WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

TABLE OF CONTENTS

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2019.

Directors

The names of the directors of the company at any time during or since the end of the financial year are:

Patrick McCafferty (Chair)
Terri Benson (Deputy Chair) (appointed November 2018)
Roch Cheroux
Jason Devitt (appointed November 2018)
Pat Donovan (appointed January 2019)
Louise Dudley
David Harris
Nicole Hollows
John Knox (resigned October 2018)
Susan Murphy (retired January 2019)
Jeffrey Rigby (term completed November 2018)
Kevin Young
Adam Lovell (Executive Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the company during the financial year was as follows.

The Water Services Association of Australia (WSAA) is the peak body of the Australian urban water industry. Its 77 members provide water and waste water services to approximately 16 million Australians and to many of our largest industrial and commercial enterprises.

Urban water service providers have a critical role in ensuring that Australians have access to adequate and high quality water services. As Australia's population continues to grow, with most of this growth occurring in cities, that role becomes increasingly important.

WSAA's vision is for Australian urban water utilities to be valued as leaders in the innovative, sustainable and cost effective delivery of water services. WSAA strives to achieve this vision by promoting knowledge sharing, networking and cooperation amongst members. WSAA identifies emerging issues and develops industry-wide responses. WSAA is the national voice of the urban water industry, speaking to government, the broader water sector and the Australian community.

Information on Directors

The information on directors is as follows:

Patrick McCafferty	Director, WSAA
Qualifications	B. Bus (Acc), EMBA, GAICD, FWCLP
Experience	Patrick McCafferty was first appointed to the WSAA Board in November 2015 and appointed as Chair of the WSAA Board in November 2016. Mr McCafferty is also a member of WSAA's Audit Committee and a member of WSAA's Strategic Priorities Committee. In a career spanning over 30 years in the water industry, Mr McCafferty has had significant experience in strategic leadership positions, including planning, regulation, finance and operations. He has also worked in the USA water sector and advised the Australian Federal Government as part of the National Water Initiative. Mr McCafferty is Managing Director of Yarra Valley Water which provides water and sanitation services across Melbourne's eastern and northern suburbs. He is Chair of the Thriving Communities Partnership (a cross sector collaboration to improve support for vulnerable customers of essential services) and is a member of the Monash Infrastructure Advisory Council.

Special Responsibilities
Chair
Chair, Strategic Priorities Committee
Audit Committee

Terri Benson	Director, WSAA
Qualifications	BBus (Act), CPA, GAICD
Experience	Terri Benson was appointed to the WSAA Board in November 2018. Ms Benson is also Chair of WSAA's Liveable Communities Committee and a member of WSAA's Strategic Priorities Committee. Ms Benson has held a range of both executive and non-executive director roles in the government utility and private infrastructure sectors. She is a former CEO of Seqwater, a former Managing Director of Essential Energy and a former Chair of the Energy and Water Ombudsman NSW. Ms Benson is Managing Director of South East Water which supplies water, wastewater and recycled water services to an area from Port Melbourne to Portsea in Victoria. She is also a Director of iota Services Pty Ltd, a wholly-owned subsidiary of South East Water. Ms Benson is a Director of the Cooperative Research Centre for Water Sensitive Cities.

Special Responsibilities
Deputy Chair
Chair, Liveable Communities Committee

Roch Cheroux	Director, WSAA
Qualifications	Masters Degree in Engineering and Business Management
Experience	Roch Cheroux was first appointed to the WSAA Board in August 2016. Mr Cheroux has significant experience in the water industry in design, construction, financing, operating and customer service activities in both line management and executive management positions. He was Chief Executive Officer of SUEZ for the South East Asia region and SUEZ-Degrémont Australia and New Zealand, Managing Director of United Utilities Asia and Pacific (TRILITY), and Chief Executive and Chairman of Tallinn Water in Estonia. Mr Cheroux is Chief Executive of SA Water which provides water and wastewater services in South Australia.

