

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
ACN 117 907 285

**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2012**

**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 2012.

**Directors**

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

Kerry Schott (Resigned 31 July 2011)	Peter Borrows
Kevin Young	Shaun Cox
Susan Murphy	Jonathen Black (Resigned 31 May 2012)
Adam Lovell	Kevin Hutchings (Appointed 22 August 2011)
John Ringham	Kim Wood (Appointed 9 January 2012)

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 31 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.

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 117 907 285**

**DIRECTORS' REPORT**

**Information on Directors**

The information on directors is as follows:

- Kevin John Young** – Director, 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..
- 
- Susan Lee Murphy** – Director & 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.
- 
- 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.

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
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**DIRECTORS' REPORT**

**Information on Directors (continued)**

**Peter Clark Borrow**

Experience

- Director & Deputy Chair, WSAA
- Peter Borrow 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.

**Kevin Hutchings**

Qualifications

Experience

- Director, WSAA
- GAICD
- Mr Hutchings was appointed as Managing Director of South East Water in July 2011.

Prior to this appointment Mr Hutchings was South East Water's Acting Chief Executive Officer from February 2011 and has been with the company since its inception in 1995. He brings a wealth of water, sewerage and infrastructure senior management expertise to his role as Managing Director.

Mr Hutchings was previously General Manager of 'us' - Utility Services, which oversees the design, construction, operation and maintenance of South East Water's infrastructure, sewer and water pipeline renewals and water quality and the operation of eight sewage treatment plants. Additionally, he was responsible for new growth areas for external works, including Australia and New Zealand.

Before joining South East Water in 1995, Mr Hutchings worked for 19 years at Email Electronics, which specialised in the development of new hardware and software technologies in both retail and distribution markets for major oil companies.

Special Responsibilities

- Chairman Asset Management Committee

**Shaun Cox**

Qualifications

Experience

- Director, WSAA
- Shaun Cox holds a degree in Civil Engineering and a Masters of Engineering and Technology Management.

- 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.

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
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**DIRECTORS' REPORT**

**Information on Directors (continued)**

**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.

In 1995 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.

Special Responsibilities – Chairman Healthy Liveable Communities Committee

**Kim Wood** – Director, WSAA

Qualifications – BENG, DIPENG, MBA, FIE(Aust), FAIM, MAICD

Experience – Kim was appointed as Managing Director of Hunter Water Corporation in November 2011. He was previously the CEO of Queensland's Allconnex Water, which he helped establish in 2010.

He has extensive utility experience as a CEO, having led a number of electricity and water utilities throughout Australia. He was the inaugural CEO of City West Water and then went on to head the Victorian electricity transmission business, GPU PowerNet. Other CEO roles have included the Northern Territory Power and Water Corporation, and Queensland power generator Stanwell Corporation. His experience includes past private sector leadership roles in the telecommunications industry, firstly as Managing Director of GEC Plessey Telecommunications and later with publicly listed company, DataFast. Kim has also had extensive experience as a company director, including several industry association directorships.

He has prior senior management experience with the Australian operations of both Hewlett Packard and Bell South. He originally commenced his working career as an engineer with Victoria's State Electricity Commission.

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 117 907 285**

**DIRECTORS' REPORT**

**Information on Directors (continued)**

**Meetings of Directors**

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Susan Murphy (Chair)	4	4
Peter Borrows (Deputy Chair)	4	2
Jonathen Black (Resigned 31 May 2012)	4	4
Kevin Young	4	4
Adam Lovell	4	4
John Ringham	4	3
Shaun Cox	4	3
Kevin Hutchings	4	3
Kim Wood	2	0

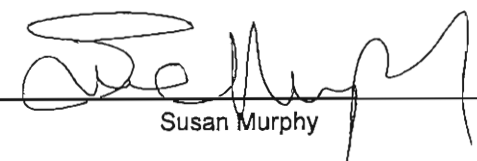
**Members Guarantee**

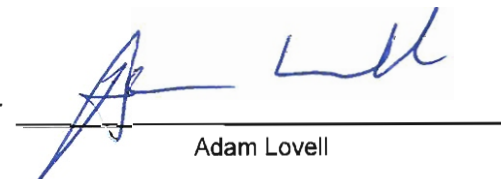
The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. There were a total of 30 members (2011: 30) for the financial year ended 30 June 2012. 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 8.

