

2024

Financial Statement

Annual Report



Water Research Australia Limited

ACN 127 974 261

Annual Report - 30 June 2024

Water Research Australia Limited

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30 June 2024

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Water Research Australia Limited
Corporate Information
30 June 2024

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) D. Bergmann C. Castle D. Evans S. Gray D. Hoefel F. Smith K. Murphy H. Stratton
Company Secretary	K. Rouse
Registered Office & Principal Place of Business	250 Victoria Street Adelaide, South Australia, 5000
Auditors	Nexia Edwards Marshall

The financial statements cover Water Research Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is Water Research Australia Limited's functional and presentation currency.

Water Research Australia Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia.

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 September 2024.

Water Research Australia Limited
Directors' report
30 June 2024

The Board of Directors of Water Research Australia Limited has pleasure in presenting this report for the financial year ended 30 June 2024 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 up to 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
- Up to two independent non-executive Directors elected 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 28 October 2020, following a resolution of the Members at the 2020 Annual General Meeting ('AGM'). At the 2023 AGM on 8 November 2023, the Members voted to reappoint the Chair for a further three-year term ending at the 2026 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, February 2020 and September 2021 Non-Executive Directors meetings, the Board resolved to reappoint Mr Ken Murphy for a further term ending at the 2022 AGM. At the April 2022 Non-Executive Directors meeting the Board resolved to reappoint Mr Ken Murphy for a further 3 year term ending at the 2025 AGM. A second Independent Director, Ms Collene Castle was appointed following a resolution by the Board in January 2023 for a 3-year term concluding in January 2026.

WaterRA Committees

The Strategic Advisory Committee has no formal decision-making powers but provide 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 appointed by the Board for a three-year term ending January 2026. A non-Board Member was appointed to the Human Resources Committee in June 2021 and reappointed for a second time for a term ending June 2025. A second non-Board member was appointed to the Human Resources Committee in October 2023 for a one-year term ending 18 October 2024.

Water Research Australia Limited
Directors' report
30 June 2024

Directors

Name	Qualifications/ Professional Memberships	Position and Organisation	Special Responsibilities
Dr David Bergmann	BSc (Hons), PhD (Chem) Member: MRACI Chartered, GAICD	Research, Development & Innovation Manager, South East Water	HR Committee (Board sub-committee, Chair from 1 February 2022)
Mrs Deborah Evans	CPA, Bus. Admin BA (hons), Grad Dip (Professional Accounting), Grad Dip (App Finance & Investment), GAICD	Chief Financial Officer, Water Corporation	Deputy Chair WaterRA Board (from 1 February 2022) Chair: Risk & Audit Committee (Board sub-committee from 1 February 2022)
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)
Mr Ken Murphy	Dip Comp Director, Dip Bus Mgmt, Dip HR Mgmt Member: FAICD, FIML, CAHRI, MICDA, MSIA	Principal, Ken Murphy Consulting	Independent Director Risk & Audit Committee (Board sub-committee)
A/Prof Helen Stratton	BAppSci(Hons), PhD Microbiology Member: AWA - Life Member, IWA Fellow, ASM	Associate Professor - Microbiology, Griffith University	HR Committee (Board sub-committee from 1 February 2022) Deputy Chair: Strategic Advisory Committee (from 1 February 2022-8 May 2024) Chair: Strategic Advisory Committee (from 8 May 2024)
Ms Collene Castle	GradCertMgt, IAP2 Australasia Cert in Engagement	Wonnil Partners Director/Partner	Strategic Advisory Committee (from 13 January 2023)
Ms Fiona Smith	BSc, MBA, GAICD	Executive Manager, Strategy and Performance WaterNSW	Deputy Chair: Strategic Advisory Committee (from 8 May 2024)
Dr Daniel Hoefel	BSc. (Hons), PhD, GAICD	Senior Manager, Infrastructure, Planning and Strategy SA Water Corporation/Australian Water Quality Centre	Risk & Audit Committee (Board sub-committee from 1 February 2022)
Prof Stephen Gray	BEng (Chemical), PhD Chemical Engineering Member: AWA, IWA, IDA, MSA	Executive Director - Institute for Sustainability and Innovation Honorary Professor, Victoria University	Chair: Strategic Advisory Committee (from 1 February 2022 to 8 May 2024)

Water Research Australia Limited
Directors' report
30 June 2024

Meetings of the Board

During the 2023/24 financial year the Board met on six occasions for Board meetings and four occasions for Non-Executive Director meetings either face-to-face or via teleconference.

