

Financial Statement

2021

Annual Report



WATER RESEARCH AUSTRALIA LIMITED

A.C.N. 127 974 261

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

WATER RESEARCH AUSTRALIA LIMITED
A.B.N. 32 127 974 261

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WATER RESEARCH AUSTRALIA LIMITED
A.B.N. 32 127 974 261

CORPORATE INFORMATION

Trading Name	Water Research Australia Limited
ACN	127 974 261
ABN	32 127 974 261
Company Type	Australian Public Company, Limited by Guarantee
Directors	M Gobbie (Chair) A. Dysart K. Murphy C. Saint D. Sheehan R. Henderson D Bergmann A Jackson
Company Secretary	M. Pfitzner
Registered Office and Principal Place of Business	Level 2, 250 Victoria Square ADELAIDE SA 5000
Auditors	Nexia Edwards Marshall Level 3, 153 Flinders Street ADELAIDE SA 5000

WATER RESEARCH AUSTRALIA LIMITED
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DIRECTORS' REPORT

The Board of Directors of Water Research Australia Limited has pleasure in presenting this report for the financial year ended 30 June 2021 to the members of Water Research Australia.

The Board

Amendments to the Water Research Australia Constitution, as endorsed by Members in June 2021, state the Board of Water Research Australia is a representative board comprising 9 Directors:

- An independent non-executive Chair elected by Members
- Up to three Directors, who must be employed by a Utility, being nominated by the Industry Members and voted to that position by the Members
- Up to two Directors, who must be employed or engaged by a University being nominated by the Research Members and voted to that position by the Members
- One Director, who must be employed by an Industry Member (who may also be a Utility) or employed or engaged by a Research Member (who may also be a University), being nominated, in the case of a nominee of the Industry Members, by the Industry Members and, in the case of a nominee of the Research Members, by the Research Members and in all cases voted to that position by the Members
- Two independent non-executive Directors appointed by the Board

The Chair and Independent Directors are paid positions appointed for terms of three years, while other non-executive Directors serve terms of three years in a voluntary capacity.

The Chair, Mr Mark Gobbie was appointed on 28th October 2020, following a resolution of the Members at the 2020 Annual General Meeting ('AGM'). The Independent Director, Mr Ken Murphy was appointed following a resolution by the Board in August 2016 and commenced at the 2016 AGM. At the April 2018 Non-Executive Directors meeting, the Board resolved to reappoint Mr Ken Murphy for a further 2 year term ending at the 2020 AGM.

At the February 2020 Non-Executive Directors meeting the Board resolved to reappoint Mr Ken Murphy for a further 1-year term ending in November 2021. Ms Amy Dysart resigned as an Industry Director on 24 April 2021 due to a change in employment and commenced as an Independent Director on 25 May 2021 following a resolution of the Board in May 2021, her term will conclude at the 2021 AGM.

WaterRA Committees

The Strategic Advisory Committee has no formal decision making powers but provides expert, balanced and timely advice to the Board and management on a wide range of urban, regional and remote water issues that have strategic implications for Water Research Australia research programs and activities.

The Board also has two Sub-committees - the Risk & Audit Committee and Human Resources Committee - that provide an important assurance that key areas (Finance, Human Resources and Risk Management) of the Board's duties will be rigorously discharged. The Risk & Audit Committee non-Board Member was reappointed by the Board for a one-year term ending April 2022 and a second non-Board member was appointed in December 2020. A non-Board Member was appointed to the Human Resources Committee in June 2021.

In addition to these advisory and sub-committees of the Board, two management committees - the Project Review Team and the Education Committee - provide advice and support to the CEO and staff and make recommendations to the Board on specific research program issues.

Directors

The names and details of the company's Directors in office during the financial year are as outlined overleaf. All Directors were in office for the entire year unless otherwise stated.

More detailed biographies for Directors' can be found on the Water Research Australia website www.waterra.com.au.

Meetings of the Board

During the 2020/21 financial year the Board met on five occasions for Board meetings and five occasions for Non-Executive Director meetings either face-to-face or via teleconference.

In addition, Directors also met on five occasions for the Human Resources Committee and on five occasions for the Risk & Audit Committee either face-to-face or via teleconference.

