



WaterAid Australia Ltd and Controlled Entities

ABN 99 700 687 141

Financial Statements

For the Year Ended 31 March 2019

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

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For the Year Ended 31 March 2019

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WaterAid Australia Ltd and Controlled Entities

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Directors' Report

For the Year Ended 31 March 2019

The directors present their report on WaterAid Australia Ltd and Controlled Entities ('The Group') for the financial year ended 31 March 2019.

The financial statements in the current year include WaterAid Australia Ltd as the parent entity and subsidiaries WaterAid Timor-Leste, WaterAid in PNG Incorporated and WaterAid Cambodia.

(a) General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Appointed/Resigned
Rob Skinner	
Wendy Rose AM	
Alexandra Owens	
Ann Lund	
Francois Gouws	
Kate MacMaster	Appointed 15 August 2018
Kevin Young	
Mal Shepherd	
Mark Stewart	Resigned 28 March 2019
Rhonda Chapman	Resigned 15 August 2018
Robert Glasser	Appointed 15 August 2018

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

Principal activities

The principal activity of WaterAid Australia Ltd and Controlled Entities during the financial year was to improve access to safe water, hygiene and sanitation in the world's poorest communities. We work with partners and influence decision makers to maximise our impact.

There has been no change in our principal activity during the year.

WaterAid Australia Ltd continues to work in many countries across the world to achieve its vision of a world where everyone has access to safe water and sanitation. These include Timor-Leste, Papua New Guinea, Cambodia, Mozambique, India, Nicaragua and Myanmar. In order to engage in this work WaterAid has continued to be successful in raising funds from the Australian community, the Department of Foreign Affairs and Trade and other donors. WaterAid Australia continues to receive strong support from the Australian water industry through the hard work of volunteer committees, payroll giving and inserts into water bills.

WaterAid Australia also receives strong support from WaterAid in the UK. During the financial year, WaterAid Australia received \$599,905 from WaterAid UK (2018: \$1,063,436) predominantly to support investment in fundraising and business development.

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Directors' Report

For the Year Ended 31 March 2019

(a) General information

Short term objectives

WaterAid Australia's short term objectives are to:

- Continue to build WaterAid's reputation of providing safe water, sanitation and hygiene (WASH) programs and producing high quality evidence-based research and policy on WASH issues in order to influence critical decision makers such as government, corporate organisations and other regional stakeholders.
- Build the WaterAid brand and philanthropic fundraising with the Australian community.
- Continue to expand our operations in South East Asia and the Pacific region. We currently operate in Cambodia, Timor-Leste and Papua New Guinea.
- Continue to build a strong organisation with robust governance structures and a financially sustainable business model.

Long term objectives

The Group's long term objective:

- WaterAid's vision is of a world where everyone has safe water, sanitation and hygiene. Our mission is to transform the lives of the poorest and most marginalised people by improving access to safe water, sanitation and hygiene.

Strategy for achieving the objectives

To achieve these objectives, the Group has adopted the following strategies:

WaterAid Australia, as a member of the WaterAid International Federation, adheres to WaterAid's 7-year global strategy 2015-2022. WaterAid Australia refers to the WaterAid global strategy when it compiles its annual business plan which outlines its annual objectives and strategy for achieving these. Management reports to the Board quarterly on its progress against the business plan.

WaterAid Australia works with local partners to help communities to access safe water and sanitation and we use our experience and research to influence decision makers to do more to provide these vital services. WaterAid Australia only use practical technologies and make sure the right skills exist in communities so that they can keep working long into the future.

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Directors' Report

For the Year Ended 31 March 2019

(a) General information

Key Performance measures

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

	FY2019		FY2018	
	Actual	Benchmark	Actual	Benchmark
	%	%	%	%
Donations and gift (fundraising) income to total income	45.1	43.6	47.2	48.0
Restricted income (Government & Other) to total income	54.9	56.4	52.8	52.0
Fundraising and Communications to total expenditure	21.9	20.5	23.0	24.5
Administration and Accountability to total expenditure	8.6	9.8	7.4	12.7
International Programs to total expenditure	67.2	66.4	65.1	58.3
Policy and Campaigns to total expenditure	2.3	3.3	4.5	4.5

Members guarantee

WaterAid Australia Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10 for members that are corporations and \$10 for all other members, subject to the provisions of the company's constitution.

At 31 March 2019 the collective liability of members was \$360 (2018: \$290).

