Australian Water Association Limited

ABN 78 096 035 773

Annual report for the year ended 30 June 2015

Australian Water Association Limited

ABN 78 096 035 773

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Directors' Report

For the Year Ended 30 June 2015

The directors of Australian Water Association Limited ("the company") submit herewith the annual report of the company for the financial year ended 30 June 2015.

Information about the directors

The names of the directors of the company during or since the end of the financial year are:
Mr Peter Moore

Mr Graham Dooley

Ms Carmel Krogh

Mr Malcolm Shepherd

Dr John Howard – term concluded May 2015

Assoc Prof Helen Stratton – term concluded May 2015

Ms Jodieann Dawe – resigned June 2015

Mr John Graham – term concluded May 2015

Dr Annette Davison – appointed May 2015

Mr Francois Gouws – appointed May 2015

Dr Jeremy Lucas – appointed May 2015

Mr Garth Walter – appointed May 2015

Mr Mike Muntisov – appointed May 2015

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

President **Peter Moore**	*Presidency commenced May 2015*
Qualification	Assoc Civil Eng, GradDip Mgmt, CP Eng, FIE Aust, GAICD, MAWA
Position	Chief Operating Officer, Water Corporation of WA
Special Responsibilities	Succession Planning Committee (Chair)
Immediate Past President **Graham Dooley**	*Presidency concluded May 2015*
Qualifications	BSc, BE (Hons), MPA, FAICD, FIEAust
Position	Chairman, Water Utilities Group Chairman, Blue Sky Water Partners Pty Ltd Chairman, Salisbury Water Management Board Director, Osmoflo Group of companies Deputy Chair, National Centre of Excellence in Desalination Australia
Special Responsibilities	Succession Planning Committee
Carmel Krogh	
Qualifications	BE (Civil), MEng, MBA, Grad Dip LGE, GAICD
Position	Director Shoalhaven Water, Shoalhaven City Council
Special Responsibilities	Succession Planning Committee

Information about the directors (cont'd)

Mal Shepherd

Qualifications	Assoc Eng (Civil) , MAICD, AFIE Aust, MAWA, MIDA, MIWA
Position	General Manager Water & Enviro, John Holland Group
Special Responsibilities	Governance and Audit Committee (Chair from June 2015) Honours and Awards Committee (Until May 2015)

Dr John Howard

(Completed term May 2015)

Qualifications	BSc (Hons), PhD Aquatic Chemistry, FAICD
Position	Director, Water Research Australia General Manager, Strategy & Planning, SA Water Corporation
Special Responsibilities	Succession Planning Committee

Assoc Prof Helen Stratton

(Completed term May 2015)

Qualifications	BAppSci (Hons), PhD (Microbiology)
Position	Executive Manager, Smart Water Research Centre Deputy Director, Australian Rivers Institute, Griffith University
Special Responsibilities	Honours and Awards Committee (Chair) Young Water Professionals Liaison

Jodieann Dawe

(Resigned June 2015)

Qualifications	BSc(Hons), MAppSc, MBA, GradDipCorpLaw, GAICD, FAIM,
Position	Managing Director, Pivotal Strategies
Special Responsibilities	Honours and Awards Committee Young Water Professionals Liaison Chair, Governance and Audit Committee

John Graham

(Completed term May 2015)

Qualifications	Dip CE & EWS
Position	Director, John Graham Consulting Business Development Manager, QLD & NSW, SUEZ environnement
Special Responsibilities	Governance & Audit Committee

Information about the directors (cont'd)

Dr Annette Davison

(Appointed May 2015)

Qualifications	BSc (Hons), MEnvLGovLaw, PhD, GAICD
Position	Sole Director and Principal - Risk Edge Pty Ltd Director AquaSentrum Pty Ltd
Special Responsibilities	Governance & Audit Committee

Francois Gouws

(Appointed May 2015)

Qualifications	BSc (Hons), BComm, NHD Mech Eng, MAICD
Position	Managing Director, TRILITY Group Chairman, TRILITY Pty Ltd Chairman, Hydramet Group of Companies Chairman, Macarthur Water Pty Ltd Chairman, Yan Yean Water Pty Ltd Director, Helena Water Group of Companies Director, Adelaide Aqua Pty Ltd Director, Riverland Water Pty Ltd
Special Responsibilities	Governance and Audit Committee

