

Australian Water Association Limited

ABN 78 096 035 773

Annual report for the year ended 30 June 2017

Australian Water Association Limited

ABN 78 096 035 773

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Australian Water Association Limited

ABN 78 096 035 773

Directors' Report

For the Year Ended 30 June 2017

The directors of Australian Water Association Limited ("the company") submit herewith the annual report of the company for the financial year ended 30 June 2017.

Information about the directors

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

Mr Francois Gouws

Mr Peter Moore PSM

Dr Annette Davison – resigned May 2017

Prof Jürg Keller – appointed May 2017

Ms Carmel Krogh

Dr Jeremy Lucas

Mr Mike Muntisov

Mr Mal Shepherd

Dr Fabiana Tessele – appointed May 2017

Mr Garth Walter

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

President

Mr Francois Gouws

(Began Presidency in May 2017)

Qualifications MBA, BSc (Hons), BCom, NHD Mech Eng, FAICD, AFIEAust, EngExec, PMAWA

Position Managing Director, TRILITY Group of Companies
Chairman, TRILITY Pty Ltd
Chairman, Hydramet Group of Companies
Director, Helena Water Group of Companies
Director, Adelaide Aqua Pty Ltd
Director, Riverland Water Pty Ltd

Chair of Water Taskforce, Infrastructure Partnerships Australia
Director, WaterAid Australia

Special Responsibilities Governance and Audit Committee (until June 2017)
International Programs Committee (Chair)
Succession Planning Committee (Chair from May 2017)

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Directors' Report

For the Year Ended 30 June 2017

Immediate Past President

Mr Peter Moore PSM

(Completed Presidency in May 2017)

Qualifications	Assoc Civil Eng, GradDip Mgmt, CP Eng, FIE Aust, GAICD, PMAWA
Position	Chair of Aroona & PRA, Operations Group, Water Corporation of WA General Councillor, Council of HBF (HBF Health Ltd) CEO, Construction Contractors Association of Western Australia Director, Reddifund
Special Responsibilities	Succession Planning Committee (Chair until May 2017)

Dr Annette Davison

(Resigned May 2017)

Qualifications	BSc (Hons), MEnvLGovLaw, PhD, GAICD, PMAWA
Position	Sole Director and Principal, Risk Edge Pty Ltd Member Strategic Advisory Committee, WaterRA Expert Review Panel Member, Australian Water Partnership
Special Responsibilities	Governance & Audit Committee (until May 2017) Professional Development Committee (until May 2017)

Prof Jürg Keller

(Appointed May 2017)

Qualifications	BE (Chemical Engineering), PhD, FTSE, FIWA, PMAWA
Position	Chief Research Officer, CRC for Water Sensitive Cities Deputy Director Research, Advanced Water Management Centre, The University of Queensland
Special Responsibilities	Honours & Awards Committee (from June 2017) Professional Development Committee (from June 2017)

Ms Carmel Krogh

Qualifications	BE (Civil), MEng, MBA, Grad Dip LGE, GAICD, PMAWA
Position	Director Shoalhaven Water, Shoalhaven City Council
Special Responsibilities	Governance & Audit Committee (from June 2017) Succession Planning Committee

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Directors' Report

For the Year Ended 30 June 2017

Dr Jeremy Lucas

Qualifications BSc (Hons), PhD, MEng, GAICD, PMAWA
Position Manager Performance and Innovation, SA Water
Special Responsibilities Honours and Awards Committee
IT and Systems Project Committee (until April 2017)

Mr Mike Muntisov

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

Mr Mal Shepherd

Qualifications Dip Proj Mgt, Assoc Eng (Civil) , MAICD, AFIE Aust, PMAWA, MIDA, MIWA, MWaterNZ, MSWA
Position Industry General Manager Utilities, Infrastructure Group, John Holland Group
Advisory Committee Member, Australian Water Partnership
Director, WaterAid Australia
Special Responsibilities Governance and Audit Committee (Chair)
International Programs Committee

Dr Fabiana Tessele

(Appointed May 2017)

Qualifications BSc (Chemical Engineering), MEng, PhD, PMAWA
Position Director, Tessele Consultants
Director, Diamond Developers Australia
Special Responsibilities Honours & Awards Committee (from June 2017)
Professional Development Committee (from June 2017)

Mr Garth Walter

Qualifications BE (Civil), MBA, MIEAust, GAICD, PMAWA
Position Alliance General Manager, Programmed Facility Management
Partner, Red Gully Wines
Special Responsibilities Honours and Awards Committee (Chair)
IT and Systems Project Committee (until April 2017)

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Directors' Report

For the Year Ended 30 June 2017

Strategy

The Australian Water Association is a membership association for all professionals and organisations in the water sector.

