

WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

LWK PTY LTD

Chartered Accountants
Business Advisers and Consultants

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National and worldwide associations through Nexia International

INDEPENDENT AUDIT REPORT

**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 balance sheet as at 30 June 2009 for the year then ended, the income statement, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporation Act 1984 (NSW) and are appropriate to meet the needs of the members. The Executive Committee's responsibilities also include designing, implementing 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 Executive Committee, as well as evaluating the overall presentation of the financial report.

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INDEPENDENT AUDIT REPORT (Continued)

Auditor's Responsibility (Continued)

The financial report has been prepared for distribution to members for the purpose of fulfilling the Executive Committee's financial reporting requirements under the Association's Incorporation Act 1984 (NSW). We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of Water Directorate Incorporated presents fairly, in all material respects the financial position of Water Directorate Incorporated as of 30 June 2009 and of 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 1984 (NSW).

LWK

LWK
Chartered Accountants

S.K.M. Liu

S.K.M. LIU
Partner

Date *7 September 2009*

Sydney

WATER DIRECTORATE INCORPORATED
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FOR THE YEAR ENDED 30 JUNE 2009

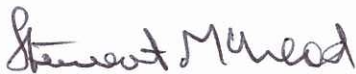
STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

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 balance sheet, income statement and notes to the financial statements:

1. presents a true and fair view of the financial position of Water Directorate Incorporated as at 30 June 2009 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 4TH day of ~~SEPTEMBER~~ 2009

WATER DIRECTORATE INCORPORATED
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
INCOME			
Membership fees		383,057	364,824
Sales – manuals		15,358	13,147
Sundry income		11,718	48,265
		<u>410,133</u>	<u>426,236</u>
EXPENDITURE			
Accounting and audit		6,300	6,070
Advertising sponsorship		14,872	17,044
Bank Charges		529	314
Change in net market value of investment		4,108	7,095
Computer expenses		4,121	3,531
Conferences, travel and accommodation		3,548	5,981
Consultants and technical support		84,521	154,444
Depreciation		874	656
Executive committee expenses		7,095	5,896
Insurance		7,150	14,855
IPWEA support - Management fees		69,701	67,672
Membership		8,750	9,771
Printing, postage and stationery		8,978	11,590
Salary		189,000	161,900
		<u>409,547</u>	<u>466,819</u>
Profit/(loss) before income tax		586	(40,583)
Income tax expense	2	-	-
Profit/(loss) after income tax		586	(40,583)
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>45,517</u>	<u>86,100</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u>46,103</u>	<u>45,517</u>

The accompanying notes form part of this financial report.

WATER DIRECTORATE INCORPORATED
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BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	3	68,641	40,938
Trade and other receivables	4	3,102	11,352
Prepayments		507	231
TOTAL CURRENT ASSETS		<u>72,250</u>	<u>52,521</u>
NON-CURRENT ASSETS			
Financial assets	5	56,607	59,134
Plant and equipment	6	1,119	1,993
TOTAL NON-CURRENT ASSETS		<u>57,726</u>	<u>61,127</u>
TOTAL ASSETS		<u>129,976</u>	<u>113,648</u>
CURRENT LIABILITIES			
Trade and other payables	7	14,904	13,859
Short-term provisions	8	68,969	22,381
TOTAL CURRENT LIABILITIES		<u>83,873</u>	<u>36,240</u>
NON-CURRENT LIABILITIES			
Long-term provisions	8	-	31,891
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>31,891</u>
TOTAL LIABILITIES		<u>83,873</u>	<u>68,131</u>
NET ASSETS		<u>46,103</u>	<u>45,517</u>
MEMBERS' FUNDS			
Retained profits		<u>46,103</u>	<u>45,517</u>
TOTAL MEMBERS' FUNDS		<u>46,103</u>	<u>45,517</u>

The accompanying notes form part of this financial report.

WATER DIRECTORATE INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 1984 (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.

Collectibility 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

Provisions are made for the association's liability for employee benefits arising from services rendered by employees to balance date. 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 2009

	2009	2008
	\$	\$
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/(loss) before income tax is reconciled to the income tax as follows:		
The prima facie tax payable/(benefit) on profit/(loss) before income tax at 30% (2008 30%)	176	(12,175)
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(4,004)	7,888
- income tax losses not brought to account	<u>3,828</u>	<u>4,287</u>
Income tax expense	<u> -</u>	<u> -</u>
(b) Future income tax benefit not recognised		
Tax losses	<u>20,760</u>	<u>16,932</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 2009

	2009	2008
	\$	\$
3. Cash and Cash Equivalents		
Cash on hand	100	100
Cash at bank	<u>68,541</u>	<u>40,838</u>
	<u><u>68,641</u></u>	<u><u>40,938</u></u>
4. Trade and Other Receivables		
Current		
Trade receivables	-	400
GST receivable	<u>3,102</u>	<u>10,952</u>
	<u><u>3,102</u></u>	<u><u>11,352</u></u>
5. Financial Assets		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>56,607</u>	<u>59,134</u>
6. Plant and Equipment		
Computer equipment – at cost	2,649	2,649
Accumulated depreciation	<u>(1,530)</u>	<u>(656)</u>
	<u><u>1,119</u></u>	<u><u>1,993</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
7. Trade and Other Payables		
Current		
Trade payables and accrued expenses	<u>14,904</u>	<u>13,859</u>
8. Provisions		
Current		
Provision for annual leave	31,036	22,381
Provision for long service leave	<u>37,933</u>	<u>-</u>
	<u>68,969</u>	<u>22,381</u>
Non-current		
Provision for long service leave	<u>-</u>	<u>31,891</u>

9. 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 (2008: One).