Dr Jeremy Lucas

(Appointed May 2015)

Qualifications	MEng, PhD
Position	Senior Manager, Water Quality and Treatment Strategy, SA Water
Special Responsibilities	Honours and Awards Committee

Garth Walter

(Appointed May 2015)

Qualifications	BE (Civil), MBA, MIEAust, GAICD
Position	Manager, Studies, BHP Billiton WA Iron Ore
Special Responsibilities	Honours and Awards Committee

Mike Muntisov

(Appointed May 2015)

Qualifications	BE (Civil), ME, GAICD
Position	Director, GHD
Special Responsibilities	Honours and Awards Committee

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Directors' Report

For the Year Ended 30 June 2015

Principal activities

The Australian Water Association is a membership association for all professionals and organisations in the water sector. Its mission is to be the essential association for people and organisations working together to achieve a sustainable water future.

The aim of the Association is to drive Australia's prosperity with water information, expertise and collaboration.

The Association's constitutional objects are:

a) to provide a forum for the interchange of ideas and knowledge among people involved in the management of water;
b) to improve the standard of debate on water issues so as to foster rational, open decision making;
c) to improve public, government and industry understanding of water and its contribution to economic development, quality of life and the environment;
d) to meet the evolving needs and demands of an expanding and sophisticated water industry in Australia;
e) to increase the knowledge and skills of people working within the water industry;
f) to foster basic and applied research which will advance the cause of better water management and conservation;
g) to serve as the principal Australian link in the international water industry network; and
h) to do all things necessary for and incidental to the advancement of those objects.

Strategy, short and long term objectives

2014-15 saw the launch of the revised business strategy, focused on ensuring all activities aligned with the aforementioned aims. These activities form three pillars and aim to ensure that the Association is member-driven and relevant to both individual and corporate members. The three pillars include:

1. To become an essential hub of high quality and reliable information and data relating to the water sector.
2. To facilitate a strong professional development program that is linked to a national accreditation scheme for water professionals.
3. To promote the Australian water sector's capabilities, technologies, services & know-how to grow the industry and to facilitate the business growth of AWA members.

Over the course of the 12 months, there was strong focus on ensuring staff, elected officials and members understood the strategy; and a new value proposition and visual identity was developed. The Strategy also included the desire to broaden the reach of the Association to water-using industries including energy and resources, manufacturing, food and beverage and construction.

The Association has seen progress and success in a number of the initiatives in line with this new business plan, however it is acknowledged that much remains to be done.

1. Improved digital access and content
2. Increased membership
3. Effective communication and engagement
4. Recognised advocacy
5. Improved financial results
6. Collaborative staff culture

Over the next financial year we will be focused on ensuring the strategies initiated in the previous financial year are brought to fruition. The key projects include:

- Initial development and implementation of a new website and CRM system to ensure increased engagement of members. The system will allow members to update their details more easily ensuring increased data integrity, tailor communications to members' interest, and allow the Association to share and promote a broader selection of water information.

Strategy, short and long term objectives con't

- Designing ways to enhance the Water Journal and the Water Directory by linking them to more digital interactive information to keep them more current and useful. This will be further improved in 2015-16 as the website is finalised and the focus shifts to content marketing.
- Over the course of the year a number of discussion papers and reports were developed to increase the Association's profile as a voice for the sector. The focus moving forward is to ensure AWA continues to represent its members to government, industry and the media.
- The continued promotion of professional development offerings through training activities. The Association will also play a role in promoting external training activities to ensure a more highly skilled water sector.
- The Association continues to develop alliances with similar organisations overseas to promote Australia's water capabilities and to provide a range of practical introductions for members and to access market trends, business developments, and other information of interest to our members. This has resulted in myriad inbound and outbound trade delegations to promote Australia's products and expertise internationally – specifically Thailand, Vietnam, India and the United States. These international alliances provide greater outreach to water industries in other countries, by extending our publications to address these markets, offering exchange programs for individual members, and facilitating new opportunities for our corporate members.
- A successful Innovation Forum and Incubator Programme to promote new water innovations and to assist in their adoption by industry was initiated. The Innovation Program is a recognition of the many ideas and world-leading products developed within the Australian water sector. The Programme will support those at the forefront of water technology amongst our members, and stimulate further development and innovation. It is intended that this programme be broadened in the coming years.
- The Association has improved its Awards program on both national and state levels. This culminated in a great showcase of winners at Ozwater'15 in Adelaide. It is anticipated that the Awards programme grows in awareness and popularity as this streamlined programme and branding moves forward.
- The Association's specialist network management was divided up among staff to ensure the provision of timely updates and opportunities for those members who have key interests. The Specialist Networks will continue to be engaged for program and policy development, and will also be able to interact more freely through the new online environment.
- Ozwater continues to be Australia's leading water conference and exhibition. In addition, the Association is revising the programme of Ozwater to ensure it continues its relevance to management, as well as technical professionals.
- The Association is also working closely with its staff, to revive its values, and ensure staff are all enabled to achieve our objectives. The values of the Association are clearly articulated in the way it implements the business plan by remaining credible, passionate, collaborative, and innovative.