Special Responsibilities
Chair, Utility Excellence Committee

Jason Devitt	Director, WSAA
Qualifications	B Eng
Experience	Jason Devitt was appointed to the WSAA Board in November 2018. Mr Devitt has over 18 years experience in local government and began his career in the water industry. He has held a number of management positions in water, waste and roads management. Mr Devitt is Director of Engineering and Commercial Infrastructure at Mackay Regional Council which provides facilities and services for Mackay in North Queensland including the delivery of water and sewerage services.
Special Responsibilities	N/A

Pat Donovan	Director, WSAA
Qualifications	B Eng (BA BAI) M Eng, FIEAust, GAICD
Experience	Pat Donovan was appointed to the WSAA Board in January 2019. Mr Donovan has more than 25 years' experience in the gas utility sector in Australia and Ireland. He was previously President of ATCO Gas Australia and previously held senior executive roles at ATCO and Alinta. Mr Donovan is Chief Executive Officer of the Water Corporation which provides water, wastewater and drainage services in Western Australia.

Special Responsibilities
Audit Committee

Louise Dudley	Director, WSAA
Qualifications	B.Com, CA, GAICD, FAIM
Experience	Louise Dudley was first appointed to the WSAA Board in February 2013 and was Chair from November 2013 to November 2016. Ms Dudley is Chair of WSAA's Liveable Communities Committee and Chair of the WSAA Finance and Audit Committee and the WSAA Strategic Priorities Committee.
	Ms Dudley has extensive leadership and management experience through her work at advisory firm KPMG and in her role in creating Queensland Urban Utilities. She was also in senior executive roles at Brisbane City Council.
	Ms Dudley is Chief Executive Officer of Queensland Urban Utilities which delivers drinking water, recycled water and sewerage services to customers in South East Queensland. She is also Chair of Horizon Foundation (a not-for-profit focusing on people with disabilities), and a director of AMP Superannuation Limited.

Special Responsibilities
Chair, Customer Industry Leadership Committee
Chair, Audit Committee

David Harris	Director, WSAA
Qualifications	BEc, LLB (Hons)
Experience	David Harris was first appointed to the WSAA Board in August 2014.
	David has over 20 years' experience in the Australian water industry and has been involved in various key policy and market reforms in the water, energy and utilities industries over that time. He was a member of the Executive leadership of Snowy Hydro Limited.
	David Harris is the CEO of WaterNSW which is the bulk water supplier for NSW, river operator and provides licenses, water trades and water information.
Special Responsibilities	N/A

Nicole Hollows	Director, WSAA
Qualifications	Bachelor of Business (Acctg), Grad Dip (Adv. Acctg), CA, FAICD, HBS PMD76
Experience	Nicole Hollows was first appointed to the WSAA Board in November 2016.
	Ms Hollows is an experienced senior executive, with a career spanning more than 20 years in the resources sector. She was Managing Director of global resources firm AMCI Australia and South East Asia and Chief Executive Officer

of Macarthur Coal Limited.

Ms Hollows is Chief Executive of SunWater which is the bulk water service provider in regional Queensland. She is a member of the Institute of Chartered Accountants, a fellow of the Australian Institute of Company Directors and a Graduate of Harvard Business School's Program for Management Development. She is the Chair of the Salvation Army Brisbane Red Shield Appeal Committee, an advisory committee member of the Salvation Army Queensland Advisory Council, a member of the CEO Advisory Committee for Dean of QUT Business School and a non-executive Director of Downer EDI Limited.

Special Responsibilities	N/A

John Knox	Director, WSAA
Qualifications	BFA, FCPA, MAICD
Experience	John Knox was first appointed to the WSAA Board in March 2014. Mr Knox is Chair of WSAA's Customer and Industry Leadership Committee and a member of WSAA's Audit Committee and WSAA's Strategic Priorities Committee. Mr Knox has an extensive background in private sector commercial management and experience across various business sectors. He was Chief Finance Officer of ActewAGL. Mr Knox is the Managing Director of Icon Water which owns and operates the water and sewerage business in the ACT and is a 50% owner ActewAGL, a provider of electricity and gas services to the ACT and surrounding regional NSW centres. Mr Knox is also a member of the ActewAGL Joint Venture Partnerships Board.
Special Responsibilities	N/A

Susan Murphy	Director, WSAA
Qualifications	BEng (Hons), CP Eng, FIE Aust, GAICD
Experience	Susan Murphy was first appointed to the WSAA Board in November 2008 and was Chair from November 2011 to November 2013. Ms Murphy has a distinguished career in both the private and public sector and has been listed as one of the top 100 most influential engineers in Australia by Engineers Australia from 2009-2015. In 2014, Sue was presented with the IWA's "International" Women in Water Award and listed at number 8 of the 2017 "Top 25 Global Water Leaders" by Water and Wastewater International Magazine. She had a long career in the private sector in engineering construction at Clough Engineering. Ms Murphy is Chief Executive Officer of the Water Corporation which provides water, wastewater and drainage services in Western Australia. She is also a Member of the University of Western Australia Senate, Board Member of the UWA Business School and Board Member for the AFL Fremantle Dockers.

