,414</u>
<b>4. Trade and Other Receivables</b>		
Current		
Trade receivables	5,377	-
GST receivable	<u>5,863</u>	<u>4,353</u>
	<u>11,240</u>	<u>4,353</u>
<b>5. Financial Assets</b>		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>68,609</u>	<u>66,084</u>
<b>6. Trade and Other Payables</b>		
Current		
Trade payables and accrued expenses	<u>14,395</u>	<u>10,855</u>

**WATER DIRECTORATE INCORPORATED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	\$	\$
<b>7. Provisions</b>		
Current		
Provision for annual leave	19,097	17,464
Provision for long service leave	<u>54,424</u>	<u>48,348</u>
	<u><u>73,521</u></u>	<u><u>65,812</u></u>

**8. Other Information**

The registered office and principal place of business is:

Water Directorate Incorporated  
Level 12  
447 Kent Street  
Sydney NSW 2000

There was one employee at year end (2011: One).