It is imperative that the association remains member-driven as it develops its short and long-term strategies and that our 4000+ individual members see value in being part of the Association and continue to remain engaged.

Key performance measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

	2015 Actual	2015 Budget	2014 Actual	2014 Budget
Membership				
Total members	4,595	5,347	4,847	5,480
Number new members	794	1,050	819	860
Retention rate	78%	85%	73%	85%
Growth rate	-5%	10%	-12%	0%
Financial position				
Cash reserves as % of income	45%	33%	48%	33%
Net result vs budget	-$523k	+$130k	+$114k	+$165k

(Note, it is AWA investment policy to retain a minimum 33% of annual income available in cash)

Meetings of directors

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 20 meetings of directors (including committees of directors) were held.

	Board Meetings		Governance and Audit Committee		Succession Planning Committee		Honours and Awards Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter Moore	9	9	2	1	4	4	-	-
Mr Graham Dooley	9	9	4	2	4	4	1	1
Ms Carmel Krogh	9	8	-	-	4	3	-	-
Mr Malcolm Shepherd	9	9	6	6	-	-	1	1
Dr John Howard	7	7	-	-	3	2	-	-
Dr Helen Stratton	7	6	-	-	-	-	1	1
Ms Jodieann Dawe	8	4	5	5	-	-	1	1
Mr John Graham	7	6	5	4	-	-	-	-
Dr Annette Davison	2	2	2	2	-	-	-	-
Mr Francois Gouws	2	1	2	1	-	-	-	-
Dr Jeremy Lucas	2	2	-	-	-	-	-	-
Mr Mike Muntisov	2	2	-	-	-	-	-	-
Mr Garth Walter	2	2	-	-	-	-	-	-
Mr Mark Bartley*	-	-	4	2	-	-	-	-

** Member (Non-Director) appointed by Board*

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Directors' Report

For the Year Ended 30 June 2015

In accordance with the company's constitution, each member is liable to contribute $20 in the event that the company is wound up.

The total amount that members of the company are liable to contribute if the company is wound up is up to $91,900 (2014: $96,940).

Changes in state of affairs

There was no significant change in the state of affairs of the company during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

This director's report is signed in accordance with a resolution of directors.

On behalf of the Directors

Director: .... Peter Moore

Director: .... Graham Dooley

Dated: 17/9/15

Deloitte.

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The Board of Directors
Australian Water Association Limited
Level 5, 655 Pacific Highway
ST LEONARDS NSW 1590

17 September 2015

Dear Board Members,

Australian Water Association Limited

In accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Australian Water Association Limited.

As the lead audit partner for the audit of the financial statements of Australian Water Association Limited for the financial year ended 30 June 2015, I declare to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Hunt

Andrew Hunt
Partner
Chartered Accountants
Parramatta

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Directors' Declaration

The board members declare that:

(a) in the board members' 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; and

(b) in the board members' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company; and

Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2014*.