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

Director   
Susan Murphy

Director   
Adam Lovell

Dated this 13<sup>th</sup> day of August 2012

**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 2012, 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*

**BENTLEYS MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**

*James Ridley*

**JAMES RIDLEY  
PARTNER**

Dated in Melbourne on this 13<sup>th</sup> day of August 2012



**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 117 907 285**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 \$	2011 \$
<b>Continuing operations</b>			
Sales revenue	2	269,239	183,034
Other revenues	2	<u>7,795,571</u>	<u>7,232,064</u>
		<u>8,064,810</u>	<u>7,415,098</u>
Cost of sales		(4,056)	(49,003)
Marketing expenses		(3,134)	(4,842)
Occupancy expenses		(215,959)	(219,913)
Administrative expenses		(2,416,943)	(2,308,862)
Consultants & contractors		(766,380)	(393,123)
Subscription projects		(3,779,607)	(3,412,544)
Travel & accommodation		(259,097)	(227,140)
Dues and subscriptions		(695,787)	(779,836)
Conference & seminars		(167,699)	(218,110)
Other expenses		-	-
<b>Loss before income tax</b>	3	<u>(243,852)</u>	<u>(198,275)</u>
Income tax expense	1 (a)	-	-
<b>Loss for the year</b>		<u>(243,852)</u>	<u>(198,275)</u>
<b>Total comprehensive loss for the year</b>		<u>(243,852)</u>	<u>(198,275)</u>
Loss attributable to members of the entity		<u>(243,852)</u>	<u>(198,275)</u>
<b>Total comprehensive loss attributable to members of the company</b>		<u>(243,852)</u>	<u>(198,275)</u>

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 2012**

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	3,640,423	2,419,957
Trade and other receivables	7	1,217,994	1,346,192
Inventories	8	16,031	20,087
Other current assets	9	50,019	100,172
<b>TOTAL CURRENT ASSETS</b>		<u>4,924,467</u>	<u>3,886,408</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	192,621	136,651
<b>TOTAL NON-CURRENT ASSETS</b>		<u>192,621</u>	<u>136,651</u>
<b>TOTAL ASSETS</b>		<u>5,117,088</u>	<u>4,023,059</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	542,482	442,766
Short-term provisions	12	104,404	61,287
Other current liabilities	13	3,005,388	1,827,643
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,652,274</u>	<u>2,331,696</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	12	125,521	108,218
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>125,521</u>	<u>108,218</u>
<b>TOTAL LIABILITIES</b>		<u>3,777,795</u>	<u>2,439,914</u>
<b>NET ASSETS</b>		<u>1,339,293</u>	<u>1,583,145</u>
<b>EQUITY</b>			
Retained earnings		1,339,293	1,583,145
<b>TOTAL EQUITY</b>		<u>1,339,293</u>	<u>1,583,145</u>

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 2012**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2010</b>	1,781,420	1,781,420
Loss for the year	<u>(198,275)</u>	<u>(198,275)</u>
<b>Total comprehensive loss for the year</b>	<u>(198,275)</u>	<u>(198,275)</u>
<b>Balance at 30 June 2011</b>	<u>1,583,145</u>	<u>1,583,145</u>
Loss for the year	<u>(243,852)</u>	<u>(255,954)</u>
<b>Total comprehensive loss for the year</b>	<u>(243,852)</u>	<u>(255,954)</u>
<b>Balance at 30 June 2012</b>	<u>1,339,293</u>	<u>1,327,191</u>

The accompanying notes form part of these financial statements.

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 117 907 285**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 \$	2011 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		10,069,543	8,255,782
Payments to suppliers and employees		(8,888,751)	(8,505,373)
Interest received		169,691	163,006
Net cash provided by / (used in) operating activities	14	<u>1,350,483</u>	<u>(86,585)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(130,017)	(58,808)
Net cash used in investing activities		<u>(130,017)</u>	<u>(58,808)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash held		1,220,466	(145,393)
Cash at beginning of financial year		<u>2,419,957</u>	<u>2,565,350</u>
Cash at end of financial year	6	<u>3,640,423</u>	<u>2,419,957</u>

The accompanying notes form part of these financial statements.