The Human Resources and Risk & Audit Committees convened for meetings five times each during the financial year. Meetings were conducted either in-person or via teleconference and also attended by non-Board Committee members.

Name	Date of First Appointment	Term End or Retirement Date							RAAC	HR
			A	B	C	D	E	F		
Mr Mark Gobbie	28 Oct 2020	2026 AGM	6	6	0	4	4	0	N/A	N/A
Dr David Bergmann	28 Oct 2020	2025 AGM	6	5	1	4	3	1	N/A	5
Ms Collene Castle	13 Jan 2023	13 Jan 2026	6	5	1	4	4	0	N/A	N/A
Mrs Deborah Evans	4 Nov 2021	2024 AGM	6	5	1	4	3	1	5	N/A
Prof Stephen Gray	4 Nov 2021	2024 AGM	6	5	1	4	3	1	N/A	N/A
Dr Daniel Hoefel	31 Jan 2022	2025 AGM	6	6	0	4	4	0	5	N/A
Ms Fiona Smith	8 Nov 2023	2026 AGM	4	4	0	3	3	0	N/A	N/A
Mr Ken Murphy	10 Oct 2016	2025 AGM	6	6	0	4	4	0	4	N/A
A/Prof Helen Stratton	4 Nov 2021	2024 AGM	6	6	0	4	4	0	N/A	4
Casual Vacancy	1 Jul 2023	2023 AGM	2	0	0	1	0	0	N/A	N/A

- 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

Company secretary

Ms Michelle Pfitzner was the Company Secretary from 13 August 2019 to 26 January 2024. Ms Karen Rouse was appointed as Company Secretary from 26 January 2024 until 30 June 2024.

Principal activities

Water Research Australia's principal activities during 2024 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 and the Australian Water School
- Promote the importance on the national agenda of safe water to the Australian Community and the Australian Water School 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 2024 was a deficit of \$182,202 (2023: surplus of \$74,712).

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

- PART A - A result of \$1,058 for the 2024 financial year from revenue and expenditure acquitting commitments to research projects [2023 result of Nil] from cash reserves.
- PART B - A deficit of \$183,260 for the 2024 financial year from the remainder of the Income Statement not related to acquitting commitments to research project expenditure [2023 surplus of \$74,712].

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 2024 Annual Report.

Water Research Australia Limited
Directors' report
30 June 2024

Cash and Project Commitments

At 30 June 2024 the company had cash at hand of \$7,648,995 (2023: \$8,369,605). At the same date Water Research Australia commitments to research projects plus external project funding held or received by Water Research Australia was \$416,067 (2023: \$39,417).

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.

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 constitution 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 professional indemnity insurance of \$7,260 paid in February 2024 and associated liability of \$13,252 paid in February 2024, 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.

Auditor's independence

The auditor's independence declaration which forms part of the Directors reports for the financial year ended 30 June 2024 has been received and can be found following this report.

Water Research Australia Limited
Directors' report
30 June 2024

Signed in accordance with a resolution of the Directors.



Mark Gobbie
Director

3 September 2024



Deborah Evans
Director

**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 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 2024, 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

Dated 3 September 2024

Advisory. Tax. Audit.

