

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2020

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2020.

Directors

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

Patrick McCafferty (Chair)
Roch Cheroux (Deputy Chair) (appointed November 2019)
David Ryan
Adam Lovell
David Harris (resigned May 2020)
Louise Dudley
Nicole Hollows (term completed November 2019)
Pat Donovan
Jason Devitt
Terri Benson (resigned February 2020)
Lara Olsen (appointed February 2020)
Mark Gobbie (resigned November 2019)
Kevin Young (resigned July 2019)
Raveen Jaduram (appointed November 2019)
Andrew George (appointed May 2020)

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 83 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.

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Information on Directors

The information on directors is as follows:

Patrick McCafferty Director, WSAA

Qualifications B. Bus (Acc), EMBA, GAICD, FWCLP

Experience Patrick McCafferty was first appointed to the WSAA Board in November 2015 and appointed as Chair of the WSAA Board in November 2016. Mr McCafferty is also a member of WSAA's Audit Committee and a member of WSAA's Strategic Priorities Committee.

In a career spanning over 30 years in the water industry, Mr McCafferty has had significant experience in strategic leadership positions, including planning, regulation, finance and operations. He has also worked in the USA water sector and advised the Australian Federal Government as part of the National Water Initiative.

Mr McCafferty is Managing Director of Yarra Valley Water which provides water and sanitation services across Melbourne's eastern and northern suburbs. He is Chair of the Thriving Communities Partnership (a cross sector collaboration to improve support for vulnerable customers of essential services), is a member of the Monash Infrastructure Advisory Council and also a member of the Victorian Government's Women in Water Leadership Program Oversight Committee.

Special Responsibilities

Chair

Chair, Strategic Priorities Committee

Audit Committee

Terri Benson Director, WSAA

Qualifications BBus (Act), CPA, GAICD

Experience Terri Benson was appointed to the WSAA Board in November 2018. Ms Benson is also Chair of WSAA's Liveable Communities Committee and a member of WSAA's Strategic Priorities Committee.

Ms Benson has held a range of both executive and non-executive director roles in the government utility and private infrastructure sectors. She is a former CEO of Seqwater, a former Managing Director of Essential Energy and a former Chair of the Energy and Water Ombudsman NSW.

Ms Benson was Managing Director of South East Water which supplies water, wastewater and recycled water services to an area from Port Melbourne to Portsea in Victoria. She is also a Director of Iota Services Pty Ltd, a wholly-owned subsidiary of South East Water. Ms Benson is a Director of the Cooperative Research Centre for Water Sensitive Cities.

Ms Benson resigned from South East Water in February 2020.

Special Responsibilities

N/A

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Roch Cheroux Director, WSAA

Qualifications Masters Degree in Engineering and Business Management

Experience Roch Cheroux was first appointed to the WSAA Board in August 2016.

Mr Cheroux has significant experience in the water industry in design, construction, financing, operating and customer service activities in both line management and executive management positions. He was Chief Executive of South Australia Water Corporation, Chief Executive Officer of SUEZ for the South East Asia region and SUEZ-Degrémont Australia and New Zealand, Managing Director of United Utilities Asia and Pacific (TRILITY), and Chief Executive and Chairman of Tallinn Water in Estonia.

Mr Cheroux is Managing Director of Sydney Water Corporation which supplies water, wastewater, recycled water and some stormwater services to Sydney, the Illawarra and the Blue Mountains.

Special Responsibilities

Deputy Chair

Chair, Utility Excellence Committee

Jason Devitt Director, WSAA

Qualifications B Eng

Experience Jason Devitt was appointed to the WSAA Board in November 2018.

Mr Devitt has approximately 25 years' experience in local government where he began his career in the water industry. He has held a number of management positions in water, waste and roads management.

Mr Devitt is Director of Engineering and Commercial Infrastructure at Mackay Regional Council which provides facilities and services for Mackay in North Queensland including the delivery of water and sewerage services.

Special Responsibilities

N/A

Pat Donovan Director, WSAA

Qualifications B Eng (BA BAI) Mech Eng, FIEAust

Experience Pat Donovan was appointed to the WSAA Board in January 2019.

Mr Donovan has more than 25 years' experience in the gas utility sector in Australia and Ireland. He was previously President of ATCO Gas Australia and previously held senior executive roles at ATCO and Alinta.

Mr Donovan is Chief Executive Officer of the Water Corporation which provides water, wastewater and drainage services in Western Australia.