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 120 911 131**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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), the Corporations Act 2001, and comply with other requirements of the law.

The financial statements have been prepared on the basis of historical cost except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated.

**(a) Income Tax**

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

**(b) Inventories**

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

**(c) Property, Plant and Equipment**

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

**Plant and equipment**

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

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

**Depreciation**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>
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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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, which are subject to insignificant risk of changes in value, and bank overdrafts.

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

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

**(j) Leases**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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**

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in note (o)

Amendments to AASB 7 'Financial Instruments Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Standards and Interpretations adopted with no effect of financial statements**

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangement.

AASB 2010-5 'Amendments to Australian Accounting Standards' The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had a material effect on amounts reported in the Association's financial statements.

**(p) Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2101-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 119 'Employee Benefits (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013

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	Notes	2012 \$	2011 \$
<b>NOTE 2: REVENUE</b>			
<b>Sales revenue:</b>			
Publication sales		269,239	183,034
<b>Other revenue:</b>			
Product sales		126,660	96,758
Members fees		1,449,828	1,315,646
Research contributions		1,995,467	1,908,477
Subscription projects		4,034,466	3,639,873
Interest	2(a)	169,691	163,006
Other revenue		19,459	108,304
<b>Total revenue</b>		<b>8,064,810</b>	<b>7,415,098</b>

**NOTE 3: LOSS BEFORE INCOME TAX**

**(a) Expenses**

Depreciation of non-current assets		53,915	55,435
Bad and doubtful debts/(written back)		6,113	21,520
Rental expense on operating leases:			
Minimum lease payments		215,959	219,913
Loss on disposal of Plant & Equipment		20,128	-

**(b) Significant revenues and expenses**

Consultants and contractors		766,380	393,123
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**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		293,069	294,151
Post-employment benefits		24,255	158,807
<b>Total compensation</b>		<b>317,324</b>	<b>452,958</b>

**NOTE 5: AUDITORS' REMUNERATION**

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

- audit services		13,125	12,500
		<b>13,125</b>	<b>12,500</b>

The auditor of the Association is Bentleys Melbourne Partnership

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012	2011
		\$	\$
<hr/>			
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>			
Cash on hand		939	506
Cash at bank		1,846,398	724,103
Term deposits		1,793,086	1,695,348
		<b>3,640,423</b>	<b>2,419,957</b>

(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		3,640,423	2,419,957
		<b>3,640,423</b>	<b>2,419,957</b>

Included in cash and cash equivalents are balances relating to several projects funds amounting to \$66,478 (2011: \$45,078).

**NOTE 7: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables		1,167,148	1,267,654
Provision for impairment		(27,512)	(23,376)
		<b>1,139,636</b>	<b>1,244,278</b>
Other receivables		78,358	101,914
Total current trade and other receivables		<b>1,217,994</b>	<b>1,346,192</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 2010	6,620
Charge for the year	16,756
<b>Provision for impairment as at 30 June 2011</b>	<b>23,376</b>
Charge for the year	4,136
<b>Provision for impairment as at 30 June 2012</b>	<b>27,512</b>

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2012                      2011  
\$                              \$

**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 \$	
<b>2012</b>						
Trade receivables	1,167,148	27,512	324,538	2,497	35,210	777,391
Other receivables	78,358	-	-	-	-	78,358
<b>Total</b>	<b>1,245,506</b>	<b>27,512</b>	<b>324,538</b>	<b>2,497</b>	<b>35,210</b>	<b>855,749</b>
<b>2011</b>						
Trade receivables	1,267,654	23,376	42,655	295,791	112,103	793,729
Other receivables	101,914	-	-	-	-	101,914
<b>Total</b>	<b>1,369,568</b>	<b>23,376</b>	<b>42,655</b>	<b>295,791</b>	<b>112,103</b>	<b>895,643</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.