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DIRECTORS' REPORT

Name	Date of Appointment	Term End or Retirement Date	Board Meetings			Non-Executives			Board Sub-committee	
			A	B	C	D	E	F	RAAC	HR
Dr David Bergmann	2020 AGM	2022 AGM	3	3	0	3	3	0	N/A	3
Dr Stephen Capewell	12 Oct 2017	27 Aug 2020	1	1	0	1	1	0	N/A	1
Mr Shaun Cox	22 Oct 2014	2020 AGM	2	2	0	2	2	0	N/A	N/A
Mrs Amy Dysart	31 Oct 2018 25 May 2021	24 Apr 2021 2021 AGM	4	4	0	4	4	0	N/A	0
Mr Mark Gobbie	2021 AGM	2024 AGM	3	3	0	3	3	0	N/A	N/A
A/Prof Rita Henderson	30 Oct 2019	2021 AGM	5	5	0	5	5	0	N/A	1
Ms Anna Jackson	2020 AGM	2022 AGM	3	3	0	3	3	0	2	N/A
Mr Ken Murphy	10 Oct 2016	2021 AGM	5	5	0	5	5	0	5	N/A
Ms Karen Rouse	21 Nov 2016	2020 AGM	2	2	0	0	0	0	N/A	N/A
Prof Chistopher Saint	12 Oct 2017	2021 AGM	5	5	0	5	5	0	N/A	5
Mr David Sheehan	22 Oct 2014	2022 AGM	5	5	0	5	5	0	5	5

- A Number of meetings held during the time the Director held office during the year
- B Number of meetings attended
- C Number of apologies registered
- D Non-executive meetings held
- E Non-executive meetings attended
- F Number of apologies registered

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DIRECTORS' REPORT

Name	Qualifications/ Professional Memberships	Position and Organisation	Special Responsibilities
Dr David Bergmann	BSc (Hons), PhD (Chem) MRACI Chartered, AWA, Affiliate AICD	Research, Development & Innovation Manager, South East Water	HR Committee (Board sub-committee from 14 December 2020)
Dr Stephen Capewell	BSc (Hons) , M Eng & Tech Man, PhD (Chem Eng), GAICD, AWA, IDA, IWA	Head, Water Cycle Innovation, Water Corporation	Chair HR Committee (Board sub-committee to 27 August 2020)
Mr Shaun Cox	BEng (Civil), Adj Prof (U of Q), FAICD, FIE (Aust), CPEng, FAIM	Director, Inxure Strategy Group	Independent Chair: WaterRA Board (to 2020 AGM)
Mrs Amy Dysart	BSc (Hons), MSc, GAICD, member AICD, AWA, IWA.	Executive Director Water Resources, Department Environment, Parks and Water Security.	Chair: Strategic Advisory Committee (from 31 October 2019) Independent Director from 25 May 2021
Mr Mark Gobbie	BE, M Eng Sci, GAICD, member AICD, AWA and Engineers Australia (retired)	Director, Extra Time Advisory	Independent Chair: WaterRA Board (from 2020 AGM)
A/Prof Rita Henderson	MChem, MSc, PhD, GCert, AWA, IWA	Associate Professor, School of Chemical Engineering, University of New South Wales	Deputy Chair: Strategic Advisory Committee (from 31 October 2019)
Ms Anna Jackson	BA Journalism, GAICD, Member AICD, AWA, WSAA, AWP	General Manager Strategy, Engagement and Innovation SA Water Corporation/AWQC	Director from 2020 AGM Risk & Audit Committee (Board sub-committee from 14 December 2020)
Mr Ken Murphy	Dip Comp Director, Dip Bus Mgmt, Dip HR Mgmt FAICD, FAIM, CAHRI, SGIA, SIA	Principal, Ken Murphy Consulting	Independent Director Risk & Audit Committee (Board sub-committee)
Ms Karen Rouse	BSc (Geology-Hons), M Env Studies, MAICD	CEO Water Research Australia	Director to 2020 AGM
Prof Christopher Saint	BSc (Hons), PhD, MAICD	Emeritus Professor, University of SA Senior Associate, Outside Opinion	HR Committee (Board sub-committee from 31 October 2018) Chair HR Committee From 20 August 2020
Mr David Sheehan	MSc, DipMgmt, GAICD, IWA, AWA, AWWA, Water New Zealand, ASM	Senior Water Quality and Regulatory Advisor, Coliban Region Water Corporation	HR Committee (Board sub-committee from 30 October 2019) Chair: Risk & Audit Committee (Board sub-committee from 17 June 2020)

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DIRECTORS' REPORT

Company Secretary

Ms Michelle Pfitzner has been the Company Secretary from 13 August 2019.