Vision

To be the essential association for people and organisations working together to achieve a sustainable water future

Mission

To foster knowledge, understanding and advancement in sustainable water management – its science, practice and policy – through advocacy, collaboration and professional development

Value Proposition

Australia's biggest Water Network promoting sustainable water management and connecting members through our Core Principles:

Information - digital platforms and publications

Networking - events and programs to connect Australian and international business

Recognition - industry awards, brand exposure and contributions to the industry

Through the provision of information, networking, and recognition we provide individual members with continuous learning and corporate members with business opportunities.

Constitutional Objects

- 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.

Principal activities

During 2016/17 the Association's principal activities to deliver its strategy included:

Information

- The relevant content on our digital platforms was consolidated and fine-tuned. There was increased uptake by both members and non-members for the following sources of content: website, national & state/territory source, Water e-Journal, Daily News.
- Publication of 'Current' magazine four times per year
- Publication of on-line 'Water e-Journal' that provides technical content to a wider reading audience
- Production of National and State/Territory 'Source' newsletters to a consistent schedule.
- Grew social media audience via Twitter, LinkedIn and Facebook.

Advocacy

- Meetings with five Ministers and inclusion on the Productivity Commission's Panel for the review of water reform.
- A new policy stream, developed in partnership with WSAA, was introduced at Ozwater'17. Attendees included the NSW Minister, Productivity Commissioners, key stakeholders and Ozwater delegates.
- Produced four discussion papers: 'Procurement maturity in the water industry', sponsored by KPMG, 'United Nations Sustainable Development Goals', 'Alternative models for funding water infrastructure', in partnership with ANZ and law firm Allens, and 'Emerging challenges and opportunities to secure our water future'.

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Directors' Report

For the Year Ended 30 June 2017

Networking

- Well attended industry dinners, water conferences, and technical events in each State and Territory
- Ozwater'17 in Sydney considered the best Ozwater so far. Highlights included 1,149 registered delegates, 1,937 trade visitors and 223 exhibitors.
- Marketed IWA World Water Congress in Brisbane to deliver a successful event.
- Delivered 11 webinars delivered covering a broad cross-section of member interests ranging from mental health in engineering to water quality monitoring.
- Hosted 16 separate inbound international delegations (including delegations to Ozwater'17) involving 237 international delegates from Government, R&D, private sector and water utilities, connecting to 425 Australian water professionals.
- Coordinated outbound delegations to key international water events including: Vietwater'16 (20 exhibitors and over 70 delegates), Indonesia July 2016: (water quality workshop hosted at Australian embassy in Indonesia).
- Facilitated international water projects to profile and position the technology and expertise of Australian Water Association members across Asia including: Feasibility study into Public-Private Participation (PPP) arrangements in Vietnam, Son La water technology demonstration project, Twinning program to facilitate knowledge sharing between Vietnam and Australia.

Recognition

- Strengthened the State and National Awards Program recognising achievements across the water sector.
- Recognised volunteer contribution in writing via branch webpages, Source and Current, and verbally at events.

Short and long term objectives

During 2017-18 we will focus on the following key objectives:

1. Consolidate core member services
2. Maintain relevant and accurate content on our digital platforms and broaden our reach
3. Increase individual and corporate member numbers
4. Deliver the budget surplus to provide financial sustainability

The major projects to achieve these objectives are:

1. Empowering our Branches with creative agility to connect with our members
2. Implementing a digital strategy to package content to support the core principles
3. Consolidate our membership base for retention and growth
4. International Program: linking our members with international opportunities
5. Ozwater'18

These activities will support the long term strategy of the business and ability to deliver on the following outputs:

1. Increased Association membership targets – using the new membership categories
2. Strengthen the financial viability of the Association's future, with diversified revenue base and increased surpluses
3. Operational effectiveness – to harness the strengths of staff and volunteer expertise to deliver best outcomes.

