

**Water Services  
Association of Australia**

**Annual Report  
2009-2010**  
Financial Section



**WATER SERVICES ASSOCIATION  
OF AUSTRALIA**

**Water Services  
Association of Australia**

**Annual Report  
2009-2010**

WSAA  
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## The Water Services Association of Australia

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# WSAA Directors' Report

## Directors

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

<b>Names</b>	<b>Appointed/Resigned</b>
Kerry Schott	
Kevin Young	
Christine Mucha	(resigned on 10/11/2009)
Anne Howe	
Ross Young	
Sue Murphy	
Robin Lewis	(resigned on 10/11/2009)
Peter Borrows	
Rob Skinner	
Jon Black	(appointed on 10/11/2009)
Shaun Cox	(appointed on 10/11/2009)

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

## Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr David Yates. David has worked at the Water Services Association of Australia for the past six years as a Business Manager. Prior to this, David has been involved in company training courses for over 30 years in the oil industry. David has provided effective formal and practical training in areas including accounting, corporate governance, occupational health & safety, human resources / industrial relations and sales & marketing.

## Operating Results

The loss of the company for the financial year amounted to \$108,274 (2009 Profit: \$87,600).

Your directors present their report on the company for the financial year ended 30 June 2010.

## Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

## Significant Changes in State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

## Principal Activities

The principal activities of the company during the financial year were to provide a forum to discuss issues of importance to the urban water industry, facilitate cooperation to improve the industry's productivity and support the urban water industry in meeting community expectations in relation to the environment, sustainability and public health.

No significant change in the nature of these activities occurred during the financial year.

## After Balance Date Events

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.

## Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

## Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

## Information on Directors

The information on directors is as follows:

### **Kerry Elizabeth Schott** Chair, WSAA Board

<b>Qualifications</b>	Dr Kerry Schott has a doctorate from Oxford University (Nuffield College), a Masters of Arts from the University of British Columbia, Vancouver, and a first class honours Bachelor of Arts degree from the University of New England, Armidale. Kerry has taught at University College London, Oxford University and has been a Visiting Professor at Princeton University. Her undergraduate work was in mathematics and statistics and her graduate work in econometrics and economics.
<b>Experience</b>	Kerry has held the position of Managing Director of Sydney Water since August 2006. Prior to this Kerry was Deputy Secretary of New South Wales Treasury. Before this she spent 15 years as an investment banker working in the infrastructure area, including roles as Managing Director at Deutsche Bank and Executive Vice President at Bankers Trust Australia. Kerry has also worked as an economic policy adviser at the Reserve Bank of Australia and for the Commonwealth Government. She has also been the Chairman of the Environment Protection Authority in New South Wales, a Director of Sydney Water, Chair of the NSW Film and Television Office, Director of the Film Finance Corporation Limited and Director of Australian Airlines Limited until its merger with Qantas. She has been a member of the Corporations and Securities Panel and a Trade Practices Commissioner.

### **Ross James Young** Executive Director, WSAA

<b>Qualifications</b>	Ross Young has a Diploma of Horticultural Science, a Bachelor of Applied Science, an MBA and a Graduate Diploma in Natural Resources Law from the University of Melbourne.
<b>Experience</b>	Ross has extensive experience in urban water management at a senior level. Previously he was Melbourne Water's Group Manager, System Planning reporting directly to the Managing Director. In this role he was responsible for planning and management of the wholesale water supply system, the planning of the sewerage transfer system and the two major treatment plants, and the planning of the stormwater system. He was the Chair of the Project Management Group which oversaw the recently completed 50 year Water Resources Strategy for the greater Melbourne area.

### **Anne Dorothy Howe** Director, WSAA

<b>Experience</b>	Anne Howe was appointed Chief Executive of the South Australian Government owned Water Utility (SA Water) in March 2001, the first woman to hold this position in the 140 year history of the organisation. Anne is also a director on the SA Water Corporation Board. Prior to SA Water, Anne has held a number of chief and senior executive positions in the South Australian Public Service, served on several boards and held leadership positions on national bodies, including the National Public Works Council, the Australian Procurement and Construction Council, the Construction Industry Development Authority and more recently as Deputy Chair of the Water Services Association of Australia. Anne's career covers management in human service agencies, policy, planning and public sector reform, and over the past decade had leadership responsibilities for the delivery of efficient and effective government services in partnership with the private sector.
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**Kevin John Young Director & Deputy Chairman, WSAA**

<b>Qualifications</b>	Kevin Young has a degree with honours in engineering and a Master of Business Administration. Kevin is a Fellow of the Institution of Engineers Australia and a Fellow of the Australian Institute of Company Directors.
<b>Experience</b>	Kevin is currently the Managing Director at Hunter Water Corporation, is a water and wastewater utility serving 500,000 people in the Lower Hunter on the east coast of Australia. Kevin has over 27 years of experience working in private consulting both in Australia and overseas and working for Government utilities. Kevin is currently a Director of Hunter Water Australia, Director of Together Today, a Board Member of Hunter Valley Research Foundation and a Board Member & Deputy Chairman of the Water Services Association of Australia and Chairman of its Asset Management Committee.
<b>Special Responsibilities</b>	Chairman of the Board.