Special Responsibilities

Audit Committee

Chair, Liveable Communities Committee

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Louise Dudley Director, WSAA

Qualifications B.Com, CA, GAICD, CompIEAustEngExec

Experience Louise Dudley was first appointed to the WSAA Board in February 2013 and was Chair from November 2013 to November 2016.

Ms Dudley has extensive leadership and management experience through her work at advisory firm KPMG and in her role in creating Urban Utilities. She was also in senior executive roles at Brisbane City Council.

Ms Dudley is Chief Executive Officer of Urban Utilities which delivers drinking water, recycled water and sewerage services to customers in South East Queensland. She is also Director of the Australian Water Association and Chair of the Australian Water Association Governance and Audit Committee, a Director of Waterstart (US) and a member of the Committee for Economic Development in Australia (CEDA) Queensland State Advisory Council

Special Responsibilities
Chair, Customer Industry Leadership Committee
Chair, Audit Committee
Member, Strategic Priorities Committee

David Harris Director, WSAA

Qualifications BEc, LLB (Hons)

Experience David Harris was first appointed to the WSAA Board in August 2014.

David has over 20 years' experience in the Australian water industry and has been involved in various key policy and market reforms in the water, energy and utilities industries over that time. He was a member of the Executive leadership of Snowy Hydro Limited.

David Harris was the CEO of WaterNSW which is the bulk water supplier for NSW, river operator and provides licenses, water trades and water information until May 2020.

Special Responsibilities
N/A

Nicole Hollows Director, WSAA

Qualifications Bachelor of Business (Acctg), Grad Dip (Adv. Acctg), CA, FAICD, HBS PMD76

Experience Nicole Hollows was first appointed to the WSAA Board in November 2016.

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Ms Hollows is an experienced senior executive, with a career spanning more than 20 years in the resources sector. She was Managing Director of global resources firm AMCI Australia and South East Asia and Chief Executive Officer of Macarthur Coal Limited.

Ms Hollows was Chief Executive of SunWater until February 2020. SunWater is the bulk water service provider in regional Queensland. She is a member of the Institute of Chartered Accountants, a fellow of the Australian Institute of Company Directors and a Graduate of Harvard Business School's Program for Management Development. She is the Chair of the Salvation Army Brisbane Red Shield Appeal Committee, an advisory committee member of the Salvation Army Queensland Advisory Council, a member of the CEO Advisory Committee for Dean of QUT Business School and a non-executive Director of Downer EDI Limited.

Ms Hollows completed her term in November 2019.

Special Responsibilities

N/A

Lara Olsen

Director, WSAA

Qualifications

BEng (Chem) (Hons), Barts, MBA, GAICD

Experience

Lara Olsen was appointed to the WSAA Board in February 2020.

Ms Olsen has extensive experience in the utility sector, focused on customer experience and innovation. She is a former Global Head of Business Development and Industrial Products at Tesla Energy based in the USA and also led the Business Development and Industrial Products team for Tesla Australia. Previous roles also include head of strategy for CitiPower PowerCor and the Australian Renewable Energy Agency (ARENA), Project Leader with the Boston Consulting Group and co-founding Billcap

Ms Olsen is Managing Director of South East Water which supplies water, wastewater and recycled water services to an area from Port Melbourne to Portsea in Victoria. She is also a Director of Iota Services Pty Ltd, a wholly-owned subsidiary of South East Water.

Special Responsibilities

N/A

Raveen Jaduram

Director, WSAA

Qualifications

BE (Hons), ME, FEngNZ

Experience

Raveen Jaduram was appointed to the WSAA Board in November 2019.

Raveen is an experienced senior executive with previous experience as a Managing Director and Chief Executive of an Australian Private water company, Murrumbidgee Irrigation. Prior to this Mr Jaduram was Chief Operating Officer at Watercare during the 2010 amalgamation of the local councils.

Mr Jaduram returned to Watercare in 2013 as the General Manager of Maintenance

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Services business unit and was appointed the Chief Executive Officer after acting in the role from February 2014. Raveen is also on the Board of New Zealand Government's Infrastructure Commission – Te Waihangā.

Special Responsibilities

N/A

Andrew George

Director, WSAA

Qualifications

BE (Hons), FIEAust, CPEng, EngExec

Experience

Andrew George was first appointed to the WSAA Board in May 2020.