Key performance measures

The 2017/18 Business Plan includes specific key performance indicators for the areas of finance, membership, communications and culture. In addition, measures of success have been developed for each of the major projects. The directors monitor performance against the KPIs to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

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Directors' Report

For the Year Ended 30 June 2017

	2017 Actual	2017 Budget	2016 Actual	2016 Budget
Membership				
Total members (incl Corporate)	5136	5824	3960	4565
Number new members	1243	1004	738	950
Retention rate	84%	85%	70%	85%
Growth rate	15%	10%	-14%	10%
Financial position				
Cash reserves as % of income	39%	25%	30%	25%
Net result vs budget	+\$186k	+\$126k	-\$304k	+\$105k

(Note, it is AWA investment policy to retain a minimum 25% 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, 27 meetings of directors (including committees of directors) were held.

	Board Meetings		Governance and Audit Committee		Succession Planning Committee		Honours and Awards Committee		International Programs Committee		IT Project Implementation Committee		Professional Development 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	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter Moore	9	9	-	-	3	3	-	-	-	-	-	-	-	-
Mr Francois Gouws	9	9	6	5	3	2	-	-	3	3	-	-	-	-
Dr Annette Davison	8	7	5	5	-	-	-	-	-	-	-	-	2	2
Ms Carmel Krogh	9	9	-	-	3	2	-	-	-	-	-	-	-	-
Dr Jeremy Lucas	9	9	-	-	-	-	2	2	-	-	2	2	2	2
Mr Mike Muntisov	9	8	-	-	-	-	2	2	-	-	-	-	-	-
Mr Mal Shepherd	9	8	6	5	-	-	-	-	3	3	-	-	-	-
Mr Garth Walter	9	9	-	-	-	-	2	2	-	-	2	2	-	-
Prof Jürg Keller	2	2	-	-	-	-	-	-	-	-	-	-	-	-
Dr Fabiana Tessele	2	2	-	-	-	-	-	-	-	-	-	-	-	-
Mr Jim Mitchell*	-	-	6	5	-	-	-	-	-	-	-	-	-	-

* Member (Non-Director) appointed by Board

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 \$102,720 (2016: \$79,200).

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Directors' Report

For the Year Ended 30 June 2017

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.

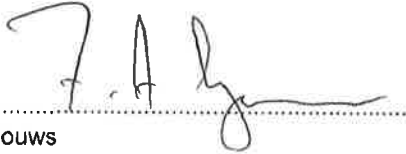
Auditor's independence declaration

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

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

On behalf of the Directors

Director:
Francois Gouws



Director:
Peter Moore PSM



6 October 2017

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

9 October 2017

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 2017, 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



Gaile Timperley
Partner
Chartered Accountants
Sydney

Australian Water Association Limited

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Directors' Declaration

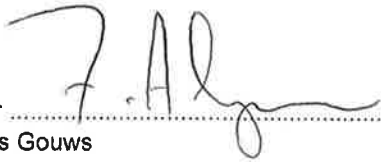
The board members declare that:

- (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

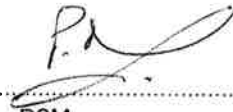
Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the Directors

Director
Francois Gouws



Director
Peter Moore PSM



6 October 2017

Australian Water Association Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	2	7,696,015	7,195,175
Marketing expenses		(2,348,586)	(2,179,888)
Occupancy expenses	3	(296,273)	(304,317)
Administrative expenses		(874,574)	(771,021)
Bookshop expenses		-	(1,598)
Employee benefits expense		(3,674,632)	(3,909,281)
IT expenses		(182,414)	(171,369)
Depreciation and amortisation expense	3	(115,981)	(111,839)
Net loss on disposal of property, plant and equipment	3	(25,813)	(6,438)
Net loss on disposal of intangibles	3	(2,188)	(46,628)
Net profit on disposal of financial assets	3	10,782	3,401
Profit / (loss) before tax		186,336	(303,803)
Income tax expense		-	-
Profit / (loss) for the year		<u>186,336</u>	<u>(303,803)</u>
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Net fair value movements for available-for-sale financial assets		48,489	(14,057)
Other comprehensive income / (loss) for the year		<u>48,489</u>	<u>(14,057)</u>
Total comprehensive income (loss) for the year		<u>234,825</u>	<u>(317,860)</u>