**Peter Clark Borrows Director, WSAA**

<b>Experience</b>	Peter Borrows is CEO-designate of the Queensland Bulk Water Supply Authority. Prior to undertaking this role, Peter was CEO of South East Queensland Water Corporation (SEQWater) for six years, and led the company into innovative grounds in the bulk water industry during a difficult drought climate. Peter has held senior executive roles for over 13 years in a variety of industries including water, infrastructure and engineering, in both the private and public sectors. With his broad experience in these areas, Peter's approach is to balance commercial viability with environmental and social considerations. Peter has an extensive industry network, which has come about due to his consultative approach to managing teams and projects, and has been responsible for managing the merger and cultural assimilation and development of several large teams.
<b>Special Responsibilities</b>	Chairman of Water Quality and Health Committee.

**Robert Clive Skinner Director, WSAA**

<b>Experience</b>	Rob Skinner was appointed Managing Director of Melbourne Water in February 2005. Prior to joining Melbourne Water, he was Chief Executive Officer of Kingston City Council for 10 years, during which time he held a number of key positions in the water sector including Chair of Southern Rural Water and Chair of the Victorian Stormwater Advisory Committee. Other senior appointments prior to 1995 include General Manager Water Services with Melbourne Water, Chief Executive Officer of Dandenong Valley and Western Port Authority, Manager of Parliament and Government in the Department of Premier and Cabinet and Chief Executive of the Coode Island Review Panel.
<b>Special Responsibilities</b>	Chairperson of Science and Sustainability Committee.

# WSAA Directors' Report (continued)

## Susan Lee Murphy Director, WSAA

<b>Qualifications</b>	Susan Murphy has a Bachelor of Engineering (Honours) from the University of Western Australia.
<b>Experience</b>	Susan has been with the Water Corporation for many years and as General Manager, Planning and Infrastructure. In 2000 she was the national winner of Telstra Business Woman of the Year in the private sector category in recognition for her work at Clough Engineering, where she spent 25 years before joining the Water Corporation.
<b>Special Responsibilities</b>	Chairperson of Asset Management Committee.

## Jon Black Director, WSAA

<b>Experience</b>	Jon Black is the CEO of the Northern SEQ Distributor-Retailer Authority. Prior to that, he was the CEO of the now disbanded whole-of South East Queensland water distributor entity. He also held executive positions in the Council of Mayors (SEQ) and the Australian Army.
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## Shaun Cox Director, WSAA

<b>Qualifications</b>	Shaun Cox holds a degree in Civil Engineering and a Masters of Engineering and Technology Management.
<b>Experience</b>	Shaun is the Managing Director of South East Water Limited, a metropolitan water retailer with approximately 1.3 million customers. Prior to this, Shaun was Director of Gold Coast Water for 12 years. He is an Adjunct Professor at the University Of Queensland.

## Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Kerry Schott	4	3
Kevin Young	4	3
Christine Mucha (Resigned 11/10/2009)	2	1
Anne Howe	4	4
Ross Young	4	4
Sue Murphy	4	4
Robin Lewis (Resigned 11/10/2009)	2	1
Peter Borrows	4	3
Rob Skinner	4	2
Jon Black (Appointed 11/10/2009)	1	1
Shaun Cox (Appointed 11/10/2009)	1	1

## Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

## Indemnification of Officer or Auditor

During or since the end of the financial year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

## Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

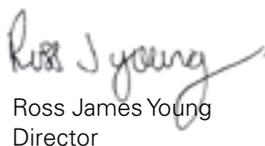
## Auditor's Independence Declaration

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

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



Kevin John Young  
Director



Ross James Young  
Director

Dated this 30th day of August 2010

# Auditors Independence Declaration

Water Services Association of Australia Limited ACN 120 911 131

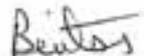
To the Members of Water Services Association of Australia Limited

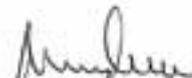
  
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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2010,  
there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

  
**BENTLEYS MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**

  
**MARTIN FENSOME  
PARTNER**

Dated in Melbourne on this 30<sup>th</sup> August 2010

 **Chartered Accountants and Business Advisors**  
A member of Bentleys, an association of independent accounting firms of Australia.  
The member firms of the Bentleys association are affiliated only and not liable for the  
liability limited by a licence issued under Professional Standards England.