On behalf of the Directors

Director ....
Peter Moore

Director ....
Graham Dooley

Dated: 17.9.15

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 $	2014 $
Revenue	2	6,942,036	7,631,551
Marketing expenses		(2,088,893)	(2,492,037)
Occupancy expenses	3	(300,254)	(282,946)
Administrative expenses		(824,280)	(923,662)
Bookshop expenses		(4,611)	(4,874)
Employee expense		(3,905,031)	(3,461,590)
IT expenses		(75,753)	(112,605)
Depreciation, amortisation and impairment expense	3	(224,535)	(191,946)
Net loss on disposal of property, plant and equipment	3	(43,286)	(25,173)
Net profit / (loss) on disposal of financial assets	3	1,084	(21,777)
Profit before tax		(523,523)	114,941
Income tax expense		-	-
Profit for the year		(523,523)	114,941
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value movements for available-for-sale financial assets		(6,928)	114,103
Other comprehensive income for the year		(6,928)	114,103
Total comprehensive income for the year		(530,451)	229,044

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Statement of Financial Position

As At 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	4	868,650	1,001,441
Trade and other receivables	5	625,648	1,130,027
Inventories	6	-	1,000
Other assets	7	231,357	107,217
Financial assets	8	1,895,624	621,633
Total current assets		3,621,279	2,861,318
Non-current assets			
Financial assets	8	1,296,060	2,943,941
Property, plant and equipment	9	224,446	249,923
Intangible assets	10	142,316	293,325
Total non-current assets		1,662,822	3,485,338
Total assets		5,284,101	6,348,508
Liabilities			
Current liabilities			
Trade and other payables	11	1,477,971	1,987,618
Provision	12	193,754	214,427
Total current liabilities		1,671,725	2,202,045
Non-current liabilities			
Provisions	12	38,301	41,937
Total non-current liabilities		38,301	41,937
Total liabilities		1,710,026	2,243,982
Net assets		3,574,075	4,104,526
Equity			
Reserves		85,689	92,617
Retained earnings		3,488,386	4,011,909
Total equity		3,574,075	4,104,526

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Statement of Changes in Equity

For the Year Ended 30 June 2015

2015

	Note	Retained earnings $	Financial assets reserve $	Total $
Balance at 1 July 2014		4,011,909	92,617	4,104,526
(Loss)/ profit for the year		(523,523)	-	(523,523)
Other comprehensive income for the year:				
Net fair value gains on available-for-sale financial assets	8(b)	-	(6,928)	(6,928)
Total other comprehensive income		-	(6,928)	(6,928)
Total comprehensive income attributable to members of the entity for the year		(523,523)	(6,928)	(530,451)
Balance at 30 June 2015		3,488,386	85,689	3,574,075

2014

	Note	Retained earnings $	Financial assets reserve $	Total $
Balance at 1 July 2013		3,896,968	(21,486)	3,875,482
Profit for the year		114,941	-	114,941
Other comprehensive income for the year:				
Net fair value gains on available-for-sale financial assets	8(b)	-	114,103	114,103
Total other comprehensive income		-	114,103	114,103
Total comprehensive income attributable to members of the entity for the year		114,941	114,103	229,044
Balance at 30 June 2014		4,011,909	92,617	4,104,526

For a description of each reserve, refer to Note 16

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Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from ordinary activities		7,127,705	7,924,459
Payments to suppliers and employees		(7,731,777)	(7,396,659)
Interest, dividends and distribution received		194,570	153,368
Net cash (used in)/ generated by operating activities		(409,502)	681,168
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	23,335
Payment for property, plant and equipment		(25,801)	(50,485)
Proceeds from investments		743	710,372
Payment for intangible asset		(65,535)	(3,988)
Payment for investments		367,304	(1,494,482)
Net cash used in investing activities		276,711	(815,249)
Net increase / (decrease) in cash and cash equivalents held		(132,791)	(134,080)
Cash and cash equivalents at beginning of year		1,001,441	1,135,521
Cash and cash equivalents at end of financial year	4	868,650	1,001,441

1. Significant accounting policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, and comply with other requirements of the law.

For the purpose of preparing the financial statements, the company is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 17 September 2015.

(b) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, and comply with other requirements of the law.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share based payment transactions that are within the scope of AASB 2, leasing arrangements that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are descried as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 2, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer refunds, rebates and other similar allowances.