Information on directors

Rob Skinner

Qualifications

Experience

Special Responsibilities

Professorial Fellow and Director, Monash Water for Liveability Centre, Melbourne

MSc, BE (Civil), FAICD, FIWA, FIEAust

Rob is also Chair of WaterAid International and a Professional Fellow at the Monash Sustainable Development Institute, Monash University, Melbourne. Rob has extensive experience in organisational leadership, including six years as Managing Director of Melbourne Water and ten years as CEO of Kingston Council in Victoria. Rob is also Director of Monash Water Sensitive Cities; Deputy chair of the CRC for Water sensitive Cities; Deputy Chair of Yarra Valley Water and Director of the International Centre of Excellence for Water Resources Management (ICEWARM)

Board Chair, Ex officio – Finance, Audit and Risk Management Committee; Program and Advocacy Committee; Governance and Nominations Committee; PNG Board Committee

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Directors' Report

For the Year Ended 31 March 2019

Information on directors

Wendy Rose AM

Experience

International Development Consultant

Wendy Rose AM, international development specialist. Wendy has over 25 years' experience and is a senior member of the international aid community representing Australia on various world bodies for many years. She has served as Chief Executive Officer of Save the Children, Australia and is on the boards of ChildFund Australia and Anglicord. Wendy is also one of the founders of the International Women's Development Agency.

Wendy is retired from professional employment however she continues to work with the NGO community as an active board member. Wendy has represented the Australian NGO community for many years as a member of the ACFID Executive Committee and the DFAT NGO Committee for Development Cooperation, including overseeing and reviewing for DFAT accreditation and negotiating with governments and multilateral organisations.

Special Responsibilities

Board Deputy Chair; Program and Advocacy Committee; Governance and Nominations Committee; PNG Board Committee

Alex Owens

Qualifications

Experience

Principal Legal Officer at Department of Premier and Cabinet (NSW)

BA (Hons), LLB (Hons), LLM

Alex is a Principal Legal Officer at the Department of Premier and Cabinet (NSW). She has over 15 years' experience in law, international relations and development. She has worked in the public, private and not for profit sectors, and has particular expertise in relation to Asia.

Special Responsibilities

Finance, Audit and Risk Management Committee; Chair - Governance and Nominations Committee; PNG Board Committee

Ann Lund

Qualifications

Experience

International Development Consultant - Ann Lund Consulting

MA International Relations, M Int Bus (IMBA), MEd, BEd

Ann is an international development consultant with developing country and not-for-profit board experience. Ann's experience includes 15 years in Cambodia, and consulting across South and South East Asia and the Pacific, Africa and the Middle East in business operations and development planning including water, sanitation and hygiene. Ann is the Principal of Ann Lund Consulting, an International Development consultancy, supporting analysis, strategic planning, programme evaluation, international relations, coordination and business operations strategy in international development contexts. Ann has facilitated international development and aid coordination reporting, liaison, policy dialogue and advisory networks in collaboration with international development partners (multilateral and bilateral), donors, international and national non-government entities and civil society groups in an international context. Ann is a former Trustee (Vice Chairperson) of the International School of Phnom Penh.

Special Responsibilities

Chair - Program and Advocacy Committee

Francois Gouws

Qualifications

Experience

Managing Director, TRILITY Group

BSc (Hons), BCom, MBA, Dipl Mech Eng, FAICD, AFIEAust EngExec

Francois is managing director of the TRILITY group of companies which operate across Australia and New Zealand. He has over 20 years' international experience in the water industry. Francois is also President of the Australian Water Association (AWA) and Chair of the Infrastructure Partnerships Australia (IPA) Water Taskforce.

Special Responsibilities

Program and Advocacy Committee.

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Directors' Report

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Information on directors

Kevin Young

Qualifications

Experience

Managing Director, Sydney Water

BEng (Hons), MBA, FIE Aust, CPENG, FAICD

Kevin Young is Managing Director of Sydney Water. Kevin has over 40 years' experience working for the private sector and government authorities within Australia and overseas. Kevin joined Sydney Water as Managing Director in 2011, after serving as Hunter Water's Managing Director. During his time at Sydney Water, Kevin has led key reforms across the organisation, underpinned by a fresh strategy and vision. He has served as Chairman of the Water Services Association of Australia (WSAA), whose members provide 17 million Australians with water and wastewater services. Kevin has been selected four times by Engineers Australia as one of the top 100 most influential engineers in Australia. Kevin is a Fellow of the Institute of Engineers Australia and a Fellow of the Australian Institute of Company Directors.

Special Responsibilities

Chair - Finance, Audit and Risk Management Committee; Governance and Nominations Committee.