Nexia Edwards Marshall (ABN 38 238 591 759) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Water Research Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue	3	5,206,904	4,817,958
Other income	4	12,500	73,862
Expenses			
Research program project expenses		(2,042,351)	(1,399,160)
Education program expenses		(174,150)	(154,633)
Employee benefits expense		(2,286,165)	(2,041,790)
Marketing and communications		(343,694)	(724,718)
Depreciation and amortisation expense	5	(21,348)	(20,625)
Chairman & Ind Director remuneration		(83,536)	(65,917)
Operating expenses		(450,203)	(409,948)
Finance costs	5	(159)	(317)
Surplus/(deficit) before income tax expense		(182,202)	74,712
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year attributable to the members of Water Research Australia Limited	22	(182,202)	74,712
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Water Research Australia Limited		<u>(182,202)</u>	<u>74,712</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Water Research Australia Limited
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	7,648,995	8,369,605
Trade and other receivables	7	29,743	163,927
Contract assets	8	192,500	16,500
Other	9	113,501	58,768
Total current assets		<u>7,984,739</u>	<u>8,608,800</u>
Non-current assets			
Property, plant and equipment	10	2,109	1,383
Right-of-use assets	11	79,884	15,995
Intangibles	12	2,000	6,000
Total non-current assets		<u>83,993</u>	<u>23,378</u>
Total assets		<u>8,068,732</u>	<u>8,632,178</u>
Liabilities			
Current liabilities			
Trade and other payables	13	316,521	276,251
Contract liabilities	14	4,320,697	4,745,686
Lease liabilities	15	15,350	16,308
Employee benefits	16	232,220	205,601
Provisions	17	125,000	125,000
Other	18	917,896	1,046,262
Total current liabilities		<u>5,927,684</u>	<u>6,415,108</u>
Non-current liabilities			
Lease liabilities	19	64,534	-
Employee benefits	20	62,277	20,631
Total non-current liabilities		<u>126,811</u>	<u>20,631</u>
Total liabilities		<u>6,054,495</u>	<u>6,435,739</u>
Net assets		<u>2,014,237</u>	<u>2,196,439</u>
Equity			
Reserves	21	474,000	474,000
Retained surpluses	22	1,540,237	1,722,439
Total equity		<u>2,014,237</u>	<u>2,196,439</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Water Research Australia Limited
Statement of changes in equity
For the year ended 30 June 2024

	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	250,000	1,871,727	2,121,727
Surplus after income tax expense for the year	-	74,712	74,712
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	74,712	74,712
Transfer to operating reserve	224,000	(224,000)	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	<u>474,000</u>	<u>1,722,439</u>	<u>2,196,439</u>
	<hr/>	<hr/>	<hr/>
	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	474,000	1,722,439	2,196,439
Deficit after income tax expense for the year	-	(182,202)	(182,202)
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(182,202)	(182,202)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2024	<u>474,000</u>	<u>1,540,237</u>	<u>2,014,237</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Water Research Australia Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Cash receipts from participants and other contributors		4,835,084	5,926,057
Cash paid to researchers, suppliers and employees		<u>(5,762,584)</u>	<u>(5,321,848)</u>
		(927,500)	604,209
Interest received		<u>225,277</u>	<u>116,968</u>
Net cash from/(used in) operating activities		<u>(702,223)</u>	<u>721,177</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	<u>(2,078)</u>	-
Net cash used in investing activities		<u>(2,078)</u>	-
Cash flows from financing activities			
Repayment of lease liabilities		<u>(16,309)</u>	<u>(16,468)</u>
Net cash used in financing activities		<u>(16,309)</u>	<u>(16,468)</u>
Net increase/(decrease) in cash and cash equivalents		(720,610)	704,709
Cash and cash equivalents at the beginning of the financial year		<u>8,369,605</u>	<u>7,664,896</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>7,648,995</u></u>	<u><u>8,369,605</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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 for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the *Australian Charities and Not-for-profits Commission Act 2012* and associated regulations and the *Corporations Act 2001*, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue 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.

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.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 1. Material accounting policy information (continued)

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

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

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

Income tax

No income tax is payable by the company as it is a tax exempt body under the *Income Tax Assessment Act 1997*, as amended.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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.