Andrew has held a number of Executive positions in WaterNSW since its inception in 2015, where he was part of the inaugural executive team. Andrew has over 10 years' experience in bulk water supply utilities with extensive experience in regulatory and market strategy, government relations, engineering, asset management, and major Infrastructure delivery.

Andrew George is the Acting CEO of WaterNSW which is the bulk water supplier for NSW, river operator and provides licenses, water trades and water information.

Special Responsibilities

N/A

David Ryan

Director, WSAA

Qualifications

B.Env.Sc, MBA, MCorp Env & Sus Mgt, GAICD

Experience

David Ryan was first appointed to the WSAA Board in November 2019.

Mr Ryan has significant experience in the water industry in operations and capital delivery, waterway management and customer solutions.

Mr Ryan was CEO at City West Water in Melbourne from 2016 and prior to this held executive level roles at bulk water company, Melbourne Water including being the Executive General Manager, Service Delivery. He is a past president of the Institute of Water Administration and has been a Board Director for VicWater.

Mr Ryan is Chief Executive of SA Water which provides water and wastewater services in South Australia.

Special Responsibilities

N/A

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Mark Gobbie Director, WSAA

Qualifications BE MEngSc, FIEAust, CPEng, EngExec

Experience Mark Gobbie was first appointed to the WSAA Board in August 2019.

Mark has more than 35 years' experience as a professional engineer, with specialist expertise in water and wastewater. Previous to his SA Water appointment, Mark was employed with Kellogg, Brown and Root (KBR), most recently as its Vice President Water in the Companies Infrastructure Business Unit. Mark has been involved in major projects and operated businesses in the water, transport, minerals, oil and gas, environment and buildings areas throughout Australia, SE Asia, Middle East, UK and USA.

Mr Gobbie was Acting Chief Executive of SA Water from August 2019 to November 2019.

Special Responsibilities
N/A

Kevin Young Director, WSAA

Qualifications B Eng (Hons), MBA, FIE Aust, CPENG, FAICD

Experience Kevin Young was appointed to the WSAA Board in November 2006 and was Chair from November 2009 to November 2011. Mr Young was also Chair of WSAA's Utility Excellence Committee and a member of WSAA's Strategic Priorities Committee during his time on the WSAA Board.

Mr Young has over 35 years experience working for the private sector and Government authorities in Australia and overseas with extensive experience in the water industry. He was Managing Director of Hunter Water Corporation and also worked in private consulting in Australia and overseas.

Mr Young was Managing Director of Sydney Water Corporation which supplies water, wastewater, recycled water and some stormwater services to Sydney, the Illawarra and the Blue Mountains until 31 July 2019.

Special Responsibilities
N/A

Adam Lovell Executive Director, WSAA

Qualifications BSc Hons (Chem), MES Environmental Engineering Science

Experience Adam Lovell was first appointed to the WSAA Board when he became Executive Director of WSAA in June 2011.

Mr Lovell has over 20 years experience in the water industry and leading strategy and policy development across a broad range of areas. He was Manager, Science and Sustainability at WSAA and part of the Science and Technology group at Sydney Water.

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Meetings of Directors

Directors	Director's Meetings	
	Number eligible to attend	Number attended
Patrick McCafferty (Chair)	4	4
Adam Lovell	4	4
David Harris	4	2
Louise Dudley	4	4
Nicole Hollows	2	1
Roch Cheroux (Deputy Chair)	4	3
Pat Donovan	4	3
Jason Devitt	4	4
Terri Benson	2	2
Lara Olsen	1	1
Mark Gobbie	2	2
David Ryan	2	2
Raveen Jaduram	2	2
Andrew George	0	0
Kevin Young	0	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 83 members (2019: 77) for the financial year ended 30 June 2020. The total amount that members of the company are liable to contribute if the company is wound up is \$830.

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 11.

