WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED

ACN 117 907 285

FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

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WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2011.

Directors

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

Kerry Schott	Peter Borrows
Kevin Young	Robert Skinner (Resigned 08/03/2011)
Anne Howe (Resigned 15/12/2010)	Jonathan Black
Ross Young (Resigned 30/04/2011)	Shaun Cox
Susan Murphy	John Ringham (Appointed 15/12/2010)
Adam Lovell (Acting Exec Director 01/05/11)	

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 30 members and 29 associate 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.

DIRECTORS' REPORT

Information on Directors

The information on directors is as follows:

Kevin John Young	– Director & Chairman, WSAA
Qualifications	– 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.
Experience	– Kevin is currently the Managing Director at Sydney Water Corporation and prior to this Managing Director at Hunter Water Corporation for seven years. Kevin has over 30 years of experience working in private consulting both in Australia and overseas and working for Government utilities.
Special Responsibilities	– Chairman of the Board
Susan Lee Murphy	– Director & Deputy Chair, WSAA
Qualifications	– Sue Murphy has a Bachelor of Engineering (Honours) from the University of Western Australia.
Experience	– After 25 years at Clough Engineering, Sue joined the Water Corporation in 2004 with responsibilities for delivery of capital projects and long and short term planning. In 2008, Sue was appointed Chief Executive Officer of the Water Corporation. Sue is a Board Member of the University of WA Business School and a Fellow of the Australian Academy of Technological Sciences & Engineering. In 2009, 2010 & 2011, Sue was listed in the top 100 most influential engineers in Australia by Engineers Australia.
Special Responsibilities	– Chairman of WSAA Asset Management Committee & WSAA Safety and Wellbeing Committee.
Kerry Elizabeth Schott	– WSAA Board
Qualifications	– 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.
Experience	– Kerry held the position of Managing Director of Sydney Water from August 2006 to 31 July 2011. 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 their merger with Qantas. She has been a member of the Corporations and Securities Panel and a Trade Practices Commissioner.

DIRECTORS' REPORT

Information on Directors (continued)

Adam Lovell	– Executive Director WSAA
Qualifications	– Bachelor of Science Education (Chemistry) Sydney University, Master of Environmental Engineering Science Sydney University
Experience	-Adam Lovell was appointed as Executive Director of WSAA in June 2011. Prior to taking up his current position, Adam was the Manager, Science and Sustainability at the Water Services Association of Australia. In this role he led national water utility strategy and policy development in areas including climate change adaptation and mitigation, water efficiency, water quality and regulation, and sustainability planning, analysis and reporting. He was previously at Sydney Water for 11 years in the Science and Technology group. Adam is currently a Board member for the National Centre of Excellence for Desalination, and a member of the National Health and Medical Research Council Water Quality Advisory Committee, a committee responsible for the development of water quality guidelines in Australia.
Peter Clark Borrows	– Director, WSAA
Experience	– Peter Borrows is CEO the Queensland Bulk Water Supply Authority trading as seqwater. Prior to undertaking this role, Peter was CEO of South East Queensland Water Corporation for 6 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 16 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 project's, and has been responsible for managing the merger and cultural assimilation and development of several large teams.
Special Responsibilities	– Chairman of Water Quality and Health Committee

Jonathan Black – Director, WSAA

Experience

Jon Black is the first CEO of Unitywater.Prior to this appointment Jon was the CEO of the now disbanded whole-of-South East Queensland water distribution entity. Leading to this role, Jon was the Executive Director of the Council of Mayors (SEQ). He was the first to hold this office upon the organisation's inauguration in September 2005. From that time, Jon was instrumental in leading SEQ Councils in their response to the State Government's reform of the water supplies institutional arrangements. Prior to his appointment with the Council of Mayors (SEQ), Jon spent 25 years in the Australian Army. His Defence and Army experience includes Executive Director of Training Management, where Jon managed and coordinated the training regimes for approximately 40,000 trainee soldiers per year; Chief of Staff for the Chief of the Australian Army; as well as the Commanding Officer / Chief Instructor at the Royal Military College, Duntroon.