	She is an Honorary Fellow of the Institution of Engineers Australia and Fellow of the Australian Academy of Technological Sciences & Engineering.
Special Responsibilities	N/A

Jeffrey Rigby	Director, WSAA
Qualifications	BE (Civil), MEngSc, MBA, FIEAust, CPEng, EngExec, NER, FAICD, FGIA, FCIS, MIPAA
Experience	Jeff Rigby was first appointed to the WSAA Board in November 2015.
	Mr Rigby is a public sector governance professional and has over 30 years of experience in the water industry. He was the inaugural Managing Director of Grampians Wimmera Mallee Water.
	Mr Rigby is Managing Director of Coliban Water which provides water and wastewater services to rural and urban customers in North Central Victoria. He is also a Board Director of VicWater, the State association for the water utility sector and a Board Director of Castlemaine Health.
Special Responsibilities	N/A

Kevin Young	Director, WSAA
Qualifications	B Eng (Hons), MBA, FIE Aust, CPENG, FAICD
Experience	Kevin Young was appointed to the WSAA Board in November 2006 and was Chair from November 2009 to November 2011. Mr Young is also Chair of WSAA's Utility Excellence Committee and a member of WSAA's Strategic Priorities Committee.
	Mr Young has over 35 years experience working for the private sector and Government authorities in Australia and overseas with extensive experience in the water industry. He was Managing Director of Hunter Water Corporation and also worked in private consulting in Australia and overseas.
	Mr Young is Managing Director of Sydney Water Corporation which supplies water, wastewater, recycled water and some stormwater services to Sydney, the Illawarra and the Blue Mountains. His is also a Director of WaterAid Australia, a Fellow of the Institution of Engineers Australia and a Fellow of the Australian Institute of Company Directors.

Special Responsibilities
N/A

Adam Lovell	Executive Director, WSAA
Qualifications	BSc Hons (Chem), MES Environmental Engineering Science
Experience	Adam Lovell was first appointed to the WSAA Board when he became Executive Director of WSAA in June 2011.
	Mr Lovell has over 20 years experience in the water industry and leading

strategy and policy development across a broad range of areas. He was Manager, Science and Sustainability at WSAA and part of the Science and Technology group at Sydney Water.

Meetings of Directors

Directors	Director's Meetings	
	Number eligible to attend	Number attended
Patrick McCafferty (Chair)	5	5
Terri Benson (Deputy Chair)	2	2
Roch Cheroux	5	5
Jason Devitt	2	2
Pat Donovan	2	2
Louise Dudley	5	4
David Harris	5	4
Nicole Hollows	5	3
John Knox	1	0
Susan Murphy	3	3
Jeff Rigby	3	3
Kevin Young	5	5
Adam Lovell (Executive Director)	5	5

Members Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the entity. There were a total 77 members (2018: 74) for the financial year ended 30 June 2019. The total amount that members of the company are liable to contribute if the company is wound up is $770.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors:

Director ______________________ Director ______________________

Patrick McCafferty Adam Lovell

Dated this 23rd day of September 2019

McLean Delmo Bentleys
THINKING AHEAD

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
23 September 2019

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Continuing operations			
Sales revenue	2	-	-
Other revenues	2	10,521,018	7,626,568
		10,521,018	7,626,568
Occupancy expenses		(321,690)	(312,137)
Administrative expenses		(3,548,964)	(3,330,958)
Consultants & contractors		(821,940)	(813,854)
Subscription projects		(4,980,810)	(2,298,127)
Travel & accommodation		(252,803)	(295,778)
Dues & subscriptions		(553,549)	(540,425)
Conference & seminars		(17,817)	(16,151)
Profit before income tax	3	23,445	19,138
Income tax expense	1 (a)	-	-
Profit for the year		23,445	19,138
Total comprehensive profit for the year		23,445	19,138
Profit attributable to members of the company		23,445	19,138
Total comprehensive profit attributable to members of the company		23,445	19,138