 **Praxity**  
MEMBERSHIP

# WSAA Financial Statements

Water Services Association of Australia Limited ACN 120 911 131

## Statement of Comprehensive Income for the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
<b>CONTINUING OPERATIONS</b>			
Sales revenue	2	255,930	185,821
Other revenues	2	3,847,498	4,685,078
		4,103,428	4,870,899
Cost of sales		14,999	10,397
Marketing expenses		(3,042)	(8,577)
Occupancy expenses		(251,443)	(179,904)
Administrative expenses		(1,901,291)	(1,758,406)
Consultants & contractors		(455,192)	(622,200)
Subscription projects		(93,288)	(1,576,828)
Travel & accommodation		(217,069)	(217,405)
Dues and subscriptions		(814,609)	(226,461)
Conference & seminars		(115,591)	(85,475)
Other expenses		(375,176)	(118,440)
<b>Profit/(loss) before income tax</b>	3	(108,274)	87,600
Income tax expense	1 (a)	-	-
<b>Profit/(loss) for the year</b>		(108,274)	87,600
<b>Total comprehensive income for the year</b>		(108,274)	87,600
Profit attributable to members of the entity		(108,274)	87,600
<b>Total comprehensive income attributable to members of the company</b>		<b>(108,274)</b>	<b>87,600</b>

The accompanying notes form part of these financial statements.

# WSAA Financial Statements (continued)

Water Services Association of Australia Limited ACN 120 911 131

## Statement of Financial Position as at 30 June 2010

	Notes	2010	2009
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,565,350	2,491,433
Trade and other receivables	7	867,039	266,849
Inventories	8	52,958	37,959
Other current assets	9	58,647	47,675
<b>TOTAL CURRENT ASSETS</b>		<b>3,543,993</b>	<b>2,843,916</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	133,279	137,323
<b>TOTAL NON CURRENT ASSETS</b>		<b>133,279</b>	<b>137,323</b>
<b>TOTAL ASSETS</b>		<b>3,677,409</b>	<b>2,981,239</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	157,999	91,412
Short-term provisions	13	120,260	85,480
Other current liabilities	14	1,484,549	812,258
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,762,808</b>	<b>989,150</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	13	133,044	102,400
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>133,044</b>	<b>102,400</b>
<b>TOTAL LIABILITIES</b>		<b>1,895,852</b>	<b>1,091,550</b>
<b>NET ASSETS</b>		<b>1,781,420</b>	<b>1,889,689</b>
<b>EQUITY</b>			
Retained earnings		1,781,420	1,889,689
<b>TOTAL EQUITY</b>		<b>1,781,420</b>	<b>1,889,689</b>

The accompanying notes form part of these financial statements.

Water Services Association of Australia Limited ACN 120 911 131

Statement of Changes in Equity for the Year Ended 30 June 2010

	Retained Earnings	Total
	\$	\$
<b>Balance at 1 July 2008</b>	1,802,089	1,802,089
Profit for the year	87,600	87,600
<b>Total comprehensive income for the year</b>	87,600	87,600
Balance at 30 June 2009	1,889,689	1,889,689
Loss for the year	(108,274)	(108,132)
<b>Total comprehensive income/loss for the year</b>	(108,274)	(108,132)
<b>Balance at 30 June 2010</b>	<b>1,781,420</b>	<b>1,781,557</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements for the Year Ended 30 June 2010

Water Services Association of Australia Limited ACN 120 911 131

### Cash Flow Statement for the Year Ended 30 June 2010

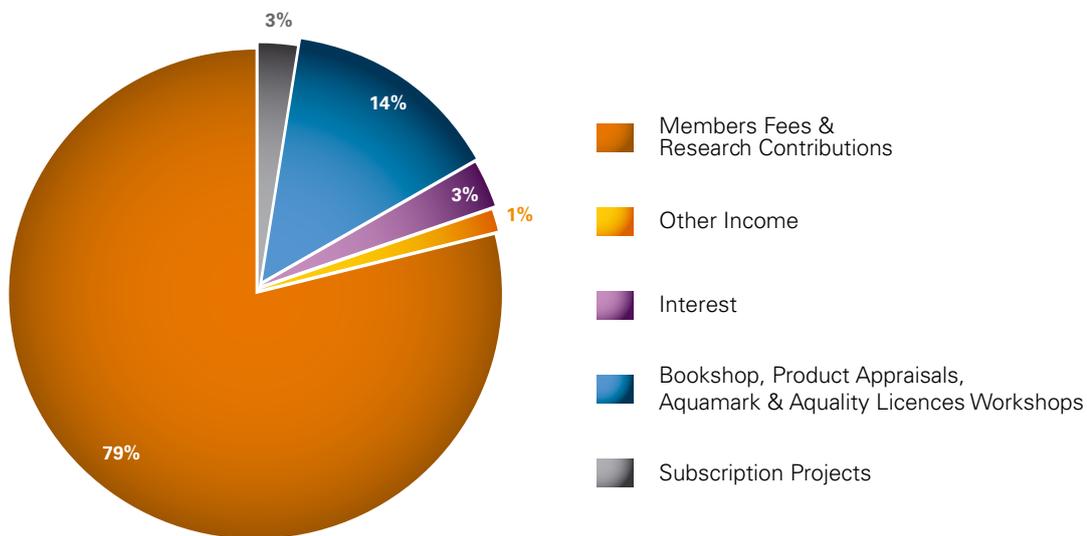
	Notes	2010	2009
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,872,957	4,731,497
Payments to suppliers and employees		(4,873,652)	(4,648,209)
Interest received		117,499	139,402
Net cash provided by / (used in) operating activities	15	116,804	222,690
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(43,029)	(69,388)
Net cash used in investing activities		(43,029)	(69,388)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	(4,621)
Net cash used in financing activities		-	(4,621)
Net increase in cash held		73,917	148,681
Cash at beginning of financial year		2,491,433	2,342,752
<b>Cash at end of financial year</b>	<b>6</b>	<b>2,565,350</b>	<b>2,491,433</b>