1. Significant accounting policies

(c) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

(d) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership of to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(e) Contributions - Government grants/Donations

A contribution occurs when the company receives an asset, including the right to receive cash or other forms of asset without directly giving approximately equal value to the other party to the transfer; that is, when there is a non-reciprocal transfer. Contributions would include donations and government grants. Contributions that are income exclude contributions by owners.

1. Significant accounting policies

(e) Contributions - Government grants/Donations (cont'd)

Income from contributions is recognised when all the following conditions are satisfied:

- the company obtains control of the contribution or right to receive the contribution;
- it is probable the economic benefits comprising the contribution will flow to the Company; and
- the amount of contribution can be measured reliably.

Income arising from contributions is measured at the fair value of the contributions received or received or receivable.

(f) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal value using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the company in respect of services by employees up to reporting date.

(g) Taxation

The company is exempted from income tax under Division 50 of the Income Tax Assessment Act 1997.

(h) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The depreciation rates used for each class of depreciable asset are shown below:

Class of property, plant and equipment	**Depreciation rate**
Furniture, fixtures and fittings	1.5 - 25%
Motor vehicles	9 - 40%
Leasehold improvements	2.5%

1. Significant accounting policies

(h) Property, plant and equipment

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(i) Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see (h) above).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see (h) above).

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(k) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

1. Significant accounting policies (cont'd)

(k) Provisions (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(l) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

1. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 17.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

AFS financial assets

Listed shares and listed redeemable notes held by the company that are traded in an active market are classified as AFS and are stated at fair value. The company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 17. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

1. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

1. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 18.

<u>Other financial liabilities</u>

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>(Derecognition of financial liabilities</u>

The company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(m) Intangible assets

Software

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

1. Significant accounting policies (cont'd)

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(o) Interests in joint ventures

The Company's share of the assets, liabilities, revenue and expenses of jointly controlled entity has been included in the appropriate line items of the financial statements. Details of Australian Water Association Limited's interests are shown in Note 16.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(q) Comparative figures

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(r) Critical judgements in applying accounting policies

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.

1. Significant accounting policies (cont'd)

(r) Critical judgements in applying accounting policies (cont'd)

Key sources of estimation uncertainty

Available-for-sale investments

The company maintains a portfolio of securities with a carrying value of $ 913,331 at the end of the reporting period. Certain individual investments have declined in value by up to 20%. The directors do not believe this decline constitutes a significant or prolonged decline below cost at this stage and as some of the individual investments have increased in value from the prior year which is evidence in the increase in reserve and hence no impairment has been recognised.

Useful lives of property, plant and equipment

As described at (h) above, the company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

(s) Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

Standard	Requirement
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. The company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the company's financial statements.
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'. The application of these amendments does not have any material impact on the disclosures in the company's financial statements.

1. Significant accounting policies (cont'd)

(s) Application of new and revised Accounting Standards (cont'd)

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year (cont'd)

Standard	Requirement
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As the company does not have any derivatives that are subject to novation, the application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the company's financial statements.
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements. To qualify as an investment entity, a reporting entity is required to: • obtain funds from one or more investors for the purpose of providing them with investment management services; • commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and • measure and evaluate performance of substantially all of its investments on a fair value basis. Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities. As the company is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 July 2014), the application of the amendments does not have any material impact on the disclosures or the amounts recognised in the company's financial statements.
AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)	The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below. • The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for sharebased payment transactions for which the grant date is on or after 1 July 2014. • The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

1. Significant accounting policies (cont'd)

(s) Application of new and revised Accounting Standards (cont'd)

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year (cont'd)

Standard	Requirement
	• The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. • The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. • The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. • The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below. • The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. • The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

1. Significant accounting policies (cont'd)

(s) Application of new and revised Accounting Standards (cont'd)

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year (cont'd)

Standard	Requirement
	• The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether: • the property meets the definition of investment property in terms of AASB 140; and • the transaction meets the definition of a business combination under AASB 3. The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the company's financial statements.
Interpretation 21 'Levies'	Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in the company's financial statements.
AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the company's financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

1. Significant accounting policies (cont'd)

(s) Application of new and revised Accounting Standards (cont'd)

Standards and Interpretations in issue not yet adopted (cont'd)

Standard/Interpretation	Effective for annual reporting periods	Expected to be initially applied in the financial year
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

1 The AASB has issued the following versions of AASB 9:

- AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard;
- AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards;
- AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C - Financial Instruments
- AASB 9 'Financial Instruments' (December 2014) and the relevant amending standards

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015.
After this date only AASB 9 (December 2014) can be early adopted.