The accompanying notes form part of these financial statements.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,749,864	2,154,085
Trade and other receivables	7	929,310	1,110,828
Other financial assets	8	2,144,050	2,091,439
Other current assets	9	202,381	180,974
TOTAL CURRENT ASSETS		5,025,605	5,537,326
NON-CURRENT ASSETS			
Property, plant and equipment	10	114,091	139,403
Intangible assets	11	38,000	64,507
TOTAL NON-CURRENT ASSETS		152,091	203,460
TOTAL ASSETS		5,177,696	5,740,786
CURRENT LIABILITIES			
Trade and other payables	12	802,638	211,781
Short-term provisions	13	602,009	572,989
Other current liabilities	14	1,475,529	2,652,952
TOTAL CURRENT LIABILITIES		2,880,176	3,437,722
NON-CURRENT LIABILITIES			
Long-term provisions	13	29,957	58,946
TOTAL NON-CURRENT LIABILITIES		29,957	58,946
TOTAL LIABILITIES		2,910,133	3,496,668
NET ASSETS		2,267,563	2,244,118
EQUITY			
Retained earnings		2,267,563	2,244,118
TOTAL EQUITY		2,267,563	2,244,118

The accompanying notes form part of these financial statements.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings $	Total $
Balance at 1 July 2017	**2,224,980**	**2,224,980**
Profit for the year	19,138	19,138
Total comprehensive profit for the year	**19,138**	**19,138**
Balance at 30 June 2018	**2,244,118**	**2,244,118**
Profit for the year	23,445	23,445
Total comprehensive profit for the year	**23,445**	**23,445**
Balance at 30 June 2019	**2,267,563**	**2,267,563**

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
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The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		9,579,826	7,813,197
Payments to suppliers and employees		(9,994,332)	(7,413,608)
Interest received		87,851	83,332
Net cash (used in)/provided by operating activities	15	(326,655)	482,921
CASH FLOW FROM INVESTING ACTIVITIES			
Receipt from/(Payment for) other financial asset		(52,611)	(56,017)
Proceeds from sale of plant and equipment		24,563	-
Payment for property, plant and equipment		(49,518)	(59,778)
Net cash provided by/(used in) investing activities		(77,566)	(115,795)
Net (decrease) / increase in cash held		(404,221)	367,126
Cash at beginning of financial year		2,154,085	1,786,959
Cash at end of financial year	6	1,749,864	2,154,085

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Water Services Association of Australia Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board. The company is not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurements at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by the directors of the entity on the date of the directors' report.

Accounting Policies

(a) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Inventories

Inventories of publications are measured at the lower of cost and net realisable value. Work in progress included in inventories consists of work incurred on projects which will be billed on completion of the project.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not impaired.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a diminishing basis over their useful lives to the entity commencing from the time the asset is held ready for use.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, Plant and Equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates
Leasehold improvements	over the life of the lease
Plant and equipment	40%
Furniture, fixtures and fittings	15%
Computer software	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers..

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All other financial liabilities are subsequently measured at amortised cost using the effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.
A financial liability cannot be reclassified

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates financial instruments as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.
Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.
The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times
This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment was recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- Where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In order to make such determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(f) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of changes in value, and bank overdrafts.

For the purpose of financial statement presentation, bank overdrafts are included in current liabilities.

(h) Revenue

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

(i) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(j) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership, that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Intangible assets – Website Development

Website development is recorded at cost. Website development has a finite life and is carried at cost less accumulated amortisation and any impairment losses. It has an estimated life of five years and is assessed annually for impairment.

(m) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised for plant and equipment for the year.

(o) Initial application of AASB 9: Financial Instruments

The entity has adopted AASB 9: *Financial Instruments* with a date of initial application of 1 January 2018. As a result, the entity has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior periods. Below in this note are the adjustments made to the affected financial statement line items.

AASB 9 requires retrospective application with some expectations (ie when hedge accounting in terms of the standard).

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the entity had previously designated as fair value through profit or loss under AASB 139: *Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The entity applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The date of initial application was 1 January 2018. The entity has applied AASB 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 January 2018 have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets, as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
- all other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned above, the entity may make irrevocable election at initial recognition of a financial asset as follows:

- the entity may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
- the entity may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The directors of the entity determined the existing financial assets as at 1 January 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding; and
- financial assets measured at fair value through profit or loss (AASB 139) are still measured as such under AASB 9.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the entity to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

subsequently measured at amortised cost or at fair value through other comprehensive income, lease

receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses are used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.