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	4	1,569,491	913,204
Trade and other receivables	5	474,984	601,593
Other assets	6	132,197	128,845
Financial assets	7	1,428,128	1,368,921
Total current assets		<u>3,604,800</u>	<u>3,012,563</u>
Non-current assets			
Financial assets	7	1,178,140	1,167,298
Property, plant and equipment	8	127,007	185,812
Intangible assets	9	324,384	334,701
Total non-current assets		<u>1,629,531</u>	<u>1,687,811</u>
Total assets		<u>5,234,331</u>	<u>4,700,374</u>
Liabilities			
Current liabilities			
Trade and other payables	10	1,597,517	1,273,843
Provisions	11	114,379	140,928
Total current liabilities		<u>1,711,896</u>	<u>1,414,771</u>
Non-current liabilities			
Provisions	11	31,395	29,388
Total non-current liabilities		<u>31,395</u>	<u>29,388</u>
Total liabilities		<u>1,743,291</u>	<u>1,444,159</u>
Net assets		<u>3,491,040</u>	<u>3,256,215</u>
Equity			
Reserves		120,109	71,632
Retained earnings		3,370,931	3,184,583
Total equity		<u>3,491,040</u>	<u>3,256,215</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Retained earnings \$	Financial assets reserve \$	Total \$
Balance at 1 July 2016	3,184,583	71,632	3,256,215
Profit for the year	186,336	-	186,336
Other comprehensive income for the year:			
Net fair value gains on available-for-sale financial assets	-	48,489	48,489
Total other comprehensive income	-	48,489	48,489
Total comprehensive income attributable to members of the entity for the year	186,336	48,489	234,825
Balance at 30 June 2017	3,370,919	120,120	3,491,040

2016

	Retained earnings \$	Financial assets reserve \$	Total \$
Balance at 1 July 2015	3,488,386	85,689	3,574,075
Loss for the year	(303,803)	-	(303,803)
Other comprehensive loss for the year:			
Net fair value loss on available-for-sale financial assets	-	(14,057)	(14,057)
Total other comprehensive loss	-	(14,057)	(14,057)
Total comprehensive loss attributable to members of the entity for the year	(303,803)	(14,057)	(317,860)
Balance at 30 June 2016	3,184,583	71,632	3,256,215

For a description of each reserve, refer to Note 15

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
Cash flows from operating activities		
Receipts from ordinary activities	8,434,270	7,759,479
Payments to suppliers and employees	(7,776,437)	(8,186,033)
Interest, dividends and distribution received	84,091	144,955
Net cash generated by/ (used in) operating activities	<u>741,924</u>	<u>(281,599)</u>
Cash flows from investing activities		
Payment for plant and equipment	(9,968)	(12,568)
Proceeds from investments	-	1,865
Payments for investments	50,183	(17,386)
Proceeds from/ (Payments for) held-to-maturity financial assets	(64,893)	660,330
Payment for intangible asset	(60,959)	(306,187)
Net cash used in investing activities	<u>(85,637)</u>	<u>326,153</u>
Net increase / (decrease) in cash and cash equivalents held	656,287	44,554
Cash and cash equivalents at beginning of year	<u>913,204</u>	<u>868,650</u>
Cash and cash equivalents at end of financial year	4 <u><u>1,569,491</u></u>	<u><u>913,204</u></u>

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

General Information

The Australian Water Association is a membership association for all professionals and organisations in the water sector and is a not-for-profit entity. The principal and registered address is Level 6, 655 Pacific Highway, St Leonards, NSW 2065.

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 6 October 2017.