Shaun Cox – Director, WSAA

Qualifications – Shaun Cox holds a degree in Civil Engineering and a Masters of Engineering and Technology Management.

Experience

- Shaun Cox was appointed Managing Director of Melbourne Water in March 2011 and is currently a Board Member (and former Chair) of both the Smart Water Fund and the Water Services Association of Australia.

Shaun has a strong background in large-scale water and sewage services, as well as a passion for innovation and sustainability. Shaun is also an Adjunct Professor at the University of Queensland.

Prior to joining Melbourne Water Mr Cox has held the position of Managing Director of South East Water and Chief Executive Officer of Gold Coast Water.

John Ringham – Director, WSAA

Qualifications – BSc (Hons), MBA, Dip Geotech (UK) FIEAust, MCIWEM, MAICD As Chief Executive of SA Water, John Ringham is also a member of the Board.

Experience

- John Ringham has 39 years' experience in the water industry. John held numerous senior management positions with the UK Company, North West Water, including Business Area Manager, Commercial Management and General Manager, Network Services. John has experience in the areas of water resourcing, water supply and distribution and capital planning as well as in change management and international bidding.

In1995 John was Bid Manager Water Supply and was seconded to Adelaide, which involved the preparation of a proposal for the operation and maintenance of water and wastewater services in Adelaide. John also has been involved in work in Poland and the Middle East.

In November 2000 John was appointed Head of Water Services of the South Australian Water Corporation (SA Water) and later Chief Operating Officer. John's responsibilities included water supply and wastewater

service delivery including Asset Management and Capital Works delivery to SA Water's 620,000 customers, representing populations served of over 1 million in metropolitan Adelaide and approximately 350,000 in regional South Australia. John was promoted to the position of Chief Executive of SA Water in December 2010. SA Water is a leading water utility in the development and implementation of water recycling both in partnership with the private sector and Local Government. John is also a Director and Deputy Chair of WaterAid Australia.

Information on Directors (continued)

Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Kerry Schott	4	3
Kevin Young (Chair)	4	4
Anne Howe (Resigned 15/12/2010)	2	1
Ross Young (Resigned 30/04/2011)	3	3
Susan Murphy (Deputy chair)	4	4
Adam Lovell (Acting Exec Director 01/05/11)	1	1
Peter Borrows	4	3
Robert Skinner (Resigned 08/03/2011)	2	2
Jonathen Black	4	4
Shaun Cox	4	3
John Ringham (Appointed 15/12/2010)	2	2

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. At 30 June 2011, the total amount that members of the company are liable to contribute if the company is wound up is $300.

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 7.

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

Director _____ Director _____

Kevin John Young Adam Lovell

Dated this 29 day of SEPTEMBER 2011

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 LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011, there have been:

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

b) 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 9th day of September 2011

AUDITOR'S INDEPENDENCE DECLARATION

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Continuing operations			
Sales revenue	2	**183,034**	255,930
Other revenues	2	**7,232,064**	3,847,498
		7,415,098	4,103,428
Cost of sales		**(49,003)**	14,999
Marketing expenses		**(4,842)**	(3,042)
Occupancy expenses		**(219,913)**	(251,443)
Administrative expenses		**(2,308,862)**	(1,901,291)
Consultants & contractors		**(393,123)**	(455,192)
Subscription projects		**(3,412,544)**	(93,288)
Travel & accommodation		**(227,140)**	(217,069)
Dues and subscriptions		**(779,836)**	(814,609)
Conference & seminars		**(218,110)**	(115,591)
Other expenses		**-**	(375,176)
Profit/(loss) before income tax	3	**(198,275)**	(108,274)
Income tax expense	1 (a)	**-**	-
Profit/(loss) for the year		**(198,275)**	(108,274)
Total comprehensive income for the year		**(198,275)**	(108,274)
Profit attributable to members of the entity		**(198,275)**	(108,274)
Total comprehensive income attributable to members of the company		**(198,275)**	(108,274)

