

# WATER DIRECTORATE INCORPORATED

AUSTRALIAN BUSINESS NUMBER: 96 588 594 694

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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### **LWK Pty Limited**

Chartered Accountants  
Business Advisers and Consultants

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**INDEPENDENT AUDIT REPORT**

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

**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 assets and liabilities statement as at 30 June 2014, 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 accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Associations Incorporation Act 2009 (NSW) and 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 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)

### Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Water Directorate Incorporated as at 30 June 2014 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).

### 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). As a result, the financial report may not be suitable for another purpose.

LWK

LWK  
Chartered Accountants



H.S. CHOPRA  
Partner

Date 18 September 2014  
Sydney



**WATER DIRECTORATE INCORPORATED**  
**AUSTRALIAN BUSINESS NUMBER: 96 588 594 694**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 2014 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
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:

J.S.



X  
J. Sharp  
Chairman

G.M.



X  
G. Mitchell  
Executive Officer

Dated this 12 day of September 2014





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

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Membership fees		485,923	481,122
Sales – manuals		2,377	6,441
Investment income		22,816	21,779
Co-funding		-	8,637
Sundry income		300	-
Change in net market value of investment		3,426	3,669
		<u>514,842</u>	<u>521,648</u>
<b>EXPENDITURE</b>			
Accounting and audit		6,950	6,900
Advertising sponsorship		18,725	19,237
Bank Charges		347	288
Computer expenses		3,368	14,962
Conferences, travel and accommodation		6,366	3,425
Consultants and technical support		103,609	54,671
Executive committee expenses		13,359	8,878
Insurance		7,199	7,245
IPWEA support - Management fees		55,891	52,500
Membership		1,628	11,384
Printing, postage and stationery		7,646	11,056
Salary		210,163	202,883
		<u>435,251</u>	<u>393,429</u>
Profit before income tax		79,591	128,219
Income tax expense	2	<u>-</u>	<u>-</u>
Profit after income tax		79,591	128,219
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>369,509</u>	<u>241,290</u>
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		<u>449,100</u>	<u>369,509</u>

The accompanying notes form part of this financial report.



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

**ASSETS AND LIABILITIES STATEMENT**  
**AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	480,257	365,136
Trade and other receivables	4	10,381	23,138
Prepayments		<u>495</u>	<u>449</u>
<b>TOTAL CURRENT ASSETS</b>		<u>491,133</u>	<u>388,723</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	<u>79,521</u>	<u>74,270</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>79,521</u>	<u>74,270</u>
<b>TOTAL ASSETS</b>		<u>570,654</u>	<u>462,993</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	33,859	12,661
Short-term provisions	7	<u>87,695</u>	<u>80,823</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>121,554</u>	<u>93,484</u>
<b>TOTAL LIABILITIES</b>		<u>121,554</u>	<u>93,484</u>
<b>NET ASSETS</b>		<u>449,100</u>	<u>369,509</u>
<b>MEMBERS' FUNDS</b>			
Retained profits		<u>449,100</u>	<u>369,509</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>449,100</u>	<u>369,509</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 2014**

**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). 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 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 2014**

**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.

	2014 \$	2013 \$
<b>2. Income Tax</b>		
<b>(a) Income tax expense</b>		
(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% (2013: 30%)	23,877	38,465
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(27,671)	(40,459)
- income tax loss not brought to account	3,794	1,994
Income tax expense	-	-
<b>(b) Future income tax benefit not recognised</b>		
Tax losses	36,879	33,085

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 2014**

	2014 \$	2013 \$
<b>3. Cash and Cash Equivalents</b>		
Cash at bank	80,257	25,136
Cash on deposit	<u>400,000</u>	<u>340,000</u>
	<u>480,257</u>	<u>365,136</u>
<b>4. Trade and Other Receivables</b>		
Current		
Trade receivables	1,700	16,990
GST receivable	<u>8,681</u>	<u>6,148</u>
	<u>10,381</u>	<u>23,138</u>
<b>5. Financial Assets</b>		
Non-current		
Unlisted investment, at fair value		
- Units in unit trust	<u>79,521</u>	<u>74,270</u>
<b>6. Trade and Other Payables</b>		
Current		
Trade payables and accrued expenses	<u>33,859</u>	<u>12,661</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>7. Provisions</b>		
Current		
Provision for annual leave	20,179	18,840
Provision for long service leave	<u>67,516</u>	<u>61,983</u>
	<u>87,695</u>	<u>80,823</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 two employees at year end (2013: One).