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	Notes	2012	2011
		\$	\$
<b>NOTE 8: INVENTORIES</b>			
CURRENT			
Stock of publications – at cost		16,031	20,087
<b>NOTE 9: OTHER CURRENT ASSETS</b>			
CURRENT			
Prepayments		50,019	100,172
<b>NOTE 10: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>LEASEHOLD IMPROVEMENTS</b>			
At cost		73,625	33,132
Less accumulated amortisation		(21,464)	(17,507)
		52,161	15,625
<b>PLANT &amp; EQUIPMENT</b>			
a) Plant & equipment		373,916	335,464
At cost		(282,581)	(249,422)
Less accumulated depreciation		91,335	86,042
b) Furniture, fixtures & fittings			
At cost		89,444	112,576
Less accumulated depreciation		(49,967)	(89,652)
		39,477	22,924
b) Computer Software			
At cost		14,451	14,451
Less accumulated depreciation		(4,803)	(2,391)
		9,648	12,060
Total plant & equipment		140,460	121,026
Total property, plant and equipment		192,621	136,651

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	Notes	2012	2011
		\$	\$

**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 2011	15,625	86,042	22,924	12,060
Additions	41,934	59,009	29,074	-
Disposals	(1,286)	(10,004)	(8,838)	-
Depreciation expense	(4,112)	(43,712)	(3,683)	(2,412)
Balance at the 30 June 2012	52,161	91,335	39,477	9,648

	Total
	\$
Balance at the 1 July 2011	136,651
Additions	130,017
Disposals	(20,128)
Depreciation expense	(53,919)
Balance at the 30 June 2012	192,621

	2012	2011
	\$	\$

**NOTE 11: TRADE AND OTHER PAYABLES**

**CURRENT**

Unsecured Liabilities

Trade payables	129,076	219,218
Sundry payables and accrued expenses	413,406	223,548
	542,482	442,766

**(a) Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables

— Total current	542,482	442,766
— Total non-current	-	-
Financial liabilities as trade and other payables	542,482	442,766



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	Notes	2012	2011
		\$	\$
<b>NOTE 12: PROVISIONS</b>			
Opening balance at beginning of financial year		169,505	253,304
Additional provision raised during year		<u>60,420</u>	<u>(83,799)</u>
Balance at end of financial year		<u>229,925</u>	<u>169,505</u>
<b>Analysis of Total Provisions</b>			
Current		104,404	61,287
Non-current		<u>125,521</u>	<u>108,218</u>
		<u>229,925</u>	<u>169,505</u>

**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)	66,478	45,078
Income received in advance	13 (b)	<u>2,938,910</u>	<u>1,782,565</u>
		<u>3,005,388</u>	<u>1,827,643</u>

(a) Included in project liabilities in the 2012 and 2011 financial years respectively are the following:

<u>Project name</u>	<u>2012</u>	<u>2011</u>
Smart Approved Watermark	51,446	16,513
Water Treatment Alliance	15,032	28,565

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	Notes	2012	2011
		\$	\$

**NOTE 13: OTHER LIABILITIES (continued)**

(b) Included in Income received in advance in the 2012 and 2011 financial years respectively are the following:

Project name	2012	2011
Meters Codes of Practice	-	(10,276)
Electricity&Carbon Forecasting	4,675	675
Membership APAS & PCCP	5,454	2,727
Cathodic Protection PP3-012	9,950	10,514
Sewer Blockages PP3-004	-	13,283
Sewer Rising Main Condition A	90,548	15,100
Water Reuse Association		
Account	40,936	21,076
Asset & Asset Performance Da	201,649	27,500
Asset Management Account	152,785	35,453
Capital Investment Prioritisation	56,924	38,924
Sewer & Water Mains Data Base	-	60,703
Asbestos Cement Pipes PP3-013	60,881	67,114
Condition Assess Guidelines	38,637	77,388
Ecological Footprint	53,101	84,563
Infiltration & Inflow PP3-011	167,962	115,632
Customer Services Performance	-	122,591
Leakage & Pressure		
Management	-	141,722
Treatment Requirements of Aust	159,211	186,186
Review Risk Management Tools	200,030	200,030
Water Main Renewal Planning	145,218	274,216
Coastal Adaption Decision Pat	230,709	275,000
NGERS Reporting	9,490	-
WaterReuse USA	1,885	-
TAG Membership	24,242	-
2012 Asset Management		
Performance	934,462	-
UWIWD Project	348,856	-
Design Assurance Competency	1,305	-
Other	-	22,444