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 2011

	Notes	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	6	**2,419,957**	2,565,350
Trade and other receivables	7	**1,346,192**	867,039
Inventories	8	**20,087**	52,958
Other current assets	9	**100,172**	58,647
TOTAL CURRENT ASSETS		**3,886,408**	3,543,993
NON-CURRENT ASSETS			
Property, plant and equipment	10	**136,651**	133,279
TOTAL NON-CURRENT ASSETS		**136,651**	133,279
TOTAL ASSETS		**4,023,059**	3,677,272
CURRENT LIABILITIES			
Trade and other payables	11	**442,766**	157,999
Short-term provisions	12	**61,287**	120,260
Other current liabilities	13	**1,827,643**	1,484,549
TOTAL CURRENT LIABILITIES		**2,331,696**	1,762,808
NON-CURRENT LIABIITIES			
Long-term provisions	12	**108,218**	133,044
TOTAL NON-CURRENT LIABILITIES		**108,218**	133,044
TOTAL LIABILITIES		**2,439,914**	1,895,852
NET ASSETS		**1,583,145**	1,781,420
EQUITY			
Retained earnings		**1,583,145**	1,781,420
TOTAL EQUITY		**1,583,145**	1,781,420

The accompanying notes form part of these financial statements.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings $	Total $
Balance at 1 July 2009	1,889,684	1,889,684
Loss for the year	(108,274)	(108,274)
Total comprehensive income/(loss) for the year	(108,274)	(108,274)
Balance at 30 June 2010	**1,781,420**	**1,781,420**
Loss for the year	(198,275)	(198,275)
Total comprehensive income/(loss) for the year	(198,275)	(198,275)
Balance at 30 June 2011	**1,583,145**	**1,583,145**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2011 $	2010 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**8,255,782**	4,873,099
Payments to suppliers and employees		**(8,505,373)**	(4,873,652)
Interest received		**163,006**	117,499
Net cash provided by / (used in) operating activities	14	**(86,585)**	116,946
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**(58,808)**	(43,029)
Net cash used in investing activities		**(58,808)**	(43,029)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		**-**	-
Net cash used in financing activities		**-**	-
Net (decrease)/increase in cash held		**(145,393)**	73,917
Cash at beginning of financial year		**2,565,350**	2,491,433
Cash at end of financial year	6	**2,419,957**	2,565,350

The accompanying notes form part of these financial statements.

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. 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 in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their 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.

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	15%
Plant and equipment	15%
Furniture, fixtures and fittings	20-40%
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 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (continued)

(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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (continued)

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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. 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.

(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) 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.

(m) 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.

(n) Adoption of New and Revised Accounting Standards

During the current year, the company adopted the following revised Australian Accounting Standards to the extent they affect the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001*.

AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (applicable for annual reporting periods commencing from 1 January 2010).

This standard made amendments to various AASB standards including AASB 101: Presentation of Financial Statements and AASB 107: Statement of Cash Flows.

Some of the amendments arising from AASB 2009–5 resulted in accounting changes for presentation, recognition or measurement purposes, whereas others only related to terminology and editorial changes. The following principal amendments are considered to be applicable to the company, although these changes are not expected to materially affect the company's financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Adoption of New and Revised Accounting Standards (continued)

AASB 101 Current/non-current classification of convertible instruments:

Under this amendment, in classifying a liability as current because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period, if there are terms that could result in its settlement by issuing equity instruments (at the option of the counterparty), those terms do not affect the liability's classification.

AASB 107 Classification of expenditures on unrecognised assets:

Under this amendment, in classifying cash flows arising from investing activities, only those expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities.

(o) New Accounting Standards for Application in Future Periods

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

– 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 AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1031: Materiality. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 1, 7, 101 & 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to various Accounting Standards, including AASB 101 and AASB 108, arising from the IASB's annual improvements project. These changes are not expected to have a major impact on the presentation of the company's financial report. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements; and
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes.