The accompanying notes form part of these financial statements.

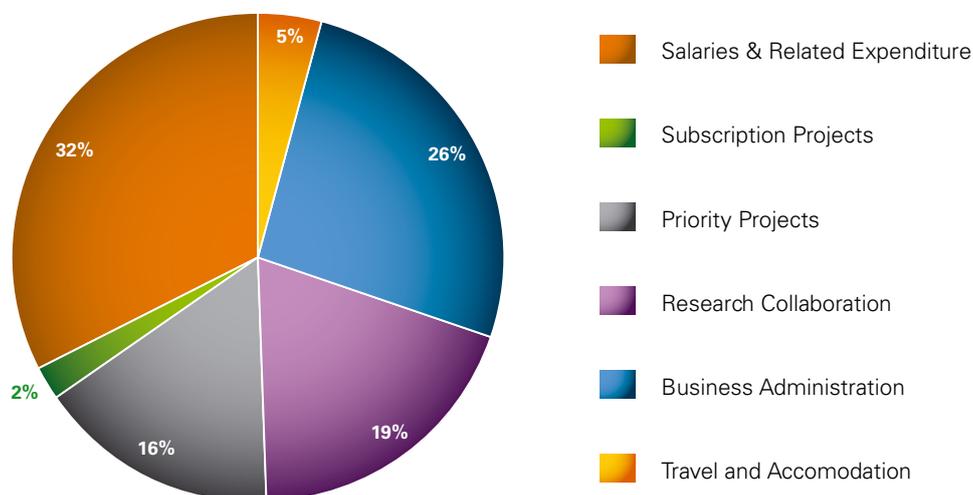
Water Services Association of Australia Limited ACN 120 911 131

Sources Of Income & Expense Charts 2009/10

Income Chart



Expense Chart



## Water Services Association of Australia Limited ACN 120 911 131

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Water Services Association of Australia Limited as an individual entity, incorporated and domiciled in Australia. Water Services Association of Australia Limited is a company limited by guarantee.

#### **Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations) and the Corporations Act 2001.

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

The financial statements have been prepared on an accrual basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

#### **(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. This is a change in accounting policy. However, there is no material change in value as a result. Work in progress included in inventories consists of work incurred on projects which will be billed on completion of the project.

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### (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 the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

##### *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.

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

<b>Class of fixed asset</b>	<b>Depreciation rates</b>
Leasehold improvements	15%
Plant and equipment	15%
Furniture, fixtures and fittings	20-40%

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.

Gains 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.

## Water Services Association of Australia Limited ACN 120 911 131

### (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 equivalent to the date that the company commits itself to either purchase or sell the asset (ie, trade date accounting is adopted).

Financial instruments 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.

#### Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in statement of comprehensive income.

##### (i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in statement of comprehensive income.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

# Notes to the Financial Statements for the Year Ended 30 June 2010

## Water Services Association of Australia Limited ACN 120 911 131

### (d) Financial Instruments (continued)

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

#### (v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in statement of comprehensive income.

## Water Services Association of Australia Limited ACN 120 911 131

### (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.

### (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, and bank overdrafts.

### (h) Intangibles

#### Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

### (i) 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.

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### **(j) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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 Group 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.

#### **(k) 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.

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### (l) 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. 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.

### (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) Adoption of New and Revised Accounting Standards

During the current year, the company has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Water Services Association of Australia Limited.

#### AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

## Notes to the Financial Statements for the Year Ended 30 June 2010

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#### (o) Adoption of New and Revised Accounting Standards (continued)

##### *Disclosure impact*

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement — the statement of comprehensive income, or two statements — a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

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### (p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the entity has decided not to early adopt. A discussion of those future requirements and their impact on the entity is as follows:

**AASB 9:** Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- requiring financial assets and to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

**AASB 124:** Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Entity.

**AASB 2009–4:** Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Entity.

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### (p) New Accounting Standards for Application in Future Periods (continued)

**AASB 2009-8:** Amendments to Australian Accounting Standards — Entity Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard clarifies the accounting for entity cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Entity.