2. Revenue

The following is an analysis of the company's revenue for the year from continuing operations excluding investment income – refer to note 2a.

	2015 $	2014 $
Operating activities		
Advertising	290,767	473,304
Delegates	1,913,779	2,273,013
Trade displays and exhibition income	1,313,874	1,480,275
Government grants	156,739	71,246
Branch services income	25,000	25,000
Other income	82,341	254,286
PCO Fees	0	18,244
Marketing/promotion event income	59,102	-
Education sales - technical programs	0	11,819
Publishing sales	13,582	-
Sponsorship income	1,198,736	1,075,641
Subscriptions	1,643,680	1,720,873
Water Directory Income	45,378	70,484
Book sales	4,488	3,998
Total income from operating activities	6,747,466	7,478,183

(a) Investment income

	2015 $	2014 $
Interest and investment revenue from:		
Financial assets	83,166	26,869
Cash and cash equivalents	111,404	126,499
Total interest income earned on financial assets that are not designated as at fair value through profit or loss	194,570	153,368
Total revenue	6,942,036	7,631,551

3. Profit for the year

Profit for the year has been arrived at after charging (crediting):

	Note	2015 $	2014 $
Depreciation of office equipment	9	32,240	44,020
Depreciation of office furniture & fittings	9	9,077	9,458
Depreciation of leasehold improvements	9	4,961	5,857
Depreciation of software	10	97,841	132,611
Impairment of software	10	80,416	-
Total depreciation, amortisation and impairment expense		224,535	191,946
Operating leases expense		300,254	282,946
Net loss on disposal of non-current assets		(43,286)	(25,173)
Net profit/(loss) on disposals of investment		1,084	(21,777)

Australian Water Association Limited

ABN 78 096 035 773

Notes to the Financial Statements

For the Year Ended 30 June 2015

4. Cash and cash equivalents

	Note	2014 $	2015 $
Cash at bank		868,550	1,001,341
Cash on hand		100	100
		868,650	1,001,441

5. Trade and other receivables

	Note	2014 $	2015 $
Trade receivables		583,415	1,049,235
GST receivable		(32,782)	(32,977)
Deposits		70,373	109,127
Related party receivable		4,642	4,642
Total trade and other receivables	18	625,648	1,130,027

6. Inventories

	Note	2014 $	2015 $
At cost:			
Inventories		-	1,000

7. Other assets

	Note	2014 $	2015 $
Prepayments		231,357	107,217

8. Financial assets

	Note	2014 $	2015 $
Available for sale financial assets	(b)	913,331	881,054
Held-to-maturity financial assets	(c)	2,278,353	2,684,520
Total financial assets		3,191,684	3,565,574

(a) Total current and non-current

	Note	2014 $	2015 $
Current		1,895,624	621,633
Non-current		1,296,060	2,943,941
		3,191,684	3,565,574

(b) Available-for-sale financial assets

	Note	2014 $	2015 $
Other available for sale assets			
Investment portfolio - Ethinvest		913,331	881,054
Investment portfolio - Newell Palmer		-	-
Total available-for-sale financial assets	18	913,331	881,054

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

(c) Held-to-maturity investments

	Note	2014 $	2015 $
Term deposit - current		1,895,624	621,633
Term deposit – non-current		382,729	2,062,887
	18	2,278,353	2,684,520

The company holds term deposits that carry interest at fixed rate.