Principal Activities

Water Research Australia's principal activities during 2021 were:

- Co-ordinating and managing high quality research on priority issues in water on behalf of the members of Water Research Australia and the Australian Water Community
- Facilitating knowledge transfer and uptake of outcomes of R&D into industry through workshops and members meetings
- Providing scientific evidence to underpin decision-making
- Build national water industry capability through the education program
- Promote the importance on the national agenda of safe water to the Australian Community by engaging with key decision makers within government and industry

Operating Results for the Period

The company's trading result for the year ended 30 June 2021 was a surplus of \$366,124 (2020: \$432,396).

The surplus for Water Research Australia as a whole can be considered as having two components:

- **PART A** - A result of **\$Nil** for the 2021 financial year from revenue and expenditure acquitting commitments to research projects [2020 deficit of **(\$13,514)**] from cash reserves.
- **PART B** - A surplus of **\$366,124** for the 2021 financial year from the remainder of the Income Statement not related to acquitting commitments to research project expenditure [2020 surplus of **\$445,909**].

The company is a not-for-profit entity, registered as a charity and is exempt from income tax.

A detailed review of operations can be found in the company's 2021 Annual Report.

Cash and Project Commitments

At 30 June 2021 the company had cash at hand of \$6,819,632 (2020: \$4,888,289). At the same date Water Research Australia commitments to research projects plus external project funding held or received by Water Research Australia was \$159,388 (2020: \$73,944).

The cash commitments will be acquitted over the term of the research projects, with each project averaging a span of two to three years.

The Water Research Australia Board closely monitors its commitments to research projects relative to cash and working capital to assure that Water Research Australia's cash commitments to projects can be covered in full.

Members Liability on Winding Up

Each Member of the company undertakes to contribute to the company's property an amount as may be required not exceeding one hundred dollars if the company is wound up while it is a Member or within one (1) year after ceasing to be a Member, for payment of the company's debts and liabilities contracted before it ceased to be a Member and of the costs, charges and expenses of winding up and for an adjustment of the rights of contributories amongst themselves.

DIRECTORS' REPORT

Dividends

No dividends were paid during the reporting period. The company is limited by guarantee and its constitution precludes the payment of dividends.

Share Options

The company has not granted options to any persons to have shares issued to them. The company is limited by guarantee and its precludes the payment of dividends.

Significant Changes in State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

After Balance Date Events

There has not arisen in the interval between the end of the financial year and the date of this financial report any item, transaction or event of a material and unusual nature that in the opinion of the Directors is likely to substantially affect the operations of the company, the results of those operations, or the company's state of affairs in future financial years.

Environmental Regulations

The company is not particularly exposed of any environmental regulation. The Directors have not received notification nor are they aware of any breaches of environmental laws by the company.

Future Developments and Results

There are no significant changes in the state of affairs that are expected in the future which will affect the results and therefore require disclosure.

Indemnification and Insurance of Directors and Officers

Since the end of the previous financial year, the company has paid an insurance premium of \$8,136 in respect of directors and officers liability insurance contract for current and former directors and officers against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.


Auditors Independence

The auditor's independence declaration which forms part of the Directors reports for the financial year ended 30 June 2021 has been received and can be found following this report.

Signed in accordance with a resolution of the Directors.



Mark Gobbie, Director



David Sheehan, Director

Dated on this 6th day of September 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF WATER RESEARCH AUSTRALIA LIMITED**

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Water Research Australia Limited.

