

WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

LIU MADDEN PARTNERS

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National and worldwide associations through SC International

WATER DIRECTORATE INCORPORATED
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
INCOME			
Membership fees		330,466	332,269
Sales – manuals		17,602	7,668
Sundry income		37,232	39,342
		<u>385,300</u>	<u>379,279</u>
EXPENDITURE			
Accounting and audit		7,010	2,500
Advertising sponsorship		14,753	22,744
Bank Charges		1,783	230
Computer expenses		1,784	3,226
Conferences, travel and accommodation		6,427	6,276
Consultants and technical support		105,933	110,010
Depreciation		1,080	1,076
Executive committee expenses		3,726	3,835
Insurance		7,702	11,070
IPWEA support - Management fees		46,867	40,092
Legal fees		-	218
Membership		8,068	8,000
Printing, postage and stationery		13,497	8,505
Salary		152,073	146,525
Subscriptions		1,100	350
		<u>371,803</u>	<u>364,657</u>
Profit before income tax		13,497	14,622
Income tax expense	2	<u>-</u>	<u>-</u>
Profits after income tax		13,497	14,622
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>49,604</u>	<u>34,982</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u>63,101</u>	<u>49,604</u>

The accompanying notes form part of this financial report.

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BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	3	935	107,319
Trade and other receivables	4	6,033	3,230
Prepayments		700	-
TOTAL CURRENT ASSETS		<u>7,668</u>	<u>110,549</u>
NON-CURRENT ASSETS			
Financial assets	5	106,008	-
Plant and equipment	6	201	1,281
TOTAL NON-CURRENT ASSETS		<u>106,209</u>	<u>1,281</u>
TOTAL ASSETS		<u>113,877</u>	<u>111,830</u>
CURRENT LIABILITIES			
Trade and other payables	7	30,384	45,574
TOTAL CURRENT LIABILITIES		<u>30,384</u>	<u>45,574</u>
NON-CURRENT LIABILITIES			
Long-term provisions	8	20,392	16,652
TOTAL NON-CURRENT LIABILITIES		<u>20,392</u>	<u>16,652</u>
TOTAL LIABILITIES		<u>50,776</u>	<u>62,226</u>
NET ASSETS		<u>63,101</u>	<u>49,604</u>
MEMBERS' FUNDS			
Retained profits		63,101	49,604
TOTAL MEMBERS' FUNDS		<u>63,101</u>	<u>49,604</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 2006

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, Urgent Issues Group 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

1. Statement of Significant Accounting Policies (Cont'd)

(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.

(d) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	2006 \$	2005 \$
2. Income tax		
(a) Income tax expense		
(i) The components of tax expense comprise:		
Current tax	-	-
(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% (2005 30%)	4,049	4,387
Less tax effect of:		
- non-taxable member income arising from principle of mutuality	(6,037)	(6,587)
- income tax losses not brought to account	1,988	2,200
Income tax expense	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
2. Income tax (Cont'd)		
(b) Future income tax benefit not recognised		
Tax losses	<u>9,188</u>	<u>7,200</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.		
3. Cash and cash equivalents		
Cash at bank	<u>935</u>	<u>107,319</u>
4. Trade and other receivables		
Current		
Trade receivables	420	-
GST receivable	<u>5,613</u>	<u>3,230</u>
	<u>6,033</u>	<u>3,230</u>
5. Financial assets		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>106,008</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
6. Plant and equipment		
Computer equipment – at cost	3,229	3,229
Accumulated depreciation	<u>(3,028)</u>	<u>(1,948)</u>
	<u>201</u>	<u>1,281</u>
7. Trade and other payables		
Current		
Trade payables and accrued expenses	20,970	35,522
Short-term employee benefits	<u>9,414</u>	<u>10,052</u>
	<u>30,384</u>	<u>45,574</u>
8. Long-term provisions		
Non-current		
Provision for long service leave	<u>20,392</u>	<u>16,652</u>

9. OTHER INFORMATION

Water Directorate Incorporated is an association incorporated under the Associations Incorporation Act 1984 (NSW) and is domiciled in New South Wales.

The registered office and principal place of business is at Level 12, 447 Kent Street, Sydney NSW 2000.

There was one employee at year end (2005: one).

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FOR THE YEAR ENDED 30 JUNE 2006

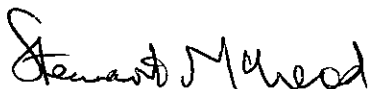
STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

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 2006 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 7th day of September 2006

LIU MADDEN PARTNERS

*Chartered Accountants
Business Advisers and Consultants*

Stephen K M Liu FCA

John L Madden FCA

Victor K M Kwok CA

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF WATER DIRECTORATE INCORPORATED

Scope

We have audited the financial report, comprising the balance sheet, income statement, accompanying notes to the financial statements, and the statement by members of the executive committee for Water Directorate Incorporated for year ended 30 June 2006. The Executive Committee is responsible for the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Associations Incorporation Act 1984 (NSW) and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of Water Directorate Incorporated. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements of 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.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the Association's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

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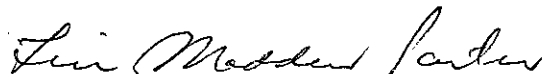
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
WATER DIRECTORATE INCORPORATED

Independence

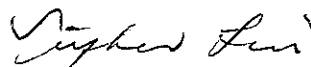
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of Water Directorate Incorporated presents a true and fair view of the financial position of Water Directorate Incorporated as at 30 June 2006 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.



LIU MADDEN PARTNERS
Chartered Accountants



S.K.M. LIU
Partner

Date *20 September 2006*

Sydney