Property, 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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Note 1. Material accounting policy information (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, 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.

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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

Note 1. Material accounting policy information (continued)

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.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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.

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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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.

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Water Research Australia Limited
Notes to the financial statements
30 June 2024

Note 1. Material accounting policy information (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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.

Note 3. Revenue

	2024	2023
	\$	\$
<i>Revenue from contracts with customers</i>		
Membership subscriptions	2,024,451	2,316,789
Research project funding from members	2,217,559	1,428,107
Australian Water School	553,213	462,633
Interest revenue	225,277	116,968
Project management fees	178,931	151,548
Events income	7,473	341,913
	<u>5,206,904</u>	<u>4,817,958</u>

Note 4. Other income

	2024	2023
	\$	\$
Miscellaneous income	<u>12,500</u>	<u>73,862</u>

Water Research Australia Limited
Notes to the financial statements
30 June 2024

Note 5. Expenses

	2024	2023
	\$	\$
Surplus/(deficit) before income tax includes the following specific expenses:		
<i>Amortisation expense</i>		
UniPhi software & AWS	<u>5,352</u>	<u>4,629</u>
<i>Depreciation expense</i>		
Depreciation expense	<u>15,996</u>	<u>15,996</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	<u>159</u>	<u>317</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>198,711</u>	<u>177,522</u>
<i>Research program project expenses</i>		
Program project expenses	<u>2,042,351</u>	<u>1,274,160</u>
<i>Research leadership program expenses</i>		
Leadership program expenses	<u>174,150</u>	<u>154,633</u>

Note 6. Current assets - cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank	1,586,707	4,772,582
Cash on deposit	<u>6,062,288</u>	<u>3,597,023</u>
	<u><u>7,648,995</u></u>	<u><u>8,369,605</u></u>

Note 7. Current assets - trade and other receivables

	2024	2023
	\$	\$
Trade receivables	<u>29,743</u>	<u>163,927</u>

Note 8. Current assets - contract assets

	2024	2023
	\$	\$
Contract assets	<u>192,500</u>	<u>16,500</u>

Note 9. Current assets - other

	2024	2023
	\$	\$
Prepayments	<u>113,501</u>	<u>58,768</u>

Water Research Australia Limited
Notes to the financial statements
30 June 2024

Note 10. Non-current assets - property, plant and equipment

	2024 \$	2023 \$
Computer equipment - at cost	6,725	4,647
Less: Accumulated depreciation	<u>(4,616)</u>	<u>(3,264)</u>
	<u>2,109</u>	<u>1,383</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Note 11. Non-current assets - right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	79,884	79,979
Less: Accumulated depreciation	<u>-</u>	<u>(63,984)</u>
	<u>79,884</u>	<u>15,995</u>

Additions to the right-of-use assets during the year were \$79,884 and depreciation charged to profit or loss was \$15,995.

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.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Lease \$	Total \$
Balance at 1 July 2023	15,995	15,995
Additions	79,884	79,884
Depreciation expense	<u>(15,995)</u>	<u>(15,995)</u>
Balance at 30 June 2024	<u>79,884</u>	<u>79,884</u>

Note 12. Non-current assets - intangibles

	2024 \$	2023 \$
Software / databases - at cost	88,612	88,612
Less: Accumulated amortisation	<u>(86,612)</u>	<u>(82,612)</u>
	<u>2,000</u>	<u>6,000</u>

Water Research Australia Limited
Notes to the financial statements
30 June 2024

Note 12. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Software / databases \$	Total \$
Balance at 1 July 2023	6,000	6,000
Amortisation expense	(4,000)	(4,000)
	<u>2,000</u>	<u>2,000</u>
Balance at 30 June 2024	<u><u>2,000</u></u>	<u><u>2,000</u></u>

Note 13. Current liabilities - trade and other payables

	2024 \$	2023 \$
Trade payables	137,197	13,739
BAS payable	94,519	107,307
Other payables	84,805	155,205
	<u>316,521</u>	<u>276,251</u>