As lead audit partner for the audit of the financial statements of Water Research Australia Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall
Chartered Accountants



Brett Morkunas
Partner

Adelaide
South Australia

06 September 2021

WATER RESEARCH AUSTRALIA LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue from continuing operations	3	5,620,942	3,313,631
Other income	4	200,076	107,001
Research program project expenses	5	(2,925,950)	(787,646)
Education program expenses	5	(89,047)	(186,372)
Marketing and communications		(390,858)	(224,645)
Operating expenses		(249,459)	(391,310)
Depreciation and amortisation expense		(19,314)	(17,685)
Employee benefits		(1,728,512)	(1,332,146)
Chairman & Ind Director remuneration		(51,740)	(47,650)
Financial costs		(14)	(782)
Surplus/(Deficit) before income tax		366,124	432,396
Income tax expense		-	-
Surplus/(Deficit) for the year		366,124	432,396
Other comprehensive income for the year		-	-
Total comprehensive income for the year		366,124	432,396

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

WATER RESEARCH AUSTRALIA LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,819,632	4,888,289
Trade and other receivables	8	58,432	12,920
Contract assets	9	310,888	1,248,950
Prepayments	10	21,541	46,633
TOTAL CURRENT ASSETS		7,210,493	6,196,792
NON-CURRENT ASSETS			
Plant and equipment	11	988	2,306
Intangible assets	12	8,000	10,000
Right-of-use assets	13	47,987	63,983
TOTAL NON-CURRENT ASSETS		56,975	76,289
TOTAL ASSETS		7,267,468	6,273,081
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	324,006	477,784
Contract liabilities	15	3,771,977	3,252,540
Lease liabilities	16	15,994	15,840
Employee entitlements	17	135,161	105,434
Revenue received in advance	18	801,015	558,759
TOTAL CURRENT LIABILITIES		5,048,153	4,410,357
NON-CURRENT LIABILITIES			
Lease liabilities	16	32,459	48,453
Employee entitlements	17	6,462	-
TOTAL NON-CURRENT LIABILITIES		38,921	48,453
TOTAL LIABILITIES		5,087,074	4,458,810
NET ASSETS		2,180,395	1,814,271
EQUITY			
Retained earnings		1,930,395	1,564,271
Operating reserve	19	250,000	250,000
TOTAL EQUITY		2,180,395	1,814,271

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

WATER RESEARCH AUSTRALIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Cash receipts from participants and other contributors		8,100,215	4,830,448
Cash paid to researchers, suppliers and employees		(6,167,840)	(3,465,288)
Interest received		14,823	46,127
Interest paid		(14)	(782)
Net cash inflow/(outflow) from operating activities	20	1,947,184	1,410,505
Cash flows from investing activities			
Purchase of plant and equipment		-	(2,635)
Purchase of intangibles		-	(10,000)
Net cash inflow/(outflow) from investing activities		-	(12,635)
Cash flows from financial activities			
Repayment of lease liabilities		(15,840)	(15,686)
Net cash inflow/(outflow) from financing activities		(15,840)	(15,686)
Net increase in cash and cash equivalents		1,931,344	1,382,184
Cash and cash equivalents at beginning of period		4,888,289	3,506,105
Cash and cash equivalents at end of period	7	6,819,633	4,888,289

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Operating Reserve \$	Retained Earnings \$	Total \$
At 1 July 2019	250,000	1,131,875	1,381,875
Surplus/(Deficit) for the year	-	432,396	432,396
Total other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	432,396	432,396
At 30 June 2020	250,000	1,564,271	1,814,271
Surplus/(Deficit) for the year	-	366,124	366,124
Total other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	366,124	366,124
At 30 June 2021	250,000	1,930,395	2,180,395

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

WATER RESEARCH AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 CORPORATE INFORMATION

The financial statements of Water Research Australia Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 6 September 2021 and covers Water Research Australia Limited as an individual entity as required by the *Australia Charities and Not-for-profits Commission Act 2012* .

The financial statements are presented in the Australian currency.

Water Research Australia Limited is a not-for-profit company limited by guarantee incorporated in Australia.

The nature of the operations and principal activities of the company are outlined in the Directors Report and the 2021 Annual Report.

The registered office and the principal place of the company is:

Level 2, 250 Victoria Street
Adelaide, South Australia, 5000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Australia Charities and Not-for-profits Commission Act 2012* .

The financial statements have also been prepared on a historical cost basis.

The concept of accruals accounting has been adopted in the financial statements. The accounting policies have been consistently applied, unless otherwise stated in Note 2.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Revenue Recognition

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(a) Revenue Recognition (cont)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

(b) Income Tax

No income tax is payable by the company as it is a tax exempt body under the *Income Tax Assessment Act 1936*, as amended.