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	Notes	2012	2011
		\$	\$
<b>NOTE 14: CASH FLOW INFORMATION</b>			
<b>(a) Reconciliation of cash flow from operations with profit/(loss) after income tax</b>			
Loss after income tax		(243,852)	(198,275)
Non-cash flows in profit/(loss):			
Depreciation expense		53,919	55,436
Net loss on disposal of property, plant and equipment		20,128	-
Changes in assets and liabilities:			
(Increase)/decrease in receivables		178,351	(520,679)
(Increase)/decrease in inventories		4,056	32,871
Increase/(decrease) in payables		1,277,461	627,861
Increase/(decrease) in provisions		<u>60,420</u>	<u>(83,799)</u>
Cash flows from operations		<u>1,350,483</u>	<u>(86,585)</u>

**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 (2011:\$10) each towards meeting any outstanding obligations of the Company. There were a total of 30 (2011:30) members for the financial year ended 30 June 2012.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Notes	2012	2011
		\$	\$

**NOTE 16: CAPITAL MANAGEMENT (continued)**

The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows:

	Note	2012	2011
		\$	\$
Trade and other payables	11	542,482	442,766
Other current liabilities	13	3,005,388	1,827,643
Less cash and cash equivalents	6	(3,640,423)	(2,419,957)
Net total		(92,533)	(149,548)
Total equity		1,339,293	1,583,145
<b>Total capital</b>		<b>1,246,760</b>	<b>1,433,597</b>
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:

	2012	2011
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	3,640,423	2,419,957
Trade receivables	1,217,994	1,346,192
Total financial assets	<b>4,858,417</b>	<b>3,766,149</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables	542,482	442,766
Other current liabilities	3,005,388	1,827,643
Total financial liabilities	<b>3,547,870</b>	<b>2,270,409</b>

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Notes	2012	2011
	\$	\$

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**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 2012.

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.

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 18: 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 2012</b>							
<b>Financial Assets:</b>							
Cash and cash equivalents	5.62	1,846,398	1,793,086	-	-	939	3,640,423
Trade and other receivables	-	-	-	-	-	1,217,994	1,217,994
<b>Total Financial Assets</b>		<b>1,846,398</b>	<b>1,793,086</b>	<b>-</b>	<b>-</b>	<b>1,218,933</b>	<b>4,858,417</b>
<b>Financial Liabilities:</b>							
Trade and other payables	-	-	-	-	-	542,482	542,482
Other current liabilities	-	-	-	-	-	3,005,388	3,005,388
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,547,870</b>	<b>3,547,870</b>

	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 2011</b>							
<b>Financial Assets:</b>							
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
<b>Total Financial Assets</b>		<b>724,103</b>	<b>1,695,348</b>	<b>-</b>	<b>-</b>	<b>1,346,698</b>	<b>3,766,149</b>
<b>Financial Liabilities:</b>							
Trade and other payables	-	-	-	-	-	442,766	442,766
Other current liabilities	-	-	-	-	-	1,827,643	1,827,643
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,270,409</b>	<b>2,270,409</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)**

**Net Fair Values (Continued)**

	Footnote	2012		2011	
		Net Carrying Value	Net Carrying Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	3,640,423	3,640,423	2,419,957	2,419,957
Trade and other receivables	(i)	1,346,192	1,346,192	1,346,192	1,346,192
<b>Total financial assets</b>		<b>4,986,615</b>	<b>4,986,615</b>	<b>3,766,149</b>	<b>3,766,149</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	542,482	542,482	442,766	442,766
Other current liabilities	(i)	3,005,388	3,005,388	1,827,643	1,827,643
<b>Total financial liabilities</b>		<b>3,547,870</b>	<b>3,547,870</b>	<b>2,270,409</b>	<b>2,270,409</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 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	260,602	196,979
- between 12 months and 5 years	861,686	174,642
	<u>1,122,288</u>	<u>371,621</u>

The lease for the Melbourne premise is a 5 year lease which expires on 30 June 2017.

The lease for the Sydney premise is a 5 year lease which expires on 30 August 2014.