(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 leasing arrangements that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value or value in use in AASB 136.

The principal accounting policies are set out below.

(c) Revenue recognition

Membership Fees / event income

Revenue from the membership and events is recognised when the services are delivered and 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 service;
- 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies

(c) Revenue recognition

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

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.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies

(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) 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 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 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 plant and equipment	Depreciation rate
Furniture, fixtures and fittings	15 - 25%
Motor vehicles	9 - 40%
Leasehold improvements	2.5%

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies

(i) Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible 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) 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).

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.

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies (cont'd)

(k) 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 '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.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

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.

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, 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.

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

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.

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.

Other financial liabilities

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.

Derecognition of financial liabilities

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

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies (cont'd)

(l) 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 six years.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies (cont'd)

(p) 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 \$ 927,286 at the end of the reporting period. Certain individual investments have declined in value by up to 32%. 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 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.

(q) 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 adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not significantly affect the financial statements of the company.

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Significant accounting policies (cont'd)

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

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.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards ¹	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2018-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarification to AASB 15	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Revenue

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

	2017	2016
	\$	\$
Operating activities		
Advertising	301,358	291,910
Delegates	1,714,770	1,832,239
Trade displays and exhibition income	1,667,386	1,830,888
Government grants	543,563	9,452
Other income	536,892	398,236
PCO Fees	-	1,527
Education sales - technical programs	-	109
Publishing sales	273	-
Sponsorship income	1,343,154	1,196,601
Subscriptions	1,496,931	1,485,671
Water Directory Income	-	27
Book sales	7,597	3,560
Total income from operating activities	<u>7,611,924</u>	<u>7,050,220</u>
(a) Investment income		
Interest and investment revenue from:		
Financial assets	39,603	66,398
Cash and cash equivalents	44,488	78,557
Total interest income earned on financial assets that are not designated as at fair value through profit or loss	<u>84,091</u>	<u>144,955</u>
Total revenue	<u>7,696,015</u>	<u>7,195,175</u>

3. Profit for the year

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

Depreciation of office equipment	8	28,678	30,501
Depreciation of office furniture & fittings	8	9,321	9,203
Depreciation of leasehold improvements	8	4,961	4,961
Depreciation of software	9	73,022	67,175
Total depreciation, amortisation and impairment expense		115,982	111,839
Operating leases expense		296,273	304,317
Net loss on disposal of non-current assets		(28,001)	(53,066)
Net profit on disposals of investment		10,782	3,401

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

4. Cash and cash equivalents

Note	2017 \$	2016 \$
	1,569,391	913,104
	100	100
17	<u>1,569,491</u>	<u>913,204</u>

5. Trade and other receivables

Trade receivables	410,619	473,103
GST receivable	18,556	34,440
Deposits	45,809	94,050
Total trade and other receivables	<u>474,984</u>	<u>601,593</u>

6. Other assets

Prepayments	<u>132,197</u>	<u>128,845</u>
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7. Financial assets

Available for sale financial assets	17	927,286	918,196
Held-to-maturity financial assets	17	<u>1,678,982</u>	<u>1,618,023</u>
Total financial assets		<u>2,606,268</u>	<u>2,536,219</u>

(a) Total current and non-current

Current	1,428,128	1,368,921
Non-current	<u>1,178,140</u>	<u>1,167,298</u>
	<u>2,606,268</u>	<u>2,536,219</u>

(b) Available-for-sale financial assets

Other available for sale assets

Investment portfolio - Ethinvest	<u>927,286</u>	<u>918,196</u>	
Total available-for-sale financial assets	17	<u>927,286</u>	<u>918,196</u>

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

Term deposit - current	1,428,128	1,368,921	
Term deposit - non-current	<u>250,854</u>	<u>249,102</u>	
	17	<u>1,678,982</u>	<u>1,618,023</u>