(c) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment deficiencies are recognised in surplus or deficit where the asset's carrying value exceeds its recoverable amount. Recoverable amount of the asset is assessed as being the higher of the asset's fair value less costs to sell and current replacement cost. This is compared to the asset's carrying value and any excess of the asset's carrying value over its recoverable amount is exposed to the income statement.

(d) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms of 30 days. Collectability of trade receivables is assessed on an ongoing basis.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Trade Receivables (cont)

The company applied the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for trade receivables. Trade receivables are grouped based on similar credit risk and ageing, the expected loss rates are based on the historical credit losses experienced over the three years to period end and adjusted for forward looking information on factors impacting the company's customers.

(f) Contract Assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

(g) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current provisions in the statement of financial position.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(h) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(h) Fair Value Measurement (cont)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(i) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Computer Equipment	2 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(j) Intangible Asset - Software / Databases

Intangible assets in the form of software / databases is stated at historical cost, including costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management, less amortisation and any impairments.

Amortisation is calculated on a straight-line basis over the estimated useful life as follows:

- Software / Databases	5 years
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The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and deficiencies on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in surplus or deficiency in the year that the item is derecognised.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(l) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the year end and which are unpaid. These amounts are unsecured and have 30 day payment terms.

(m) Contract Liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

(n) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Revenue Received in Advance

Revenue received in advance consists of funds which have been received or invoiced but revenue recognition has been deferred to future years. It includes prior year funding received by the company for membership or for projects that have project milestones that have not yet been met or the expenditure to which they related has not yet been incurred.

(q) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements are 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.

There are no carrying amounts which are significantly impacted by estimate or judgement.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

WATER RESEARCH AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(r) Critical Accounting Estimates and Judgements (cont)

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(s) New and amended Accounting Standards Adopted by the Company

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory in the reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3 REVENUE	2021	2020
	\$	\$
<i>Revenue from contracts with customers:</i>		
Membership subscriptions	2,177,444	2,159,273
Research project funding from members	3,014,996	952,844
Research project external revenue	-	20,000
Interest revenue	14,823	46,127
Project management fees	407,688	134,419
Events income	5,991	968
	5,620,942	3,313,631

NOTE 4 OTHER INCOME

Government stimulus - cash flow boost	37,500	62,500
Miscellaneous income	162,576	44,501
	200,076	107,001

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5 EXPENSES	2021 \$	2020 \$
Surplus/ (Deficit) before income tax includes the following specific expenses		
<i>Amortisation expense</i>		
EDOS & ACT software	3,318	1,360
Bad debts expense	-	-
<i>Rental expenses</i>		
Minimum lease payments	1,280	1,280
<i>Research program project expenses</i>		
Program project expenses	2,925,950	787,646
<i>Research leadership program expenses</i>		
Leadership program expenses	89,047	186,372
<i>Defined benefit superannuation</i>		
Superannuation expenses	127,765	103,855
 NOTE 6 AUDITORS' REMUNERATION		
Amounts paid/ payable to the auditor for		
- audit of the financial statements for the company	10,000	10,000
- other audit services	-	-
- non-audit services	6,500	1,000
	16,500	11,000
 NOTE 7 CASH AND CASH EQUIVALENTS		
Cash at bank	3,836,778	1,919,758
Short-term bank deposits	2,982,854	2,968,531
Cash on hand	-	-
	6,819,632	4,888,289
 NOTE 8 TRADE AND OTHER RECEIVABLES		
Trade receivables	58,432	12,920
Expected credit losses	-	-
	58,432	12,920
Interest receivable	-	-
	58,432	12,920