**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 120 911 131**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012	2011
		\$	\$
<hr/>			
<b>NOTE 19: CAPITAL AND LEASING COMMITMENTS (Continued)</b>			
b) Operating Research commitments contracted for:			
Payables – minimum payments			
- not later than 12 months		1,438,076	1,449,935
- between 12 months and 5 years		<u>2,587,686</u>	<u>2,000,242</u>
		<u>4,025,762</u>	<u>3,450,177</u>

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

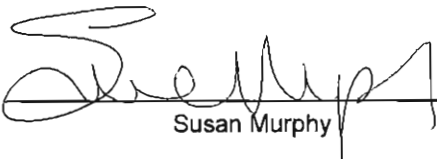
**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 103 229 581**

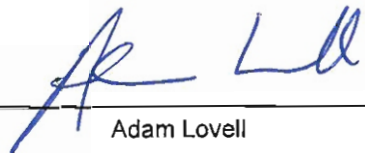
**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 33 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 2012 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   
Susan Murphy

Director   
Adam Lovell

Dated this 13<sup>th</sup> day of August 2012

## 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 2012 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.

**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 13<sup>th</sup> August 2012, 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 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Bentleys*

**BENTLEYS MELBOURNE PARTNERSHIP  
CHARTERED ACCOUNTANTS**

*James Ridley*

**JAMES RIDLEY  
PARTNER**

Dated in Melbourne on this 13<sup>th</sup> day of August 2012

**WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED**  
**ACN 103 229 581**

**PRIVATE INFORMATION FOR THE DIRECTORS**  
**ON THE 2012 FINANCIAL STATEMENTS**

**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Publication sales	269,239	183,034
Product sales	126,660	96,759
Members fees	1,449,828	1,315,646
Research contributions	1,995,467	1,908,477
Subscription projects	3,883,126	3,412,544
Interest income	169,691	163,006
Workshop income	98,673	158,329
Aquamark licences	32,667	42,500
Aquality licences	20,000	26,500
Other income	<u>19,459</u>	<u>108,303</u>
<b>TOTAL INCOME</b>	<b><u>8,064,810</u></b>	<b><u>7,415,098</u></b>
<b>EXPENDITURE</b>		
Accounting fees	16,110	15,350
Advertising	2,598	4,842
Audit fees	5,573	13,800
Bad debts	1,976	4,764
Bank charges	6,575	9,669
Computer expenses	53,584	67,229
Consultancy fees	766,380	393,122
Conferences and seminars	167,699	218,110
Depreciation	53,919	55,435
Doubtful debts	4,137	16,756
Electricity	4,702	3,760
Entertainment expenses	432	-
Fringe benefits tax	39,953	42,902
General expenses	65,898	54,445
Holiday pay	60,421	(83,800)
Insurance	16,101	14,781
IT Support	30,624	-
Legal costs	6,400	18,983

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 2012 FINANCIAL STATEMENTS (CONTINUED)**

**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Loss on disposal/revaluation of non-current assets	<b>20,128</b>	-
Payroll tax	<b>62,643</b>	69,581
Postage	<b>4,136</b>	4,982
Printing and stationery	<b>59,091</b>	26,360
Rent	<b>215,959</b>	219,913
Repairs and maintenance	<b>12,177</b>	1,011
Salaries and wages	<b>1,300,134</b>	1,603,965
Staff amenities	<b>6,088</b>	3,160
Staff training and welfare	-	3,160
Subscription project expense	<b>3,779,607</b>	3,412,544
Subscriptions	<b>695,787</b>	779,836
Superannuation	<b>224,154</b>	233,408
Target based reward	<b>123,501</b>	-
Telephone	<b>69,313</b>	50,538
Travelling expenses	<b>301,923</b>	264,752
Workshop expenses	<b>121,363</b>	41,012
Cost of goods sold	<b><u>4,056</u></b>	<u>49,003</u>
<b>TOTAL EXPENDITURE</b>	<b><u>8,308,662</u></b>	<u>7,613,373</u>
<b>OPERATING LOSS</b>	<b><u>(243,852)</u></b>	<u>(198,275)</u>

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

**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 2012 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.

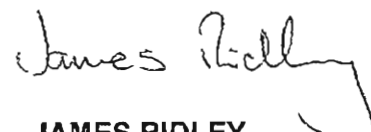
Our procedures used accounting expertise to collect, classify and summarise the financial information, which the directors provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

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 PARTNERSHIP  
CHARTERED ACCOUNTANTS**



**JAMES RIDLEY  
PARTNER**