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

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

8. Property, plant and equipment

	2017 \$	2016 \$
Plant and equipment		
Furniture, fixture and fittings:		
At cost	20,768	107,113
Accumulated depreciation	(12,449)	(73,660)
	<u>8,319</u>	<u>33,453</u>
Office equipment:		
At cost	154,585	210,429
Accumulated depreciation	(115,026)	(142,160)
	<u>39,559</u>	<u>68,269</u>
Leasehold Improvements:		
At cost	124,012	124,012
Accumulated depreciation	(44,883)	(39,922)
	<u>79,129</u>	<u>84,090</u>
Total plant and equipment	<u><u>127,007</u></u>	<u><u>185,812</u></u>

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 \$
2017				
Balance at the beginning of year	33,453	68,269	84,090	185,812
Additions	1,227	8,741	-	9,968
Disposals	(17,040)	(8,773)	-	(25,813)
Depreciation expense	(9,321)	(28,678)	(4,961)	(42,960)
Balance at 30 June 2017	<u><u>8,319</u></u>	<u><u>39,559</u></u>	<u><u>79,129</u></u>	<u><u>127,007</u></u>

Australian Water Association Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

9. Intangible assets

	2017	2016
	\$	\$
Cost	505,862	457,584
Accumulated amortisation and impairment	(181,478)	(122,883)
Total intangibles	<u>324,384</u>	<u>334,701</u>

(a) Movements in carrying amounts

	Computer software \$
2017	
Balance at the beginning of the year	334,701
Additions	64,893
Disposals	(2,188)
Amortisation	<u>(73,022)</u>
Closing value at 30 June 2017	<u>324,384</u>

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.

10. Trade and other payables

	2017	2016
	\$	\$
Trade payables	207,806	62,014
Sundry payables and accrued expenses	192,769	153,541
Deferred membership income	781,476	639,821
Other deferred income	415,466	491,467
	<u>1,597,517</u>	<u>1,273,843</u>

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

	2017	2016
	\$	\$
Trade and other payables:		
Current	1,597,517	1,273,843
Non-current	-	-
	<u>1,597,517</u>	<u>1,273,843</u>
Less deferred income	(1,196,942)	(1,058,288)
Financial liabilities as trade and other payables	<u>17</u> 400,575	<u>215,555</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2017

11. Provisions

	2017	2016
	\$	\$
Current		
Employee benefits: annual leave	81,821	108,370
Employee benefits: long service leave	32,558	32,558
	<u>114,379</u>	<u>140,928</u>
Non-current		
Employee benefits: long service leave	31,395	29,388
	<u>31,395</u>	<u>29,388</u>
		Employee benefits
		\$
Opening balance at 1 July 2016		170,316
Amounts used		<u>(24,542)</u>
Balance at 30 June 2017		<u>145,774</u>

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

12. Leasing commitments

Operating lease commitments

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

	2017	2016
	\$	\$
Payable - minimum lease payments:		
Not later than 1 year	269,847	271,348
Later than 1 year but not later than 5 years	-	269,847
	<u>269,847</u>	<u>541,195</u>

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

13. 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 (2016: \$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 (2016: \$110,000) with Commonwealth Bank of Australia with respect to payroll.

14. 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:

	2017	2016
	\$	\$
Key management personnel compensation	847,277	629,072
2017: 5 employees (2016: 3 employees)		

15. 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.

16. Remuneration of auditors

	2017	2016
	\$	\$
Audit of the financial statements	34,500	33,500

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

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Notes to the Financial Statements

For the Year Ended 30 June 2017

17. 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	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	4	1,569,491	913,204
Held-to-maturity investments	7	1,678,982	1,618,023
Loans and receivables	5	461,857	601,593
Available-for-sale financial assets	7(b),(i)	927,286	918,196
Total financial assets		<u>4,637,616</u>	<u>4,051,016</u>
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	10(a)	400,575	215,555
Total financial liabilities		<u>400,575</u>	<u>215,555</u>

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).

18. Events after reporting date

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.

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

Opinion

We have audited the financial report of Australian Water Association Limited (the "Entity") which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity, and the 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 declaration by the directors as set out in pages 11 to 32.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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.

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

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related 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.

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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 the directors.
- Conclude on the appropriateness of the directors' 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 the directors 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.



DELOITTE TOUCHE TOHMATSU



Galle Timperley
Partner
Chartered Accountants
Sydney, 9 October 2017