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



Director _____
Patrick McCafferty




Director _____
Adam Lovell

Dated this 27 day of October 2020

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

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



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
27 October 2020

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
Continuing operations			
Other revenues	2	9,593,540	10,521,018
		<u>9,593,540</u>	<u>10,521,018</u>
Occupancy expenses		-	(321,690)
Administrative expenses		(4,268,021)	(3,548,964)
Consultants & contractors		(721,537)	(821,940)
Subscription projects		(4,057,667)	(4,980,810)
Travel & accommodation		(251,752)	(252,803)
Dues & subscriptions		(518,042)	(553,549)
Conference & seminars		(11,990)	(17,817)
Amortisation expense		(231,389)	-
Interest expense on lease liabilities		(59,380)	-
		<u>(526,238)</u>	<u>23,445</u>
(Loss)/profit before income tax	3	(526,238)	23,445
Income tax expense	1 (a)	-	-
		<u>(526,238)</u>	<u>23,445</u>
(Loss)/profit for the year		<u>(526,238)</u>	<u>23,445</u>
Total comprehensive (loss)/profit for the year		<u>(526,238)</u>	<u>23,445</u>
(Loss)/profit attributable to members of the company		<u>(526,238)</u>	<u>23,445</u>
Total comprehensive (loss)/profit attributable to members of the company		<u>(526,238)</u>	<u>23,445</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,841,526	1,749,864
Trade and other receivables	7	1,018,024	929,310
Other financial assets	8	2,201,889	2,144,050
Other current assets	9	86,144	202,381
TOTAL CURRENT ASSETS		5,147,583	5,025,605
NON-CURRENT ASSETS			
Property, plant and equipment	10	87,459	114,091
Right of use asset	11	561,558	-
Intangible assets	12	11,943	38,000
TOTAL NON-CURRENT ASSETS		660,960	152,091
TOTAL ASSETS		5,808,543	5,177,696
CURRENT LIABILITIES			
Trade and other payables	13	280,612	802,638
Financial liabilities	14	261,576	-
Short-term provisions	15	262,918	171,158
Other current liabilities	16	2,376,992	1,475,529
TOTAL CURRENT LIABILITIES		3,182,096	2,449,325
NON-CURRENT LIABILITIES			
Financial liabilities	14	426,248	-
Long-term provisions	15	586,956	460,808
TOTAL NON-CURRENT LIABILITIES		1,013,204	460,808
TOTAL LIABILITIES		4,195,300	2,910,133
NET ASSETS		1,613,243	2,267,563
EQUITY			
Retained earnings		1,613,243	2,267,563
TOTAL EQUITY		1,613,243	2,267,563

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Retained Earnings \$	Total \$
Balance at 1 July 2018	2,244,118	2,244,118
Profit for the year	23,445	23,445
Balance at 30 June 2019	<u>2,267,563</u>	<u>2,267,563</u>
Adjustments for change in accounting policy to adopt AASB 16	(128,082)	(128,082)
Loss for the year	(526,238)	(526,238)
Balance at 30 June 2020	<u>1,613,243</u>	<u>1,613,243</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		10,332,297	9,579,826
Payments to suppliers and employees		(9,922,653)	(9,994,332)
Interest on lease payments		(59,380)	
Interest received		48,235	87,851
Net cash provided/(used in) by operating activities	17	398,499	(326,655)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for other financial asset		(57,839)	(52,611)
Proceeds from sale of plant and equipment		-	24,563
Payment for property, plant and equipment		(15,795)	(49,518)
Net cash used in investing activities		(73,633)	(77,566)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of principal portion of lease liabilities		(233,204)	-
Net cash (used in)/provided by financing activities		(233,204)	-
Net increase/decrease in cash held		91,662	(404,221)
Cash at beginning of financial year		1,749,864	2,154,085
Cash at end of financial year	6	1,841,526	1,749,864

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

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

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

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

Accounting Policies

(a) Income Tax

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

(b) Inventories

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

(c) Property, Plant and Equipment

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

Plant and equipment

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

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

Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, Plant and Equipment (continued)

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

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

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

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

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

(d) Financial Instruments

Initial recognition and measurement

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

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

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

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

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Derecognition of financial assets

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

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

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

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

Impairment

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

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

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

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

Simplified approach

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

This approach is applicable to:

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

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

Recognition of expected credit losses in financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(h) Revenue

In the current year

When the entity receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

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.

In the comparative period

Revenue from sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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

In the current year

Leased assets are capitalised at the commencement date of each lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease, less any lease incentives received. On initial adoption of AASB16, an adjustment will be made on the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset and an impairment loss is recognised against any which is impaired.

In the comparative period

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.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(l) Intangible assets – Website Development

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Comparative Figures

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

(n) Critical Accounting Estimates and Judgments

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

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised for plant and equipment for the year.