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9 CONTRACT ASSETS	2021	2020
	\$	\$
Contract assets	310,888	1,248,950
	<u>310,888</u>	<u>1,248,950</u>
NOTE 10 OTHER ASSETS		
Prepayments	21,541	46,633
	<u>21,541</u>	<u>46,633</u>
NOTE 11 PLANT AND EQUIPMENT		
<i>Computer Equipment</i>		
At cost	2,635	2,635
Accumulated depreciation	(1,647)	(329)
Total non-current computer equipment	<u>988</u>	<u>2,306</u>
<i>Movements in carrying amounts</i>		
Balance at the beginning of year	2,306	-
Additions	-	2,635
Depreciation expense	(1,318)	(329)
Carry amount at the end of year	<u>988</u>	<u>2,306</u>
NOTE 12 INTANGIBLE ASSETS		
<i>Software / Databases</i>		
At cost	80,612	82,612
Accumulated amortisation	(72,612)	(72,612)
Total non-current intangible assets	<u>8,000</u>	<u>10,000</u>
<i>Movements in carrying amounts</i>		
Balance at the beginning of year	10,000	1,360
Additions	-	10,000
Amortisation expense	(2,000)	(1,360)
Carrying amount at the end of year	<u>8,000</u>	<u>10,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13 RIGHT-OF-USE ASSETS	2021	2020
	\$	\$
<i>Building - right-of-use</i>		
At cost	79,979	79,979
Accumulated amortisation	(31,992)	(15,996)
Total non-current building	47,987	63,983
<i>Movements in carrying amounts</i>		
Balance at the beginning of year	63,983	-
Additions	-	79,979
Amortisation expense	(15,996)	(15,996)
Carrying amount at the end of year	47,987	63,983

The company holds a lease with SA Water for office accommodation at its principal place of business. The lease continues for a term as long as the parties agree but can be terminated by either party at 120 days written notice. The annual rental is \$16,468 and has been provided to the company at a below market rate. The company has measured the right-of-use asset at cost in accordance with AASB 16. There are no specific restrictions on use.

This arrangement has been recognised as an enforceable lease in accordance with AASB 16. As a consequence of its below market value nature, the economics of the contract mean that the company would not exercise its right to terminate the lease with no more than an insignificant penalty, with the lease term estimated as 5 years.

The company holds a short-term lease which have been expensed as incurred and not capitalised as right-of-use assets.

NOTE 14 TRADE AND OTHER PAYABLES

CURRENT

Trade payables	110,124	298,298
Other payables - accrued liabilities	170,009	76,308
GST payable	43,873	103,178
	324,006	477,784

NOTE 15 CONTRACT LIABILITIES

Contract liabilities	3,771,977	3,252,540
	3,771,977	3,252,540

NOTE 16 LEASE LIABILITIES

CURRENT

Lease liability - building	15,994	15,840
	15,994	15,840

NON-CURRENT

Lease liability - building	32,459	48,453
	32,459	48,453

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 17 EMPLOYEE ENTITLEMENTS		
CURRENT		
Annual leave	104,494	77,838
Long service leave	30,667	27,596
	<u>135,161</u>	<u>105,434</u>
NON-CURRENT		
Long service leave	6,462	-
	<u>6,462</u>	<u>-</u>
NOTE 18 REVENUE IN ADVANCE		
Membership funding received in advance	630,969	553,140
Other income in advance	170,046	5,619
	<u>801,015</u>	<u>558,759</u>
NOTE 19 OPERATING RESERVE		
An Operating Reserve is maintained in order to support operations in the event of unforeseen circumstances or to fund non-recurring strategic expenditure.	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
NOTE 20 CASH FLOW INFORMATION		
Reconciliation of surplus after income tax to net cash flow from operating activities		
Surplus/(Deficit) for the year	366,124	432,396
Non cash flows in Surplus/(Deficit)		
Depreciation and amortisation	19,314	17,685
Bad debts expense	-	-
Change in operating assets		
- (increase)/decrease in trade receivables	(45,512)	498,669
- (increase)/decrease in contract assets	938,062	(1,248,950)
- (increase)/decrease in prepayments	25,092	(24,894)
- increase/(decrease) in trade payables	(188,174)	44,844
- increase/(decrease) in contract liabilities	519,437	3,252,540
- increase/(decrease) in other payables	93,701	(12,254)
- increase/(decrease) in employee entitlements	36,189	15,857
- increase/(decrease) in revenue in advance	242,256	(1,546,871)
- increase/(decrease) in GST liability	(59,305)	(18,517)
Net cash flow from operating activities	<u>1,947,184</u>	<u>1,410,505</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21 FINANCIAL INSTRUMENTS	2021	2020
	\$	\$
(a) Categories of Financial Instruments		
Financial assets - at amortised cost		
Cash and cash equivalents	6,819,632	4,888,289
Trade and other receivables	58,432	12,920
	6,878,064	4,901,209
Financial liabilities - at amortised cost		
Trade and other payables	324,006	477,784
	324,006	477,784

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables and trade and other payables.

