

WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

LWK Pty Limited

Chartered Accountants
Business Advisers and Consultants

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Australia

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INDEPENDENT AUDIT REPORT

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

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

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 2011, 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 is appropriate to meet the needs of the members. The Executive Committee's responsibility also includes such internal control as the 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 2011 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 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 report, 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 *24 October 2011*

Sydney

**WATER DIRECTORATE INCORPORATED
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FOR THE YEAR ENDED 30 JUNE 2011**

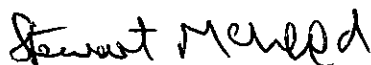
STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

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 2011 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. McLeod
Chair



G. Mitchell
Executive Officer

Dated this 21ST day of OCTOBER 2011

WATER DIRECTORATE INCORPORATED
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
INCOME			
Membership fees		426,092	394,497
Sales – manuals		7,177	7,527
Sundry income		16,532	10,386
Change in net market value of investment		608	3,012
		<u>450,409</u>	<u>415,422</u>
EXPENDITURE			
Accounting and audit		6,400	6,400
Advertising sponsorship		24,094	18,848
Bank Charges		420	341
Computer expenses		4,279	4,965
Conferences, travel and accommodation		6,755	2,843
Consultants and technical support		53,014	24,340
Depreciation		-	1,119
Executive committee expenses		9,632	5,931
Insurance		6,557	6,922
IPWEA support - Management fees		72,000	70,712
Membership		10,705	11,795
Printing, postage and stationery		7,648	7,286
Salary		185,055	173,241
		<u>386,559</u>	<u>334,743</u>
Profit before income tax		63,850	80,679
Income tax expense	2	<u>-</u>	<u>-</u>
Profit after income tax		63,850	80,679
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>126,782</u>	<u>46,103</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u>190,632</u>	<u>126,782</u>

The accompanying notes form part of this financial report.

WATER DIRECTORATE INCORPORATED
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ASSETS AND LIABILITIES STATEMENT
AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	3	196,414	139,051
Trade and other receivables	4	4,353	6,423
Prepayments		<u>448</u>	<u>455</u>
TOTAL CURRENT ASSETS		<u>201,215</u>	<u>145,929</u>
NON-CURRENT ASSETS			
Financial assets	5	<u>66,084</u>	<u>61,965</u>
TOTAL NON-CURRENT ASSETS		<u>61,965</u>	<u>61,965</u>
TOTAL ASSETS		<u>267,299</u>	<u>207,894</u>
CURRENT LIABILITIES			
Trade and other payables	6	10,855	18,205
Short-term provisions	7	<u>65,812</u>	<u>62,907</u>
TOTAL CURRENT LIABILITIES		<u>76,667</u>	<u>81,112</u>
TOTAL LIABILITIES		<u>76,667</u>	<u>81,112</u>
NET ASSETS		<u>190,632</u>	<u>126,782</u>
MEMBERS' FUNDS			
Retained profits		<u>190,632</u>	<u>126,782</u>
TOTAL MEMBERS' FUNDS		<u>190,632</u>	<u>126,782</u>

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 otherwise stated, 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

These amounts represent liabilities for goods and services provided to the association prior to the end of the year and which are unpaid. The amounts disclosed are usually paid within 30 days of recognition.

(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.

WATER DIRECTORATE INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
2. Income Tax		
(a) Income tax expense		
(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% (2010 30%)	19,155	24,204
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(22,779)	(27,703)
- income tax loss not brought to account	<u>3,624</u>	<u>3,499</u>
Income tax expense	<u>-</u>	<u>-</u>
(b) Future income tax benefit not recognised		
Tax losses	<u>27,883</u>	<u>24,259</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.		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
3. Cash and Cash Equivalents		
Cash on hand	-	100
Cash at bank	<u>196,414</u>	<u>138,951</u>
	<u>196,414</u>	<u>139,051</u>
4. Trade and Other Receivables		
Current		
Trade receivables	-	2,651
GST receivable	<u>4,353</u>	<u>3,772</u>
	<u>4,353</u>	<u>6,423</u>
5. Financial Assets		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>66,084</u>	<u>61,965</u>
6. Trade and Other Payables		
Current		
Trade payables and accrued expenses	<u>10,855</u>	<u>18,205</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
7. Provisions		
Current		
Provision for annual leave	17,464	20,791
Provision for long service leave	<u>48,348</u>	<u>42,116</u>
	<u>65,812</u>	<u>62,907</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 (2010: One).