(o) Initial application of AASB15 and AASB16

The Company has adopted AASB15, AASB1058 and AASB16 in accordance with the transitional provisions applicable to each standard. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB15 and AASB1058 - The Company adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the Company recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the Company has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 January 2019

Overview of AASB15 and AASB1058 - Under the new income recognition model applicable to not-for-profit entities, the Company shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Company applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Company shall consider whether AASB1058 applies. The adoption of AASB15 and AASB1058 did not have a material impact on the recognition of revenue.

AASB 16: Leases

The Company has adopted AASB 16 Leases with a date of initial application of 1 January 2019. As a result, the company's policies were amended to comply with AASB 16 as issued in this Financial Report. AASB 16 replaces AASB 117 Leases and results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the interest rate implicit in the lease repayments. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the company's operating lease expense with an interest and depreciation expense.

The weighted average incremental borrowing rate at the date of initial application was 7.5%. This has been applied to the liabilities recognised at transition date.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The Company has elected to apply the “Modified Retrospective Approach” when transitioning to the new standard. Under this approach, the Company will not be required to restate the comparative information for its operating leases and the cumulative effect of the initial application is adjusted against opening retained earnings. The Company has elected to measure the carrying amounts of the right of use assets as though the standard had applied from the commencement date of the leases. The opening balance adjustment to retained earnings was a reduction of \$128,082.

	\$
Operating lease commitments disclosed as at 30 June 2019	547,007
Discounted using incremental borrowing rate at 1 July 2019	<u>245,940</u>
Lease liability recognized at 1 July 2019	<u>792,947</u>

The Company leases office premises in Melbourne and Sydney.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
NOTE 2: REVENUE			
Product sales		540,176	456,321
Members fees		4,658,281	4,544,219
Subscription projects		4,174,577	5,281,780
Interest		48,235	87,851
Other revenue		172,271	150,847
Total revenue		9,593,540	10,521,018

NOTE 3: (LOSS)/PROFIT BEFORE INCOME TAX

(a) Expenses

Depreciation expense		67,059	70,404
Amortisation expense – (right of use asset)		231,389	-
Doubtful debts		(393)	36
Rental expense		-	321,235
Interest expense on lease liabilities		59,380	
Loss on disposal of property, plant & equipment		1,423	5,919

(b) Significant revenues and expenses

Consultants and contractors		721,537	821,939
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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		397,533	364,623
Post-employment benefits		48,373	48,373
Total compensation		445,906	412,996

NOTE 5: AUDITORS' REMUNERATION

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

- audit services by current year auditor		15,538	13,950
		15,538	13,950

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		1,841,526	1,749,864
		1,841,526	1,749,864
 (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		1,841,526	1,749,864
		1,841,526	1,749,864
 NOTE 7: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		889,711	795,068
Provision for impairment		(7,929)	(8,322)
Other receivable (ASIC)		136,242	-
GST Receivable		-	142,564
Total current trade and other receivables		1,018,024	929,310
 NOTE 8: OTHER FINANCIAL ASSETS			
CURRENT			
Term deposits (with an original maturity of more than 3 months)		2,201,889	2,144,050
 NOTE 9: OTHER CURRENT ASSETS			
CURRENT			
Prepayments		86,144	202,381

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
LAND & BUILDINGS			
At cost		9,215	9,215
Less accumulated amortisation		<u>(1,824)</u>	<u>(1,594)</u>
		<u>7,391</u>	<u>7,621</u>
LEASEHOLD IMPROVEMENTS			
At cost		21,474	21,474
Less accumulated amortisation		<u>(18,474)</u>	<u>(13,854)</u>
		<u>3,000</u>	<u>7,619</u>
PLANT & EQUIPMENT			
a) Plant & equipment		138,197	129,095
At cost		<u>(93,168)</u>	<u>(71,733)</u>
Less accumulated depreciation		<u>45,029</u>	<u>57,362</u>
b) Furniture, fixtures & fittings			
At cost		98,751	99,939
Less accumulated depreciation		<u>(71,100)</u>	<u>(67,433)</u>
		<u>27,651</u>	<u>32,506</u>
c) Computer Software			
At cost		22,968	38,407
Less accumulated depreciation		<u>(18,580)</u>	<u>(29,425)</u>
		<u>4,388</u>	<u>8,982</u>
Total plant & equipment		<u>77,067</u>	<u>98,850</u>
Total property plant & equipment		<u>87,459</u>	<u>114,090</u>