Due to their short term nature the carrying value of these financial instruments approximates their fair value.

NOTE 22 COMMITMENTS

Research Funding Commitments

Commitments made to provide funding for research projects

Payable:

Within one year	70,468	54,670
Later than one year but not later than 5 years	88,920	19,274
Later than 5 years	-	-
	159,388	73,944

Expenditure Commitments

Commitments at the reporting date but not recognised as liabilities:

Payable:

Within one year	-	1,054
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	-	1,054

NOTE 23 POST REPORTING DATE EVENTS

There have been no events since the reporting date requiring disclosure or adjustment to the amounts shown in these financial statements.

WATER RESEARCH AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24 RELATED PARTY TRANSACTIONS

(a) Remuneration of Specified Directors

The Chairman and an Independent Director are paid an annual fee and reimbursed for reasonable expenses incurred in executing duties of the role. Other Non-Executive Directors are not paid but are reimbursed for reasonable expenses incurred in attending Board meetings and executing their directors' duties.

Income paid or payable, or otherwise made available to:

Chairman and Independent Director of the company in connection with the management of affairs of the company.	51,740	47,650
	51,740	47,650

(b) Other transactions with Directors and Director-related entities

The following Directors are employees of member organisations who pay membership fees either in cash or by in-kind value in accordance with the fees as determined by the Member Agreement for their category of membership.

D Bergmann (from 28 Oct 2020)	South East Water (Vic)	Industry Member - Band 2
S. Capewell (to 27 Aug 2020)	Water Corporation (WA)	Industry Member - Band 1
A. Dysart (to 24 Apr 2021)	Power and Water Corporation (NT)	Industry Member - Band 3
D. Sheehan	Coliban Region Water Corporation (Vic)	Industry Member - Band 4
C. Saint	University of South Australia	Research Member
A Jackson (from 28 Oct 2020)	Australian Water Quality Centre (SA)	Research Member
R. Henderson	University of NSW	Research Member

Organisations represented by Directors engage in Water Research Australia Limited research projects towards which Water Research Australia Limited contributes funding. Those organisations also contribute cash and in-kind value to Water Research Australia Limited research projects. Details of research projects are provided in the Annual Report and the Annual Program Update publication.

Accommodation and services are provided by the South Australian Water Corporation (SA Water) under a memorandum of understanding (MOU) which is cancellable by either party with 120 days notice. The terms of the MOU allow Water Research Australia Limited to operate in the offices of SA Water with rent and services provided 90% in-kind and 10% by invoice for cash. Accommodation is also provided by Melbourne Water under an agreement cancellable by either party with 30 days notice. The terms of the agreement allow Water Research Australia Limited to operate in the offices of Melbourne Water with rent payable annually in arrears.

(c) Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director.

	2021	2020
	\$	\$
Aggregate compensation	274,200	268,543

WATER RESEARCH AUSTRALIA LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

In the opinion of the directors of Water Research Australia Limited:

1. the financial statements and notes, as set out on pages 10 to 26 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2021 and of the performance for the year ended on that date.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Water Research Australia Limited



Mark Gobbie, Director



David Sheehan, Director

Dated on this 6th day of September 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WATER RESEARCH AUSTRALIA LIMITED*****Opinion***

We have audited the financial report of Water Research Australia Limited, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Water Research Australia Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:

- (i) giving a true and fair view of Water Research Australia Limited's financial position as at 30 June 2021 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.

We have obtained all of the information and explanations required from Water Research Australia Limited.

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 *Australian Charities and Not-for-profits Commission Regulation 2013* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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 information in the director's annual report for the year ended 30 June 2021, but does not include the financial report and the 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 the other information we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WATER RESEARCH AUSTRALIA LIMITED (CONT)*****Director's responsibility for the financial report***

The directors of Water Research Australia Limited 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* 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 entity's ability 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 have no realistic alternative but to do so.

Auditor's responsibility 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, the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WATER RESEARCH AUSTRALIA LIMITED (CONT)**

Auditor's responsibility for the audit of the financial report (cont)

- 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.

Nexia Edwards Marshall
Chartered Accountants



Brett Morkunas
Partner

Adelaide
South Australia

06 September 2021



Water Research Australia Limited

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