– AASB 2010–5: Amendments to Australian Accounting Standards (October 2010) [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 101 and AASB 107. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

	Notes	2011 $	2010 $
NOTE 2: REVENUE			
Sales revenue:			
Publication sales		**183,034**	255,930
Other revenue:			
Product sales		**96,758**	65,178
Members fees		**1,315,646**	1,295,161
Research contributions		**1,908,477**	1,942,738
Subscription projects		**3,639,873**	361,424
Interest	2(a)	**163,006**	117,499
Other revenue		**108,304**	65,498
Total revenue		**7,415,098**	4,103,428
(a) interests from :			
Other persons		**163,006**	117,499
NOTE 3: PROFIT/(LOSS) BEFORE INCOME TAX			
(a) Expenses			
Depreciation of non-current assets		**55,435**	47,073
Bad and doubtful debts/(written back)		**21,520**	(17,587)
Rental expense on operating leases:			
Minimum lease payments		**219,913**	251,443
b) Significant revenues and expenses			
Consultants and contractors		**393,123**	455,192
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		**294,151**	268,773
Post-employment benefits		**158,807**	73,304
Total compensation		**452,958**	342,077
NOTE 5: AUDITORS' REMUNERATION			
Remuneration of the auditor of the company for auditing or reviewing the financial statements:			
- audit services		**12,500**	10,200
		12,500	10,200

	Notes	2011	2010
		$	$

NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand	**506**	492
Cash at bank	**724,103**	965,870
Term deposits	**1,695,348**	1,598,988
	2,419,957	2,565,350

(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:

Cash and cash equivalents	**2,419,957**	2,565,350
	2,419,957	2,565,350

Included in cash and cash equivalents are balances relating to several projects funds amounting to $45,272 (2010: $179,303).

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	**1,267,654**	824,578
Provision for impairment	**(23,376)**	(6,620)
	1,244,278	817,958
Other receivables	**101,914**	49,081
Total current trade and other receivables	**1,346,192**	867,039

(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 2010	26,000
Written Back	(19,380)
Provision for impairment as at 30 June 2010	6,620
Charge for the year	16,756
Provision for impairment as at 30 June 2011	23,376

	2011	2010
	$	$

NOTE 7: TRADE AND OTHER RECEIVABLES (Continued)

(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.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			< 30	31–60	> 60	
	$	$	$	$	$	$
2011						
Trade receivables	1,267,654	23,376	42,655	295,791	112,103	793,729
Other receivables	101,914	-				101,914
Total	1,369,568	23,376	42,655	295,791	112,103	895,643
2010						
Trade receivables	824,578	6,620	257,857	-	7,260	552,841
Other receivables	49,081	-	-	-	-	49,081
Total	873,659	6,620	257,857	-	7,260	601,922

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.

	Notes	2011	2010
		$	$
NOTE 8: INVENTORIES			
CURRENT			
Stock of publications – at cost		**20,087**	52,958
NOTE 9: OTHER CURRENT ASSETS			
CURRENT			
Prepayments		**100,172**	58,647
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
LEASEHOLD IMPROVEMENTS			
At cost		**33,132**	33,132
Less accumulated amortisation		**(17,507)**	(14,749)
		15,625	18,383
PLANT & EQUIPMENT			
a) Plant & equipment		**335,464**	291,108
At cost		**(249,422)**	(203,129)
Less accumulated depreciation		**86,042**	87,979
b) Furniture, fixtures & fittings			
At cost		**112,576**	112,576
Less accumulated depreciation		**(89,652)**	(85,659)
		22,924	26,917
b) Computer Software			
At cost		**14,451**	-
Less accumulated depreciation		**(2,391)**	-
		12,060	-
Total plant & equipment		**121,026**	114,896
Total property, plant and equipment		**136,651**	133,279

	Notes	2011	2010
		$	$

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	Furniture, Fixtures & Fittings	Computer Software
			$	
Balance at the 30 June 2010	18,383	87,979	26,917	-
Additions	-	44,357	-	14,451
Disposals			-	-
Depreciation expense	(2,758)	(46,294)	(3,993)	(2,391)
Balance at the 30 June 2011	15,625	86,042	22,924	12,060