**AASB 2009-9:** Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard specifies requirements for entities using the full-cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4, when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Entity.

**AASB 2009-10:** Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

This Standard clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the Entity.

**AASB 2009-12:** Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Entity.

**AASB 2009-13:** Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the Entity.

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### (p) New Accounting Standards for Application in Future Periods (continued)

**AASB 2009–14:** Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

**AASB Interpretation 19:** Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably, in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Entity.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

## Notes to the Financial Statements for the Year Ended 30 June 2010

Water Services Association of Australia Limited ACN 120 911 131

### NOTE 2: REVENUE

	Notes	2010	2009
<b>Sales revenue:</b>			
Publication sales		255,930	185,821
<b>Other revenue:</b>			
Product sales		65,178	75,564
Members fees		1,295,161	1,027,176
Research contributions		1,942,738	1,540,710
Subscription projects		361,424	1,731,554
Interest	2(a)	117,499	139,402
Other revenue		65,498	170,672
<b>Total revenue</b>		<b>4,103,428</b>	<b>4,870,899</b>
(a) interests from :			
Other persons		117,499	139,402

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NOTE 3: PROFIT/(LOSS) BEFORE INCOMETAX

	Notes	2010	2009
<b>(a) Expenses</b>			
Depreciation of non-current assets		<b>47,073</b>	51,098
Bad and doubtful debts/(written back)		<b>(17,587)</b>	22,280
Rental expense on operating leases:			
Minimum lease payments		<b>251,443</b>	179,904
<b>(b) Significant Revenues and Expenses</b>			
Consultants and contractors		<b>455,192</b>	622,200

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

	Notes	2010	2009
The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:			
Short-term employee benefits		<b>268,773</b>	236,605
Post-employment benefits		<b>73,304</b>	100,000
<b>Total compensation</b>		<b>342,077</b>	<b>336,605</b>

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### NOTE 5: AUDITOR'S REMUNERATION

	Notes	2010	2009
Remuneration of the auditor of the company for auditing or reviewing the financial statements:			
- by previous auditor		-	9,000
- by present auditor		10,200	-
		<b>10,200</b>	<b>9,000</b>

#### NOTE 6: CASH AND CASH EQUIVALENTS

	Notes	2010	2009
Cash on hand		492	467
Cash at bank		965,870	1,418,066
Term deposits		1,598,988	1,072,900
		<b>2,565,350</b>	<b>2,491,433</b>
Reconciliation of cash			
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		2,565,350	2,491,433
		<b>2,565,350</b>	<b>2,491,433</b>

Included in cash and cash equivalents are balances relating to several projects funds amounting to \$179,303 (2009: \$311,634).

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NOTE 7: TRADE AND OTHER RECEIVABLES

	Notes	2010	2009
<b>CURRENT</b>			
Trade receivables		824,578	219,407
Provision for impairment		(6,620)	(26,000)
		817,958	193,407
Other receivables		49,081	73,442
<b>Total current trade and other receivables</b>		<b>867,039</b>	<b>266,849</b>

(a) Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 July 2009	5,165
Charge for year	20,835
Provision for impairment as at 30 June 2009	26,000
Written back	(19,380)
Provision for impairment as at 30 June 2010	6,620

(b) Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

## Notes to the Financial Statements for the Year Ended 30 June 2010

Water Services Association of Australia Limited ACN 120 911 131

### NOTE 7: TRADE AND OTHER RECEIVABLES (CONTINUED)

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			<30	31-60	> 60	
	\$	\$	\$	\$	\$	\$
<b>2010</b>						
Trade receivables	824,578	6,620	257,857	-	7,260	552,841
Other receivables	49,081	-	-	-	-	49,081
<b>Total</b>	<b>873,659</b>	<b>6,620</b>	<b>257,857</b>	<b>-</b>	<b>7,260</b>	<b>601,922</b>
<b>2009</b>						
Trade receivables	219,407	26,000				
Other receivables	73,442	-	-	-	-	73,442
<b>Total</b>	<b>292,849</b>	<b>26,000</b>				

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

### NOTE 8: INVENTORIES

	Notes	2010	2009
CURRENT			
AT DIRECTORS VALUATION			
Stock of publications		-	37,959
AT COST			
<b>Stock of publications</b>		<b>52,958</b>	<b>-</b>

# WSAA Financial Statements (continued)

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## NOTE 9: OTHER CURRENT ASSETS

	Notes	2010	2009
		\$	\$
<b>CURRENT</b>			
<b>Prepayments</b>		<b>58,647</b>	<b>47,675</b>

## NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Notes	2010	2009
		\$	\$
<b>LEASEHOLD IMPROVEMENTS</b>			
At cost		33,132	33,132
Less accumulated amortisation		(14,749)	(11,505)
		18,383	21,627
<b>PLANT &amp; EQUIPMENT</b>			
a) Plant & equipment		291,108	252,393
At cost		(203,129)	(163,523)
Less accumulated depreciation		87,979	88,870
b) Furniture, fixtures & fittings			
At cost		112,576	108,261
Less accumulated depreciation		(85,659)	(81,435)
		26,917	26,826
Total plant & equipment		114,896	115,696
<b>Total property, plant and equipment</b>		<b>133,279</b>	<b>137,323</b>

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### 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

	Leasehold improvements	Plant & equipment	Motor vehicles	Furniture, fixtures & fittings
	\$	\$	\$	\$
Balance at 1 July 2008	25,443	25,941	68,826	22,938
Additions	-	-	61,254	8,134
Disposals	-	(24,115)	-	-
Depreciation expense	(3,816)	(1,826)	(41,210)	(4,246)
Balance at 30 June 2009	21,627	-	88,870	26,826
Additions	-	-	38,714	4,315
Depreciation expense	(3,244)	-	(39,606)	(4,224)
<b>Carrying amount at 30 June 2010</b>	<b>18,383</b>	<b>-</b>	<b>87,978</b>	<b>26,917</b>

	Total
	\$
Balance at 1 July 2008	143,148
Additions	69,388
Disposals	(24,115)
Depreciation expense	(51,098)
Balance at 30 June 2009	137,323
Additions	43,029
Depreciation expense	(47,073)
<b>Carrying amount at 30 June 2010</b>	<b>133,279</b>

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NOTE 11: INTANGIBLE ASSETS

	Notes	2010	2009
<b>OTHER INTANGIBLES</b>			
Web site at cost		-	47,450
Accumulated amortisation and impairment		-	(47,450)
<b>Net carrying value</b>		-	-

NOTE 12: TRADE AND OTHER PAYABLES

	Notes	2010	2009
<b>CURRENT</b>			
Unsecured liabilities			
Trade creditors		43,990	50,660
Sundry creditors and accruals		114,009	40,752
		<b>157,999</b>	<b>91,412</b>
a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
- Total current		157,999	91,412
- Total non-current		-	-
<b>Financial liabilities as trade and other payables</b>		<b>157,999</b>	<b>91,412</b>

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### NOTE 13: PROVISIONS

	Notes	2010	2009
Opening balance at beginning of financial year		187,880	158,768
Additional provision raised during year		65,424	29,112
<b>Balance at end of financial year</b>		<b>253,304</b>	<b>187,880</b>
<b>Analysis of Total Provisions</b>			
Current		120,260	85,480
Non-current		133,044	102,400
		<b>253,304</b>	<b>187,880</b>

#### Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. 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 this report.

#### NOTE 14: OTHER LIABILITIES

	Notes	2009	2008
<b>CURRENT</b>			
Project liabilities	14 (a)	179,303	311,634
Income received in advance	14 (b)	1,305,246	500,624
		<b>1,484,549</b>	<b>812,258</b>

(a) Included in project liabilities are \$27,298 which relates to the Water Treatment Alliance, \$99,168 which relates to the Recycle Water – Biofiltration, \$26,304 which relates to the Smart Approved Watermark and \$26,533 which relates to the Recycled Water Framework.

(b) Included in income received in advance is \$234,080 which relates to Sew Blockages, \$8,577 which relates to Gravity Condition Assessment, \$118,075 which relates to Leakage and Pressure Management, \$234,010 which relates to Review Risk Management Tools, \$14,576 which relates to Scoping Study for ARC Condition, \$211,487 which relates to Condition Assessment Guild, \$19,900 which relates to Review of LPR, \$2,151 which relates to Designer Assurance Competition, \$13,000 which relates to Capital Investment Priority, \$90,909 which relates to Treatment Req Aust Waters, \$18,719 which relates to Infiltration and Inflow, \$1,331 which relates to Cathodic Protection, \$6,471 which relates to Asbestos Cement Pipes, \$58,601 which relates to Water Main Renewal Planning, \$33,462 which relates to Meters Codes of Practice, \$12,999 which relates to Oz Water Cities of the Future, \$148,203 which relates to Sew and Water Mains Data, and \$84,635 which relates to Ecological Footprint.

# WSAA Financial Statements (continued)

## Water Services Association of Australia Limited ACN 120 911 131

### NOTE 15: CASH FLOW INFORMATION

	Notes	2010	2009
(a) Reconciliation of cash flow from operations with profit/(loss) after income tax			
Profit/(loss) after income tax		(108,274)	87,600
Non cash flows in profit/(loss):			
Depreciation expense		47,073	51,098
Net (gain)/ loss on disposal of property, plant and equipment		-	24,115
Changes in assets and liabilities:			
(Increase)/decrease in receivables		(611,298)	211,777
(Increase)/decrease in inventories		(14,999)	(10,397)
Increase/(decrease) in payables		738,878	(170,615)
Increase/(decrease) in provisions		65,424	29,112
<b>Cash flows from operations</b>		<b>116,804</b>	<b>222,690</b>

### 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 each towards meeting any outstanding obligations of the Company. There were a total of 55 (2009:59) members for the financial year ended 30 June 2010.