Movements in Carrying Amounts

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

	Land & Buildings	Leasehold Improvements	Plant & equipment	Furniture, Fixtures & Fittings	Computer Software
				\$	
Balance at the 1 July 2019	7,622	7,619	57,362	32,506	8,982
Additions	-	-	15,795	-	-
Disposals	-	-	(1,423)	-	-
Depreciation expense	<u>(231)</u>	<u>(4,619)</u>	<u>(26,705)</u>	<u>(4,855)</u>	<u>(4,594)</u>
Balance at the 30 June 2020	<u>7,391</u>	<u>3,000</u>	<u>45,029</u>	<u>27,651</u>	<u>4,388</u>

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
NOTE 11: RIGHT OF USE ASSET			
At cost		1,442,912	-
Less accumulated depreciation		<u>(881,354)</u>	<u>-</u>
Total right of use asset		<u>561,558</u>	<u>-</u>

Movements in Carrying Amounts

Movement in the carrying amounts for right of use assets between the beginning and the end of the current financial year

	Right of use asset
Balance at the 1 July 2019	792,947
Additions	-
Disposals	-
Depreciation expense	<u>231,389</u>
Balance at the 30 June 2020	<u>561,558</u>

NOTE 12: INTANGIBLE ASSETS

WEBSITE DEVELOPMENT

At cost	130,286	130,286
Less accumulated amortisation	<u>(118,343)</u>	<u>(92,286)</u>
	<u>11,943</u>	<u>38,000</u>

NOTE 13: TRADE AND OTHER PAYABLES

CURRENT

Unsecured Liabilities

Trade payables	75,719	447,926
GST payable	59,859	-
Sundry payables and accrued expenses	<u>145,034</u>	<u>354,712</u>
	<u>280,612</u>	<u>802,638</u>

NOTE 14: FINANCIAL LIABILITIES

CURRENT

Lease liability	<u>261,576</u>	<u>-</u>
	<u>261,576</u>	<u>-</u>

NON CURRENT

Lease liability	<u>426,248</u>	<u>-</u>
	<u>426,248</u>	<u>-</u>

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 15: PROVISIONS		
Current	262,918	171,158
Non-current	586,956	460,808
	849,874	631,966

NOTE 16: OTHER LIABILITIES

CURRENT

Subscription and third party funded project income received in advance	16 (a)	
		2,376,992
		1,475,529
		2,376,992
		1,475,529

(a) Included in Subscription and third party funded project income received in advance in the 2020 and 2019 financial years respectively are the following:

Project name

Smart Approved Watermark	257,602	195,910
Health & Safety	-	78,018
Visitor Centre concept	10,544	-
Acute Water fresh guideline value for Chlori	24,545	-
Circular economy position paper	92,500	-
Innovative Technologies Program	200,050	-
AM Customer Projects	733,687	39,269
SCADA Guidelines Edition 2	23,705	32,346
Brush Fire Technologies	1,740	-
CX Maturity Framework	34,364	-
Australian Water Partnerships	67,818	80,513
Dam Owners Benchmarking	3,773	97,034
AC Pipe Research	85,133	236,438
Asset Investment Optimisation	-	8,485
TAG Membership	-	44,416
Water Main Renewal Planning	57,659	53,508
Innovative Pipe Linings	555,790	288,323
AC & CI Pipe Rehab	-	34,045
Opex Benchmarking	203,218	175,205
Improving Energy Outcomes	-	2,518
Customer perception Survey'19	24,864	82,068
Lessons from journey of OT	-	13,933
Aquapea- TAG Trial	-	10,000
Waterblade- TAG Trial	-	2,000
Filtralite- TAG Trial	-	1,500
	2,376,992	1,475,529

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<hr/>		
NOTE 17: CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with loss after income tax		
(Loss)/profit after income tax	(526,238)	23,445
Non-cash flows:		
Depreciation expense	67,059	70,404
Amortisation expense	231,389	-
Net loss on disposal of property, plant and equipment	1,423	5,919
Changes in assets and liabilities:		
Increase in receivables and other assets	(112,742)	181,518
Increase in payables	519,700	(586,566)
Increase/(decrease) in provisions	<u>217,908</u>	<u>(21,375)</u>
Cash flows from/(used in) operations	<u>398,499</u>	<u>(326,655)</u>

NOTE 18: 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 (2019: \$10) each towards meeting any outstanding obligations of the Company. There was a total of 83 (2019: 77) members for the financial year ended 30 June 2020.

NOTE 19: 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.