	Total
	$
Balance at the 1 July 2010	133,279
Additions	58,808
Disposals	-
Depreciation expense	(55,436)
Balance at the 30 June 2011	136,651

	2011	2010
	$	$
NOTE 11: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured Liabilities		
Trade payables	**219,218**	43,990
Sundry payables and accrued expenses	**223,548**	114,009
	442,766	157,999
a. **Financial liabilities at amortised cost classified as trade and other payables**		
Trade and other payables		
— Total current	**442,766**	157,999
— Total non-current	-	-
Financial liabilities as trade and other payables	**442,766**	157,999

	Notes	2011	2010
		$	$
NOTE 12: PROVISIONS			
Opening balance at beginning of financial year		**253,304**	187,880
Additional provision raised during year		**(83,799)**	65,424
Balance at end of financial year		**169,505**	253,304
Analysis of Total Provisions			
Current		**61,287**	120,260
Non-current		**108,218**	133,044
		169,505	253,304

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 13: OTHER LIABILITIES			
CURRENT			
Project liabilities	13 (a)	**45,078**	179,303
Income received in advance	13 (b)	**1,782,565**	1,305,246
		1,827,643	1,484,549

(a) Included in project liabilities in the 2011 and 2010 financial years respectively are the following:

Project name	2011	2010
Smart Approved Watermark	16,513	26,304
Water Treatment Alliance	28,565	27,298
Recycled Water - Biofiltration	-	99,168
Recycled Water Framework	-	26,533

	Notes	2011	2010
		$	$

NOTE 13: OTHER LIABILITIES (continued)

(b) Included in project liabilities in the 2011 and 2010 financial years respectively are the following:

Project name	2011	2010
Meters Codes of Practice	(10,276)	33,462
Electricity&Carbon Forecasting	675	-
Membership APAS & PCCP	2,727	-
Cathodic Protection PP3-012	10,514	1,331
Sewer Blockages PP3-004	13,283	234,080
Sewer Rising Main Condition A	15,100	-
Wate Reuse Association Account	21,076	-
Asset & Asset Performance Da	27,500	-
Asset Management Account	35,453	-
Capital Investment Prioritisation	38,924	13,000
Sewer & Water Mains Data Base	60,703	148,203
Asbestos Cement Pipes PP3-013	67,114	6,471
Condition Assess Guidelines	77,388	211,487
Ecological Footprint	84,563	84,635
Infiltration & Inflow PP3-011	115,632	18,719
Customer Services Performance	122,591	-
Leakage & Pressure Management	141,722	188,075
Treatment Requirements of Aust	186,186	90,909
Review Risk Management Tools	200,030	234,010
Water Main Renewal Planning	274,218	58,601
Coastal Adaption Decision Pat	275,000	-
Gravity Condition Assessment	-	8,577
Scoping Study for ARC Condition	-	14,576
Review of LPR	-	19,900
Designer Assurance Competition	-	2,151
Oz Water Cities of the Future	-	12,999
Other	22,444	(5,940)

	Notes	2011	2010
		$	$
NOTE 14: CASH FLOW INFORMATION			
(a) Reconciliation of cash flow from operations with profit/(loss) after income tax			
Profit /(loss) after income tax		**(198,275)**	(108,274)
Non-cash flows in profit/(loss):			
Depreciation expense		**55,436**	47,073
Net (gain)/ loss on disposal of property, plant and equipment		**-**	-
Changes in assets and liabilities:			
(Increase)/decrease in receivables		**(520,679)**	(611,156)
(Increase)/decrease in inventories		**32,871**	(14,999)
Increase/(decrease) in payables		**627,861**	738,878
Increase/(decrease) in provisions		**(83,799)**	65,424
Cash flows from operations		**(86,585)**	116,946

NOTE 15: 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 (2010:$10) each towards meeting any outstanding obligations of the Company. There were a total of 30 (2010:55) members for the financial year ended 30 June 2011.