The entity reviewed and assessed the existing financial assets on 1 January 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 January 2017 and 1 January 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 $	2018 $
NOTE 2: REVENUE			
Sales revenue:			
Publication sales		-	-
Other revenue:			
Product sales		456,321	527,222
Members fees		4,544,219	4,390,921
Subscription projects		5,281,780	2,298,127
Interest		87,851	83,332
Other revenue		150,847	326,966
Total revenue		10,521,018	7,626,568

NOTE 3: PROFIT BEFORE INCOME TAX

(a) Expenses			
Depreciation and amortisation expense		70,404	75,405
Doubtful debts		36	(58,067)
Rental expense on operating leases:			
Minimum lease payments		321,235	311,622
Loss on disposal of Plant & Equipment		5,919	19,168
(b) Significant revenues and expenses			
Consultants and contractors		821,939	813,854

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

Short-term employee benefits		**364,623**	**373,759**
Post-employment benefits		**48,373**	**48,293**
Total compensation		**412,996**	**422,052**

NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for auditing or reviewing the financial statements:

- audit services by current year auditor		**13,950**	**13,389**
		13,950	**13,389**

	Notes	2019 $	2018 $

NOTE 6: CASH AND CASH EQUIVALENTS

		2019 $	2018 $
Cash at bank		1,749,864	2,154,085
		1,749,864	2,154,085

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

		2019 $	2018 $
Cash and cash equivalents		1,749,864	2,154,085
		1,749,864	2,154,085

NOTE 7: TRADE AND OTHER RECEIVABLES

		2019 $	2018 $
CURRENT			
Trade receivables		795,068	1,119,114
Provision for impairment		(8,322)	(8,286)
GST Receivable		142,564	-
Total current trade and other receivables		929,310	1,110,828

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows; the expected credit losses also incorporate forward-looking information.

NOTE 8: OTHER FINANCIAL ASSETS

		2019 $	2018 $
CURRENT			
Term deposits (with an original maturity of more than 3 months)		2,144,050	2,091,439

	Notes	2019 $	2018 $
NOTE 9: OTHER CURRENT ASSETS			
CURRENT			
Prepayments		202,381	180,974
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
LAND & BUILDINGS			
At cost		9,215	9,215
Less accumulated amortisation		(1,594)	(1,363)
		7,622	7,852
LEASEHOLD IMPROVEMENTS			
At cost		21,474	21,474
Less accumulated amortisation		(13,854)	(9,236)
		7,619	12,238
PLANT & EQUIPMENT			
a) Plant & equipment		129,095	121,490
At cost		(71,733)	(58,190)
Less accumulated depreciation		57,362	63,300
b) Furniture, fixtures & fittings			
At cost		99,939	101,864
Less accumulated depreciation		(67,433)	(62,136)
		32,506	39,728
c) Computer Software			
At cost		38,407	38,407
Less accumulated depreciation		(29,425)	(22,122)
		8,982	16,285
Total plant & equipment		98,850	119,313
Total property, plant and equipment		114,091	139,403

	Notes	2019	2018
		$	$

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Land & Buildings	Leasehold Improvements	Plant & equipment	Furniture, Fixtures & Fittings $	Computer Software
Balance at the 1 July 2018	7,852	12,238	63,300	39,728	16,285
Additions	-	-	26,880	22,638	-
Disposals	-	-	(6,232)	(24,251)	-
Depreciation expense	(230)	(4,619)	(26,586)	(5,609)	(7,303)
Balance at the 30 June 2019	7,622	7,619	57,362	32,506	8,982

	Total $
Balance at the 1 July 2018	139,403
Additions	49,518
Disposals	(30,483)
Depreciation expense	(44,347)
Balance at the 30 June 2019	114,091

NOTE 11: INTANGIBLE ASSETS

WEBSITE DEVELOPMENT	2019	2018
At cost	130,286	130,286
Less accumulated amortisation	(92,286)	(66,229)
	38,000	64,057

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year

	Website Development
Balance at the 1 July 2018	64,057
Additions	-
Disposals	-
Amortisation expense	(26,057)
Balance at the 30 June 2019	38,000

	2019	2018
	$	$
NOTE 12: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured Liabilities		
Trade payables	447,926	81,915
GST payable	-	20,263
Sundry payables and accrued expenses	354,712	109,603
	802,638	211,781
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	802,638	211,781
— Total non-current	-	-
Financial liabilities as trade and other payables	802,638	211,781

NOTE 13: PROVISIONS

	2019	2018
Opening balance at beginning of financial year	631,935	505,689
Movement in provisions during year	31	126,246
Balance at end of financial year	631,966	631,935
Analysis of Total Provisions		
Current	602,009	572,989
Non-current	29,957	58,946
	631,966	631,935

Provision for Employee Benefits
Provision for employee benefits represents amounts accrued for annual and long service leave.