9. Property, plant and equipment

	Note	2015 $	2014 $
Plant and equipment			
Furniture, fixture and fittings:			
At cost		106,138	105,617
Accumulated depreciation		(64,558)	(55,481)
		41,580	50,136
Office equipment:			
At cost		246,371	226,091
Accumulated depreciation		(152,556)	(120,316)
		93,815	105,775
Leasehold Improvements:			
At cost		124,012	124,012
Accumulated depreciation		(34,961)	(30,000)
		89,051	94,012
Total plant and equipment		224,446	249,923

Movements in carrying amounts

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

	Furniture, Fixtures and Fittings $	Office Equipment $	Leasehold Improvements $	Total $
2015				
Balance at the beginning of year	50,136	105,775	94,012	249,923
Additions	521	20,280	-	20,801
Disposals	-	-	-	-
Depreciation expense	(9,077)	(32,240)	(4,961)	(46,278)
Balance at 30 June 2015	41,580	93,815	89,051	224,446

10. Intangible assets

	Note	2015 $	2014 $
Cost		589,511	720,403
Accumulated amortisation and impairment		(447,195)	(427,078)
Total intangibles		142,316	293,325

(a) Movements in carrying amounts

	Computer software $	Total $
2015		
Balance at the beginning of the year	293,325	293,325
Additions	65,535	65,535
Disposals	(38,287)	(38,287)
Impairment	(80,416)	(80,416)
Amortisation	(97,841)	(216,544)
Closing value at 30 June 2015	142,316	142,316

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

11. Trade and other payables

Trade payables	34,646	65,904
Sundry payables and accrued expenses	235,314	105,431
Deferred membership income	718,744	665,393
Other deferred income	489,304	1,150,890
	1,477,971	1,987,618

No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

Trade and other payables:			
Current		1,477,971	1,987,618
Non-current		-	-
		1,477,971	1,987,618
Less deferred income		(1,208,048)	(1,816,283)
Financial liabilities as trade and other payables	18	269,923	171,335

12. Provisions

	2015 $	2014 $
Current		
Employee benefits: annual leave	123,008	163,206
Employee benefits: long service leave	70,746	51,221
	193,754	214,427
Non-current		
Employee benefits: long service leave	38,301	41,937
	232,055	256,365

	Employee benefits $	Total $
Opening balance at 1 July 2014	256,365	256,365
Additional provisions raised during the year	-	-
Amounts used	(24,309)	(24,309)
Balance at 30 June 2015	232,055	232,055

The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

13. Leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2015 $	2014 $
Payable - minimum lease payments:		
Not later than 1 year	261,752	277,829
Later than 1 year but not later than 5 years	499,745	846,881
	761,497	1,124,710

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with three and five year terms. Increases in lease commitments may occur in line with the consumer price index (CPI). An option exists to renew the lease at the end of the three and five year term for an additional term of three and five years.

14. Contingent liabilities

(a) Amounts guaranteed, relationship and nature of guarantee

The company has issued a letter of set off in the amount of $153,342 with respect to an agreement for leased premises at Level 6, 655 Pacific Highway St Leonards.

(b) Unused bank facility

The company has an unused autopay facility in the amount of $110,000 with Commonwealth Bank of Australia with respect to payroll.

15. Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

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

	2015 $	2014 $
Key management personnel compensation	725,789	669,028

16. Reserves

Financial assets reserve

The financial assets reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

17. Remuneration of auditors

	2015 $	2014 $
Audit of the financial statements	30,300	29,400

The auditor of Australian Water Association Limited is Deloitte Touche Tohmatsu.

18. Financial instruments

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, leases and investments in managed funds.

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:

Categories of financial instruments

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	4	868,650	1,001,441
Held-to-maturity investments	8	2,278,353	2,684,520
Loans and receivables	5	625,648	1,130,027
Available-for-sale financial assets	8(b),(i)	913,331	881,054
Total financial assets		4,685,982	5,697,042
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	11(a)	269,923	171,335
Total financial liabilities		269,923	171,335

Net fair values

(i) For listed available-for-sale financial assets, the fair values have been based on closing quoted bid prices at the end of the reporting period. In determining the fair values of the unlisted available-for-sale assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

19. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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.

Deloitte.

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Independent Auditor's Report to the Members of Australian Water Association Limited

We have audited the accompanying financial report of Australian Water Association Limited (the "entity"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity as set out on pages 9 to 35.

The Directors' Responsibility 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 *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* (the ACNC Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 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.

Deloitte.

Opinion

In our opinion, the financial report of the Australian Water Association Limited is in accordance with Division 60 of the ACNC Act, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Hunt

Andrew Hunt
Partner
Chartered Accountants
Parramatta

Dated: 29 September 2015