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$

NOTE 20: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management

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

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

Financial assets

Financial assets at amortised cost

Cash and cash equivalents	6	1,841,526	1,749,864
Trade and other receivables	7	1,018,024	929,310
Other financial assets	8	2,201,889	2,144,050
Total financial assets		5,061,439	4,823,224

Financial liabilities

Financial liabilities at amortised cost

Trade and other payables	13	280,612	802,638
Financial liabilities	14	687,824	-
Total financial liabilities		968,436	802,638

NOTE 21: 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		-	326,557
- between 12 months and 5 years		-	220,450
		-	547,007

The lease for the Melbourne premise is a 4 year lease which expires on 30 June 2024 and the lease for the Sydney premise is a 5 year lease which expires on 30 November 2021. These are recognized on the Statement of Financial Position as Right of use assets and Lease liabilities as at 30 June 2020.

b) Operating Research commitments contracted for:

Payables – minimum payments

- not later than 12 months		-	712,006
- between 12 months and 5 years		549,600	50,000
		549,600	762,006

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 22: EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Water Services Association of Australia Limited at the reporting date. As responses by government continue to evolve management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on , its operations, future results and financial position.

NOTE 23: CONTINGENT LIABILITIES

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

NOTE 24: COMPANY DETAILS

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

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

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 30 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards – Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2020 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 _____
Patrick McCafferty



Director _____
Adam Lovell

Dated this 27 day of October 2020

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

Opinion

We have audited the financial report of Water Services Association of Australia Limited, which comprises the statement of financial position as at 30 June 2020, the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

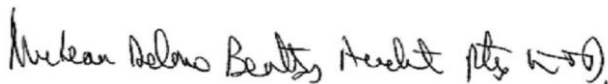
Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
27 October 2020

WATER SERVICES ASSOCIATION OF AUSTRALIA LIMITED
ACN 117 907 285

PRIVATE INFORMATION FOR THE DIRECTORS ON THE 2020 FINANCIAL STATEMENTS
DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
INCOME		
Product sales	540,177	456,321
Members fees	4,658,281	4,544,219
Subscription projects	4,174,577	5,281,780
Interest income	48,235	87,851
Workshop income	86,713	103,408
Other income	85,557	47,439
TOTAL INCOME	9,593,540	10,521,018
EXPENDITURE		
Accounting fees	31,781	36,943
Audit fees	15,537	13,950
Bad debts	21,339	27,922
Bank charges	7,255	17,513
Computer expenses	152,074	140,010
Consultancy fees	704,173	771,767
Conferences and seminars	11,990	17,817
Depreciation	67,059	70,404
Amortisation (right of use asset)	231,389	-
Operating lease expense (right of use asset)	59,380	-
Doubtful debts	(393)	36
Electricity	15,576	21,075
Financial Support	10,000	-
General expenses	169,991	144,965
Holiday pay	-	32
Insurance	15,913	14,853
Legal costs	4,250	3,680
Loss on disposal/revaluation of non-current assets	1,423	5,919
Postage	745	673
Printing and stationery	26,026	14,465
Rent	-	321,690
Repairs and maintenance	1,120	6,567
Salaries and wages	3,041,939	2,403,064
Staff amenities	2748	7,288
Staff training and welfare	11,536	23,976
Subscription project expense	4,057,667	4,980,809
Subscriptions	518,041	553,549
Superannuation	277,231	249,449
Target based reward	280,596	276,088
Telephone	43,341	43,412
Travelling expenses	251,752	252,803
Workshop expenses	88,299	76,854
TOTAL EXPENDITURE	10,119,778	10,497,573
OPERATING (LOSS)/PROFIT	(526,238)	23,445

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

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

We have compiled the accompanying special purpose financial statements of Water Services Association of Australia Limited, which comprise the detailed statement of comprehensive income on page 34, for the year then ended 30 June 2020. The specific purpose for which the special purpose financial statements have been prepared is to provide private information to the directors.

The Responsibility of The Directors

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

Our Responsibility

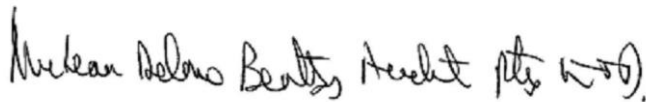
On the basis of information provided by the directors we have compiled the accompanying special purpose financial statements in accordance with APES 315 *Compilation of Financial Information*.

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

Assurance Disclaimer

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

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



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
27 October 2020