The current portion for this provision includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts have be classified as current liabilities since the company does not have unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

	Notes	2019 $	2018 $
NOTE 14: OTHER LIABILITIES			
CURRENT			
Income received in advance	14 (a)	-	16,540
Subscription and third party funded project income received in advance	14 (b)	1,475,529	2,636,412
		1,475,529	2,652,952

(a) Included in project liabilities in the 2019 and 2018 financial years respectively are the following:

Project name	2019 $	2018 $
Membership fees	-	16,540

NOTE 14: OTHER LIABILITIES (continued)

(b) Included in Subscription and third party funded project income received in advance in the 2019 and 2018 financial years respectively are the following:

Project name	2019 $	2018 $
Smart Approved Watermark	195,910	269,948
Health & Safety	78,018	97,518
Efficiency Benchmarking	-	13,265
National Knowledge portal	-	5,822
JWWA Project	-	77,826
People culture control	-	49,395
Customer service benchmarking	-	643
AM Customer Projects	39,269	-
SCADA Guidelines Edition 2	32,346	103,285
Cond Assess	-	112,249
Decentralised Service	-	39,064
Challenging Design assumptions	-	2,396
Workforce Skills of the future	-	-
Australian Water Partnerships	80,513	88,480
KOBE	-	2,328
Dam Owners Benchmarking	97,034	7,244
Pipe Condition Works Program	-	(3,447)
AC Pipe Research	236,438	30,000
Customer Perceptions	-	37,306
Customer Industry/Urban Water	-	98,817
Quantifying Health Benefits	-	81,733
Asset Investment Optimisation	8,485	233,031
Research & Innovation Account	-	61,520
TAG Membership	44,416	17,147
Water Main Renewal Planning	53,508	45,809
Energy Benchmarking	-	3,613
Healthy Liveable Account	-	144,602
Asset Management account	-	203,368
Innovative Pipe Linings	288,323	475,823
AC & CI Pipe Rehab	34,045	120,299
Opex Benchmarking	175,205	56,701
Customer Channel Migration	-	32,508
Leading Water Utility Innovation	-	15,160
Improving Energy Outcomes	2,518	17,100
Design Assurance Competency	-	95,859
Customer perception Survey'19	82,068	-
Lessons from journey of OT	13,933	-
Aquapea- TAG Trial	10,000	-
Waterblade- TAG Trial	2,000	-
Filtralite- TAG Trial	1,500	-
	1,475,529	2,636,412

	2019	2018
	$	$
NOTE 15: CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	**23,445**	19,138
Non-cash flows in profit:		
Depreciation and amortisation expense	**70,404**	75,405
Net loss on disposal of property, plant and equipment	**5,919**	19,168
Changes in assets and liabilities:		
(Increase)/decrease in receivables and other assets	**181,518**	(374,294)
Increase/(decrease) in payables	**(586,566)**	617,258
Increase/(decrease) in provisions	**32**	126,246
Cash flows (used in)/from operations	**(326,655)**	482,921

NOTE 16: MEMBERS GUARANTEE

The Company is limited by guarantee. If the Company is wound up the company constitution states that each member is required to contribute a maximum of $10 (2018: $10) each towards meeting any outstanding obligations of the Company. There were a total of 77 (2018: 74) members for the financial year ended 30 June 2019.

NOTE 17: RELATED PARTY TRANSACTIONS

The directors are also board members of various water service related companies which are members of Water Services Association of Australia Limited. These transactions between related parties are on normal commercial terms and conditions are no more favourable than those available to other parties unless otherwise stated.