NOTE 16: CAPITAL MANAGEMENT

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.

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.

	Notes	2011	2010
		$	$

NOTE 16: CAPITAL MANAGEMENT (continued)

The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

	Note	2011	2010
		$	$
Trade and other payables	11	**442,766**	157,999
Other current liabilities	13	**1,827,643**	1,484,549
Less cash and cash equivalents	6	**(2,419,957)**	(2,565,350)
Net total		**(149,548)**	(922,802)
Total equity		**1,583,145**	1,781,420
Total capital		**1,433,597**	858,618
Gearing ratio		**n/a**	n/a

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.

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 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:

	2011	2010
	$	$
Financial assets		
Cash and cash equivalents	**2,419,957**	2,565,350
Trade receivables	**1,346,192**	867,039
Total financial assets	**3,766,149**	3,432,389
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**442,766**	157,999
Other current liabilities	**1,827,643**	1,484,549
Total financial liabilities	**2,270,409**	1,642,548

	Notes	2011	2010
		$	$

NOTE 18: FINANCIAL RISK MANAGEMENT (continued)

(a) Financial Risk Management (continued)

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 2011.

The senior executives meet 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 operate 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.

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.

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)

	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate Maturities 1 year or less $	1 to 5 year $	Over 5 year $	Non-Interest Bearing $	Total $
30 June 2011							
Financial Assets:							
Cash and cash equivalents	6.54	724,103	1,695,348	-	-	506	2,419,957
Trade and other receivables	-	-	-	-	-	1,346,192	1,346,192
Total Financial Assets		724,103	1,695,348	-	-	1,346,698	3,766,149
Financial Liabilities:							
Trade and other payables	-	-	-	-	-	442,766	442,766
Other current liabilities	-	-	-	-	-	1,827,643	1,827,643
Total Financial Liabilities	-	-	-	-	-	2,270,409	2,270,409

	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate Maturities 1 year or less $	1 to 5 year $	Over 5 year $	Non-Interest Bearing $	Total $
30 June 2010							
Financial Assets:							
Cash and cash equivalents	5.77	965,870	1,598,988	-	-	492	2,565,350
Trade and other receivables	-	-	-	-	-	867,039	867,039
Total Financial Assets		965,870	1,598,988	-	-	867,531	3,432,389
Financial Liabilities:							
Trade and other payables	-	-	-	-	-	157,999	157,999
Other current liabilities	-	-	-	-	-	1,484,549	1,484,549
Total Financial Liabilities	-	-	-	-	-	1,642,548	1,642,548

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)

(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.

(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.

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)

Net Fair Values (Continued)

	Footnote	2011 Net Carrying Value	2011 Net Carrying Value	2010 Net Carrying Value	2010 Net Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	**2,419,957**	**2,419,957**	2,565,350	2,565,350
Trade and other receivables	(i)	**1,346,192**	**1,346,192**	867,039	867,039
Total financial assets		**3,766,149**	**3,766,149**	3,432,389	3,432,389
Financial liabilities					
Trade and other payables	(i)	**442,766**	**442,766**	157,999	157,999
Other current liabilities	(i)	**1,827,643**	**1,827,643**	1,484,549	1,484,549
Total financial liabilities		**2,270,409**	**2,270,409**	1,642,548	1,642,548

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 19: CAPITAL AND LEASING COMMITMENTS

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	**196,979**	189,093
- between 12 months and 5 years	**174,642**	371,621
	371,621	560,714

The lease for the Melbourne premise 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	2011	2010
		$	$

NOTE 19: CAPITAL AND LEASING COMMITMENTS (Continued)

b) Operating Research commitments contracted for:

Payables – minimum payments		
- not later than 12 months	**1,449,935**	984,000
- between 12 months and 5 years	**2,000,242**	2,747,000
	3,450,177	3,731,000

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

NOTE 20: 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 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 company is:

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
Level 8
469 La Trobe street
Melbourne Victoria 3000

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 103 229 581

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 32 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 2011 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 _____

Kevin John Young Adam Lovell

Dated this 01 day of SEPTEMBER 2011

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THINKING AHEAD

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

We have audited the accompanying financial report of Water Services Association of Australia Limited, which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Water Services Association of Australia on 9 September 2011, would be in the same terms if given to the directors as at the time of this auditor's report.