### NOTE 17: CAPITAL AND LEASING COMMITMENTS

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The board of directors ensures that the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flows requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### NOTE 17: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

Management effectively manages the Company's capital by assessing the Company's financial risks and responding to changes in these risks and in the market. These responses include the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the Company since prior year.

The gearing ratios for the year ended 20 June 2010 and 30 June 2009 are as follows:

	Notes	2010	2009
Trade and other payables	12	157,999	91,412
Other current liabilities	14	1,484,549	812,258
Less cash and cash equivalents	6	(2,565,350)	(2,491,433)
Net total		(922,802)	(1,587,763)
Total equity		1,781,557	1,889,689
<b>Total capital</b>		<b>858,755</b>	<b>(301,926)</b>
Gearing ratio		n/a	n/a

#### NOTE 18: 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.

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**NOTE 19: FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management**

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2009	2008
<b>Financial assets</b>			
Cash and cash equivalents		2,565,350	2,491,433
Trade receivables		867,039	266,849
<b>Total financial assets</b>		<b>3,432,389</b>	<b>2,758,282</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables		157,999	91,412
Other current liabilities		1,484,549	812,258
<b>Total financial liabilities</b>		<b>1,642,548</b>	<b>903,670</b>

**Financial Risk Management Policies**

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations. The Company does not have any derivative instruments at 30 June 2010.

The senior executives, consisting of senior executives of the company, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The senior executives overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The senior executives operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

##### (a) Interest Rate Risk

The Company is not exposed to any material interest rate risk.

##### (b) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that there are sufficient funds to meet expenditure commitments.

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non- Interest Bearing	Total
			1 year or less	1 to 5 year	Over 5 year		
	%	\$	\$	\$	\$	\$	\$
<b>30 June 2010</b>							
<b>Financial Assets:</b>							
Cash and cash equivalents	5.77	965,870	1,598,988	-	-	492	2,565,350
Trade and other receivables	-	-	-	-	-	867,039	867,175
<b>Total Financial Assets</b>		<b>965,870</b>	<b>1,598,988</b>	<b>-</b>	<b>-</b>	<b>867,531</b>	<b>3,432,525</b>
<b>Financial Liabilities:</b>							
Trade and other payables	-	-	-	-	-	157,999	157,999
Other current liabilities	-	-	-	-	-	1,484,549	1,484,549
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,642,548</b>	<b>1,642,548</b>

Water Services Association of Australia Limited ACN 120 911 131

**NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)**

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non- Interest Bearing	Total
			1 year or less	1 to 5 year	Over 5 year		
	%	\$	\$	\$	\$	\$	\$
<b>30 June 2009</b>							
<b>Financial Assets:</b>							
Cash and cash equivalents	4.84	1,418,066	1,072,900	-	-	467	2,491,433
Trade and other receivables	-	-	-	-	-	-	-
<b>Total Financial Assets</b>		<b>1,418,066</b>	<b>1,072,900</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>2,491,433</b>
<b>Financial Liabilities:</b>							
Trade and other payables	-	-	-	-	-	91,412	91,412
Other current liabilities	-	-	-	-	-	812,258	812,258
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>903,670</b>	<b>903,670</b>

**(c) Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed on a company basis and reviewed regularly by the senior executives. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Company, credit terms are generally 14 to 30 days from the date of invoice. Customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

**(d) Price risk**

The Company is not exposed to any material commodity price risk.

# Notes to the Financial Statements for the Year Ended 30 June 2010

Water Services Association of Australia Limited ACN 120 911 131

## NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Foreign exchange risk

The Company is not exposed to any foreign exchange risk

### Net Fair Values

#### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Company.

Water Services Association of Australia Limited ACN 120 911 131

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Footnote	2010		2009	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	2,565,350	2,565,350	2,491,433	2,491,433
Trade and other receivables	(i)	867,039	867,039	-	-
<b>Total financial assets</b>		<b>3,432,389</b>	<b>3,432,389</b>	<b>2,491,433</b>	<b>2,491,433</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	157,999	157,999	91,412	91,412
Other current liabilities	(i)	1,484,549	1,484,549	812,258	812,258
<b>Total financial liabilities</b>		<b>1,642,548</b>	<b>1,642,548</b>	<b>903,670</b>	<b>903,670</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

**Sensitivity Analysis**

**Interest Rate Risk**

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis has demonstrated that Water Services Association of Australia does not have a significant exposure to changes in interest rates.