	Notes	2019	2018
		$	$

NOTE 18: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivables and accounts payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows

	Notes	2019 $	2018 $
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	6	1,749,864	2,154,085
Trade and other receivables	7	929,310	1,110,828
Other financial assets	8	2,144,050	2,091,439
Total financial assets		4,823,224	5,356,352
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	12	802,638	211,781
Total financial liabilities		802,638	211,781

NOTE 19: CAPITAL AND LEASING COMMITMENTS

	2019 $	2018 $
a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payables – minimum lease payments		
- not later than 12 months	326,557	324,121
- between 12 months and 5 years	220,450	547,007
	547,007	871,128

The lease for the Melbourne premise is a 4 year lease which expires on 30 June 2020.
The lease for the Sydney premise is a 5 year lease which expires on 30 November 2021.

	2019 $	2018 $
b) Operating Research commitments contracted for:		
Payables – minimum payments		
- not later than 12 months	712,006	1,009,440
- between 12 months and 5 years	50,000	1,184,661
	762,006	2,194,101

Commitments consist of contractual obligations for the company's operations and research projects (both existing and anticipated projects).

NOTE 20: EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 21: CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report. The company is not involved in any material, legal or arbitration proceedings and, so far as directors are aware, no such proceedings are pending or threatened against the company.

NOTE 22: COMPANY DETAILS

The registered office and principal place of business of the association is:

Water Services Association of Australia Limited
Level 8
401 Docklands Drive
DOCKLANDS VIC 3008

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 35 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards – Reduced Disclosure Requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director ______________________ Director ______________________

Patrick McCafferty Adam Lovell

Dated this 23rd day of September 2019

McLean Delmo Bentleys
THINKING AHEAD

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED

Opinion

We have audited the financial report of Water Services Association of Australia Limited, which comprises the statement of financial position as at 30 June 2019, the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of Water Services Association of Australia Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*, which has been given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
24 September 2019

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

PRIVATE INFORMATION FOR THE DIRECTORS ON THE 2019 FINANCIAL STATEMENTS

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
INCOME		
Publication sales	-	-
Product sales	456,321	527,222
Members fees	4,544,219	4,390,921
Subscription projects	5,281,780	2,298,127
Interest income	87,851	83,332
Workshop income	103,408	105,751
Other income	47,439	221,215
TOTAL INCOME	10,521,018	7,626,568
EXPENDITURE		
Accounting fees	36,943	47,708
Audit fees	13,950	13,389
Bad debts	27,922	10,785
Bank charges	17,513	17,027
Computer expenses	140,010	137,905
Consultancy fees	771,767	799,134
Conferences and seminars	17,817	16,151
Depreciation and amortisation expense	70,404	75,405
Doubtful debts	36	(58,067)
Electricity	21,075	13,525
Financial Support	-	10,000
Fringe benefits tax	-	-
General expenses	144,965	120,257
Holiday pay	32	126,245
Insurance	14,853	14,030
Legal costs	3,680	6,515

These financial statements should be read in conjunction with the attached compilation report.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2019 FINANCIAL STATEMENTS (CONTINUED)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
Loss on disposal/revaluation of non-current assets	5,919	19,168
Postage	673	619
Printing and stationery	14,465	25,105
Refund	-	-
Rent	321,690	312,137
Repairs and maintenance	6,567	4,174
Salaries and wages	2,403,064	2,136,043
Staff amenities	7,288	4,955
Staff training and welfare	23,976	21,711
Subscription project expense	4,980,809	2,298,127
Subscriptions	553,549	540,425
Superannuation	249,449	221,275
Target based reward	276,088	248,571
Telephone	43,412	41,125
Travelling expenses	252,803	295,778
Workshop expenses	76,854	88,158
Currency exchange loss	0	49
TOTAL EXPENDITURE	10,497,573	7,607,430
OPERATING PROFIT	23,445	19,138

These financial statements should be read in conjunction with the attached compilation report.

McLean Delmo Bentleys
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**COMPILATION REPORT
TO THE DIRECTORS OF
WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**

We have compiled the accompanying special purpose financial statements of Water Services Association of Australia Limited, which comprise the detailed statement of comprehensive income on pages 39 to 40, for the year then ended 30 June 2019. The specific purpose for which the special purpose financial statements have been prepared is to provide private information to the directors.

The Responsibility of The Directors

The directors of Water Services Association of Australia Limited are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors we have compiled the accompanying special purpose financial statements in accordance with APES 315 *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. Accordingly, these special purpose financial statements may not be suitable for other purposes. We do not accept responsibility for the contents of the special purpose financial statements.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
27 **September 2019**