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

(i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS

MARTIN FENSOME
PARTNER

Dated in Melbourne on this 16th day of September 2011

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COMPILATION REPORT
TO THE MEMBERS OF
WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED

Scope

On the basis of information provided by the directors of Water Services Association of Australia Limited, we have compiled in accordance with APES 315 Compilation of Financial Information the detailed statement of comprehensive income of Water Services Association of Australia Limited for the year ended 30 June 2011 as set out on pages 37 to 38.

The specific purpose for which the detailed statement of comprehensive income has been prepared is to provide private information to the directors. No accounting standards and other mandatory professional reporting requirements have been adopted in the preparation of the detailed statement of comprehensive income.

The directors are solely responsible for the information contained in the detailed statement of comprehensive income and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the directors.

Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the association, may suffer arising from any negligence on our part. No person should rely on the detailed statement of comprehensive income without having an audit or review conducted.

The detailed statement of comprehensive income was prepared for the benefit of the association and its members and the purpose identified above. We do not accept responsibility to any other person for the contents of the detailed statement of comprehensive income.

BENTLEYS MELBOURNE PTY LTD
CHARTERED ACCOUNTANTS

MARTIN FENSOME
DIRECTOR

16 September 2011

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 103 229 581

PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2011 FINANCIAL STATEMENTS

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 $	2010 $
INCOME		
Publication sales	**183,034**	255,930
Product sales	**96,759**	65,178
Members fees	**1,315,646**	1,295,161
Research contributions	**1,908,477**	1,942,738
Subscription projects	**3,412,544**	109,489
Interest income	**163,006**	117,499
Workshop income	**158,329**	111,305
National performance report	**-**	42,154
Aquamark licences	**42,500**	61,476
Aquality licences	**26,500**	37,000
Other income	**108,303**	65,498
TOTAL INCOME	**7,415,098**	4,103,428
EXPENDITURE		
Accounting fees	**15,350**	15,180
Advertising	**4,842**	3,042
Audit fees	**13,800**	10,380
Bad debts	**4,764**	1,793
Bank charges	**9,669**	8,885
Computer expenses	**67,229**	73,831
Consultancy fees	**393,122**	455,192
Conferences and seminars	**218,110**	115,591
Depreciation	**55,435**	47,073
Doubtful debts	**16,756**	(19,380)
Electricity	**3,760**	3,726
Entertainment expenses	**-**	1,305
Fringe benefits tax	**42,902**	30,033
General expenses	**54,445**	44,165
Holiday pay	**(83,800)**	65,424
Insurance	**14,781**	21,982
Legal costs	**18,983**	3,834

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

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 103 229 581

PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2011 FINANCIAL STATEMENTS (CONTINUED)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 $	2010 $
Loss on disposal/revaluation of non-current assets	**-**	-
Payroll tax	**69,581**	59,497
Postage	**4,982**	7,158
Printing and stationery	**26,360**	101,693
Rent	**219,913**	251,443
Repairs and maintenance	**1,011**	893
Salaries and wages	**1,603,965**	1,429,650
Staff amenities	**3,160**	3,840
Staff training and welfare	**3,160**	4,905
Subscription project expense	**3,412,544**	93,288
Subscriptions	**779,836**	814,609
Superannuation	**233,408**	237,061
Telephone	**50,538**	42,996
Travelling expenses	**264,752**	242,726
Workshop expenses	**41,012**	54,886
Cost of goods sold	**49,003**	(14,999)
TOTAL EXPENDITURE	**7,613,373**	4,211,702
OPERATING PROFIT/(LOSS)	**(198,275)**	(108,274)

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