Note 14. Current liabilities - contract liabilities

	2024 \$	2023 \$
Contract liabilities	<u>4,320,697</u>	<u>4,745,686</u>

Note 15. Current liabilities - lease liabilities

	2024 \$	2023 \$
Lease liability	<u>15,350</u>	<u>16,308</u>

Note 16. Current liabilities - employee benefits

	2024 \$	2023 \$
Annual leave	137,886	128,747
Long service leave	94,334	76,854
	<u>232,220</u>	<u>205,601</u>

Note 17. Current liabilities - provisions

	2024 \$	2023 \$
Provision for project costs	<u>125,000</u>	<u>125,000</u>

Water Research Australia Limited
Notes to the financial statements
30 June 2024

Note 18. Current liabilities - other

	2024	2023
	\$	\$
Other revenue received in advance	55,277	31,389
Membership funding received in advance	862,619	1,014,873
	<u>917,896</u>	<u>1,046,262</u>

Note 19. Non-current liabilities - lease liabilities

	2024	2023
	\$	\$
Lease liability	<u>64,534</u>	<u>-</u>

Note 20. Non-current liabilities - employee benefits

	2024	2023
	\$	\$
Long service leave	<u>62,277</u>	<u>20,631</u>

Note 21. Equity - reserves

	2024	2023
	\$	\$
General reserve	<u>474,000</u>	<u>474,000</u>

An Operating Reserve is maintained in order to support operations in the event of unforeseen circumstances or to fund non-recurring strategic expenditure.

Note 22. Equity - retained surpluses

	2024	2023
	\$	\$
Retained surpluses at the beginning of the financial year	1,722,439	1,871,727
Surplus/(deficit) after income tax expense for the year	(182,202)	74,712
Transfer to operating reserve	-	(224,000)
	<u>1,540,237</u>	<u>1,722,439</u>

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2024	2023
	\$	\$
Aggregate compensation	<u>333,717</u>	<u>304,246</u>

Water Research Australia Limited
Notes to the financial statements
30 June 2024

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Edwards Marshall, the auditor of the company:

	2024	2023
	\$	\$
<i>Audit services - Nexia Edwards Marshall</i>		
Audit of the financial statements	11,730	11,075
<i>Other services - Nexia Edwards Marshall</i>		
Other non-audit services	1,562	1,110
	<u>13,292</u>	<u>12,185</u>

Note 25. Contingent liabilities

The company had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 26. Commitments

	2024	2023
	\$	\$
<i>Research funding commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	401,067	29,417
Over one year	15,000	10,000
	<u>416,067</u>	<u>39,417</u>

Note 27. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 23 which includes the amounts disclosed in (b) below.

(b) Remuneration of specified directors

The Chairman and Independent Directors 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:

	2024	2023
	\$	\$
Chairman and Independent Directors of the company in connection with the management of affairs of the company	73,536	63,417

Note 27. Related party transactions (continued)

(c) 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 Evans (from 4 November 2021), Water Corporation (WA), Utility Member
D Bergmann (from 28 Oct 2020), South East Water (Vic), Utility Member
S Gray (from 4 November 2021), Victoria University (Vic), University Member
H Stratton (from 4 November 2021), Griffith University (Qld), University Member
D Hoefel (from 31 January 2022), SA Water Corporation/Australian Water Quality Centre (SA), Utility/Research Member
F Smith (from 8 November 2023), Water New South Wales (NSW), Utility 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.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Water Research Australia Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Gobbie
Director



Deborah Evans
Director

3 September 2024

INDEPENDENT AUDITOR'S 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 2024, 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 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures 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 2024, 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.

Advisory. Tax. Audit.

INDEPENDENT AUDITOR'S 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 – Simplified Disclosures 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.

Advisory. Tax. Audit.

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**INDEPENDENT AUDITOR'S
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

Nexia Edwards Marshall
Chartered Accountants

Brett Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

Dated 3 September 2024

Advisory. Tax. Audit.

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