NOTE 20: SEGMENT REPORTING

The Company operates predominately in one business and geographical segment, being the water services industry and includes water boards and co-operatives throughout Australia and New Zealand.

The Company provides a forum to discuss issues of importance to the urban water industry, facilitates cooperation to improve the industry's productivity and supports the urban water industry in meeting community expectations in relation to the environment, sustainability and public health.

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

#### NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Notes	2010	2009
		\$	\$
a) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
<b>Payables – minimum lease payments</b>			
- not later than 12 months		189,093	163,205
- between 12 months and 5 years		371,621	510,824
		<b>560,714</b>	<b>674,029</b>

The lease for the Melbourne premises expires on 30 June 2012.

With the Sydney premises, Sydney Water is contracted to pay \$5,000 a month for assistance up to but excluding the commencement date of a sublease of the premises at Level 11, 91 York St, Sydney, has been excluded from the operating lease commitments.

	Notes	2010	2009
b) Operating Research commitments contracted for:			
<b>Payables – minimum payments</b>			
- not later than 12 months		984,000	1,554,000
- between 12 months and 5 years		2,747,000	2,747,000
		<b>3,731,000</b>	<b>4,301,000</b>

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

# WSAA Financial Statements (continued)

## Water Services Association of Australia Limited ACN 120 911 131

### NOTE 22: EVENTS AFTER BALANCE SHEET 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 23: 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 24: COMPANY DETAILS

The registered office of the company is:

Water Services Association of Australia Limited  
Level 8  
469 La Trobe Street  
Melbourne Victoria 3000

# Directors' Declaration

## Notes to the Financial Statements for the Year Ended 30 June 2010

### Water Services Association of Australia Limited ACN 120 911 131

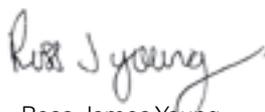
The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 28 to 60 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2010 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.



Kevin John Young  
Director



Ross James Young  
Director

Dated this 30st day of August 2010

# Independant Audit Report

Water Services Association of Australia Limited ACN 120 911 131

To the Members of Water Services Association of Australia Limited



# Compilation Report

Water Services Association of Australia Limited ACN 120 911 131

To the Members of Water Services Association of Australia Limited



# WSAA Profit and Loss Account

Water Services Association of Australia Limited ACN 120 911 131

Private information for the Directors on the 2010 Financial Statements

## Detailed Profit and Loss for the Year Ended 30 June 2010

	2010	2009
<b>INCOME</b>		
Publication sales	255,930	185,821
Product sales	65,178	75,564
Members fees	1,295,161	1,027,176
Research contributions	1,942,738	1,540,710
Subscription projects	109,489	1,731,554
Interest income	117,499	139,402
Workshop income	111,305	-
National performance report	42,154	-
Aquarmark licences	61,476	-
Aquality licences	37,000	-
Other income	65,498	170,672
<b>TOTAL INCOME</b>	<b>4,103,428</b>	<b>4,870,899</b>
<b>EXPENDITURE</b>		
Accounting fees	15,180	18,544
Advertising	3,042	8,577
Audit fees	10,380	6,000
Bad debts	1,793	1,445
Bank charges	8,885	9,749
Computer expenses	73,831	57,574
Consultancy fees	455,192	622,200
Conferences and seminars	115,591	85,475
Depreciation	47,073	51,098
Doubtful debts	(19,380)	20,835

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

Water Services Association of Australia Limited ACN 120 911 131

Private information for the Directors on the 2010 Financial Statements

Detailed Profit and Loss for the Year Ended 30 June 2010 (continued)

	2010	2009
Electricity	3,726	4,946
Entertainment expenses	1,305	271
Fringe benefits tax	30,033	64,527
General expenses	44,165	34,648
Holiday pay	65,424	29,112
Insurance	21,982	22,971
Legal costs	3,834	20,676
Loss on disposal/revaluation of non-current assets	-	24,115
Payroll tax	59,497	54,708
Postage	7,158	6,151
Printing and stationery	101,693	84,279
Rent	251,443	179,904
Repairs and maintenance	893	1,461
Salaries and wages	1,429,650	943,070
Staff amenities	3,840	-
Staff training and welfare	4,905	11,208
Subscription project expense	93,288	1,576,828
Subscriptions	814,609	226,461
Superannuation	237,061	375,839
Telephone	42,996	33,619
Travelling expenses	242,726	217,405
Workshop expenses	54,886	-
Cost of goods sold	(14,999)	(10,397)
<b>TOTAL EXPENSES</b>	<b>4,211,702</b>	<b>4,783,299</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>(108,274)</b>	<b>87,600</b>

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



WATER SERVICES ASSOCIATION  
OF AUSTRALIA

[www.wsaa.asn.au](http://www.wsaa.asn.au)

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