

# WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

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### **LWK PTY LTD**

Chartered Accountants  
Business Advisers and Consultants

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## **INDEPENDENT AUDIT REPORT**

### **TO THE MEMBERS OF WATER DIRECTORATE INCORPORATED**

#### **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 2007, and 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 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. 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 presentations 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

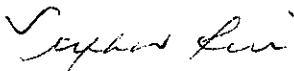
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

### 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 2007 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.



**LWK**  
**Chartered Accountants**



**S.K.M. LIU**  
**Partner**

Date *21 September 2007*

Sydney

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>INCOME</b>			
Membership fees		352,083	330,466
Sales – manuals		19,317	17,602
Sundry income		48,199	37,232
		<u>419,599</u>	<u>385,300</u>
<b>EXPENDITURE</b>			
Accounting and audit		5,050	7,010
Advertising sponsorship		13,462	14,753
Bank Charges		942	1,783
Computer expenses		1,553	1,784
Conferences, travel and accommodation		12,496	6,427
Consultants and technical support		90,754	105,933
Depreciation		201	1,080
Executive committee expenses		4,743	3,726
Insurance		10,822	7,702
IPWEA support - Management fees		62,329	46,867
Membership		8,303	8,068
Printing, postage and stationery		8,664	13,497
Salary		176,126	152,073
Subscriptions		1,155	1,100
		<u>396,600</u>	<u>371,803</u>
Profit before income tax		22,999	13,497
Income tax expense	2	<u>-</u>	<u>-</u>
Profits after income tax		22,999	13,497
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>63,101</u>	<u>49,604</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u>86,100</u>	<u>63,101</u>

The accompanying notes form part of this financial report.

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

**BALANCE SHEET**  
**AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	88,436	935
Trade and other receivables	4	6,592	6,033
Prepayments		-	700
<b>TOTAL CURRENT ASSETS</b>		<u>95,028</u>	<u>7,668</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	61,023	106,008
Plant and equipment	6	-	201
<b>TOTAL NON-CURRENT ASSETS</b>		<u>61,023</u>	<u>106,209</u>
<b>TOTAL ASSETS</b>		<u>156,051</u>	<u>113,877</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	43,045	30,384
<b>TOTAL CURRENT LIABILITIES</b>		<u>43,045</u>	<u>30,384</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	8	26,906	20,392
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>26,906</u>	<u>20,392</u>
<b>TOTAL LIABILITIES</b>		<u>69,951</u>	<u>50,776</u>
<b>NET ASSETS</b>		<u>86,100</u>	<u>63,101</u>
<b>MEMBERS' FUNDS</b>			
Retained profits		86,100	63,101
<b>TOTAL MEMBERS' FUNDS</b>		<u>86,100</u>	<u>63,101</u>

The accompanying notes form part of this financial report.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**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 in accordance with the requirements of the Associations Incorporation Act 1984 (NSW) and the following Australian Accounting Standards:

AASB 1031 Materiality

AASB 110 Events after the Balance Sheet Date

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

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

The following material 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) 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**  
**AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<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% (2006 30%)	6,900	4,049
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(10,357)	(6,037)
- income tax losses not brought to account	<u>3,457</u>	<u>1,988</u>
Income tax expense	<u>-</u>	<u>-</u>
<b>(b) Future income tax benefit not recognised</b>		
Tax losses	<u>12,645</u>	<u>9,188</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 2007**

	2007	2006
	\$	\$
<b>3. Cash and cash equivalents</b>		
Cash on hand	100	-
Cash at bank	<u>88,336</u>	<u>935</u>
	<u>88,436</u>	<u>935</u>
<b>4. Trade and other receivables</b>		
Current		
Trade receivables	300	420
GST receivable	<u>6,292</u>	<u>5,613</u>
	<u>6,592</u>	<u>6,033</u>
<b>5. Financial assets</b>		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>61,023</u>	<u>106,008</u>
<b>6. Plant and equipment</b>		
Computer equipment – at cost	3,229	3,229
Accumulated depreciation	<u>(3,229)</u>	<u>(3,028)</u>
	<u>-</u>	<u>201</u>

**WATER DIRECTORATE INCORPORATED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>7. Trade and other payables</b>		
Current		
Trade payables and accrued expenses	25,817	20,970
Short-term employee benefits	<u>17,228</u>	<u>9,414</u>
	<u>43,045</u>	<u>30,384</u>
<b>8. Long-term provisions</b>		
Non-current		
Provision for long service leave	<u>26,906</u>	<u>20,392</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 (2006: One).

**WATER DIRECTORATE INCORPORATED**  
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**FOR THE YEAR ENDED 30 JUNE 2007**

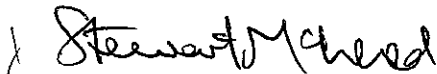
**STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE**

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 2007 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 14<sup>th</sup> day of September 2007