

WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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 2015, 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 and fair presentation 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 Associations Incorporation Regulations 2010 (NSW) and is appropriate to meet 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 and fair presentation 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 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 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)

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Water Directorate Incorporated as at 30 June 2015 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) and the Associations Incorporation Regulations 2010 (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) and the Associations Incorporation Regulations 2010 (NSW). As a result, the financial report may not be suitable for another purpose.

LWK

LWK
Chartered Accountants



H.S. CHOPRA
Partner

Date *18 September 2015*

Sydney

WATER DIRECTORATE INCORPORATED
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FOR THE YEAR ENDED 30 JUNE 2015


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 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirement of the Associations Incorporation Act 2009 (NSW) and the Associations Incorporation Regulations 2010 (NSW); 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:

X
J.S.

J. Sharp
Chairman

G.M.

X
G. Mitchell
Executive Officer

Dated this 18th day of SEPTEMBER 2015

WATER DIRECTORATE INCORPORATED
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
INCOME			
Membership fees		499,343	485,923
Sales – manuals		4,927	2,377
Investment income		21,512	22,816
Sundry income		-	300
Change in net market value of investment		2,281	3,426
		<u>528,063</u>	<u>514,842</u>
EXPENDITURE			
Accounting and audit		7,300	6,950
Advertising sponsorship		40,583	18,725
Bank Charges		343	347
Computer expenses		3,784	3,368
Conferences, travel and accommodation		8,081	6,366
Consultants and technical support		145,469	103,609
Executive committee expenses		10,169	13,359
Insurance		7,167	7,199
IPWEA support - Management fees		62,104	55,891
Membership		1,781	1,628
Printing, postage and stationery		8,240	7,646
Salary		252,989	210,163
		<u>548,010</u>	<u>435,251</u>
Current year surplus/(deficit) before income tax		(19,947)	79,591
Income tax expense	2	<u>-</u>	<u>-</u>
Net current year surplus/(deficit) after income tax		(19,947)	79,591
RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>449,100</u>	<u>369,509</u>
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR		<u>429,153</u>	<u>449,100</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 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	490,455	480,257
Trade and other receivables	4	10,234	10,381
Prepayments		<u>4,890</u>	<u>495</u>
TOTAL CURRENT ASSETS		<u>505,579</u>	<u>491,133</u>
NON-CURRENT ASSETS			
Financial assets	5	<u>83,859</u>	<u>79,521</u>
TOTAL NON-CURRENT ASSETS		<u>83,859</u>	<u>79,521</u>
TOTAL ASSETS		<u>589,438</u>	<u>570,654</u>
CURRENT LIABILITIES			
Trade and other payables	6	48,661	33,859
Short-term provisions	7	<u>111,624</u>	<u>87,695</u>
TOTAL CURRENT LIABILITIES		<u>160,285</u>	<u>121,554</u>
TOTAL LIABILITIES		<u>160,285</u>	<u>121,554</u>
NET ASSETS		<u>429,153</u>	<u>449,100</u>
MEMBERS' FUNDS			
Retained surplus		<u>429,153</u>	<u>449,100</u>
TOTAL MEMBERS' FUNDS		<u>429,153</u>	<u>449,100</u>

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. Statement of Significant Accounting Policies

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act 2009 (NSW) and Associations Incorporation Regulation 2010 (NSW). The Executive Committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated specifically, 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 these financial statements:

(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.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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 liability 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 Provisions

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 provisions 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 2015

1. Statement of Significant Accounting Policies (Continued)

(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 assets and liabilities statement.

	2015 \$	2014 \$
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 surplus/(deficit) before income tax is reconciled to the income tax as follows:		
The prima facie tax payable/(benefit) on surplus/ (deficit) before income tax at 30% (2014: 30%)	(5,984)	23,877
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(5,020)	(27,671)
- income tax loss not brought to account	<u>11,004</u>	<u>3,794</u>
Income tax expense	<u>-</u>	<u>-</u>
(b) Future income tax benefit not recognised		
Tax losses	<u>47,883</u>	<u>36,879</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 2015

	2015 \$	2014 \$
3. Cash and Cash Equivalents		
Cash at bank	90,455	80,257
Cash on deposit	<u>400,000</u>	<u>400,000</u>
	<u>490,455</u>	<u>480,257</u>
4. Trade and Other Receivables		
Current		
Other receivables	930	1,700
GST receivable	<u>9,304</u>	<u>8,681</u>
	<u>10,234</u>	<u>10,381</u>
5. Financial Assets		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>83,859</u>	<u>79,521</u>
6. Trade and Other Payables		
Current		
Trade payables and accrued expenses	<u>48,661</u>	<u>33,859</u>

WATER DIRECTORATE INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
7. Provisions		
Current		
Provision for annual leave	33,545	20,179
Provision for long service leave	<u>78,079</u>	<u>67,516</u>
	<u>111,624</u>	<u>87,695</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 were three employees at year end (2014: Two).