Mal Shepherd

Qualifications

Experience

General Manager Water Services, John Holland Group

Dip. Proj Mgt. Assoc. Eng (Civil), MAICD, AFIEAust, PMAWA

Mal is General Manager Water Services at John Holland Group. Mal has over 30 years of experience in the water industry working in both the public and private sector across Australia, New Zealand, Southeast Asia and the Middle East on engineering, procurement, construction and management of complex multidisciplinary engineering projects.

Special Responsibilities

Finance, Audit and Risk Management Committee.

Mark Stewart

Qualifications

Experience

Head of Fundraising, The Children's Hospital at Westmead, Sydney

BCom(Act), FIA

Mark is Head of Fundraising at The Children's Hospital at Westmead in Sydney, and has extensive experience within the national and international NGO environment, having held roles across marketing, fundraising and organisational development.

Special Responsibilities

Board Treasurer; Chair - Finance, Audit and Risk Management Committee.

Rhonda Chapman

Qualifications

Experience

International Development Consultant & Partnership Broker P/L

BSc. Grad Dip Leisure and Tourism

Rhonda Chapman is a community development, civil society and partnerships advisor with over 25 years' experience working in the aid and development sector internationally. She is also the co-founder of a co-working and enterprise support space in her home town of Castlemaine. Rhonda's work includes partnership and collaboration, monitoring, learning and evaluation, participatory community development; NGO governance and accreditation; capacity building and development effectiveness. Rhonda has worked with development NGO's for over twenty five years in a range of fundraising, administrative, management and program roles including with the Australian Council for International Development. She has lived and worked as a community development practitioner in Central Africa, Azerbaijan and Cambodia and has conducted short term assignments in many countries in Asia, the Pacific Region and Africa.

Special Responsibilities

Chair - Program and Advocacy Committee; PNG Board Committee

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Directors' Report

For the Year Ended 31 March 2019

Information on directors

Kate MacMaster

Qualifications

Experience

Capacity Development Consultant

BSc. REM (Resource and Environmental Management), MSc.

Kate has two decades of cross-cultural experience, consulting in 16 countries across Australia and Pacific, designing, implementing and evaluating capacity building and leadership programs for organisations across many sectors including international aid and development, the Defence and Intelligence communities, and the Australian and Asian water sectors. In addition to leadership development, Kate's areas of focus include professional, executive and life coaching; gender diversity & social inclusion across cultures; community development; human centred design and systems thinking for social innovation; strategic planning; program design and evaluation; soft skills training and group facilitation. Kate is the Programs Director at the Peter Cullen Water & Environment Trust; the Founding Director of Studio Wild Consulting; and Founding Partner of Trader & Co, a social change collective empowering rural Australians to meet, share, create. Kate is an Alumnus from the inaugural 2016 Homeward Bound Leadership Program for Women in STEMM and has been on the leadership faculty ever since.

Special Responsibilities

Program and Advocacy Committee.

Robert Glasser

Qualifications

Experience

Visiting Fellow at ASPI and Honorary Associate Professor at ANU

BA (UCLA) MA (ANU), PhD (ANU)

Robert has over 30 years of experience as a practitioner, advocate and policymaker in the area of climate change, sustainable development and disaster response. He is currently a Visiting Fellow at the Australian Strategic Policy Institute (ASPI) and Honorary Associate Professor at the Australian National University. He was previously the United Nations Special Representative of the Secretary General for Disaster Risk Reduction, Head of the United Nations Office of Disaster Risk Reduction (UNISDR) and a member of the UN Secretary.

Special Responsibilities

Finance, Audit and Risk Management Committee.

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Directors' Report

For the Year Ended 31 March 2019

Meetings of directors

During the financial year, 4 meetings of directors (in addition to committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit & Risk Management		Program and Advocacy Committee		Governance and Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Rob Skinner	4	4	-	-	-	-	-	-
Wendy Rose AM	4	4	-	-	3	3	4	4
Alex Owens	4	4	5	4	-	-	4	4
Ann Lund	4	4	-	-	3	2	-	-
Francois Gouws	4	4	-	-	3	2	-	-
Kate MacMaster	2	2	-	-	2	2	-	-
Kevin Young	4	3	5	5	-	-	4	4
Mal Shepherd	4	3	5	5	-	-	-	-
Mark Stewart	4	1	5	3	-	-	-	-
Rhonda Chapman	3	3	-	-	1	1	-	-
Robert Glasser	2	2	2	2	-	-	-	-

(b) ACFID Code of Conduct

The summary financial reports have been prepared in accordance with the requirements set out in the ACFID Code of Conduct.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 31 March 2019 has been received and can be found on page 8 of the financial report.

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

Director: 

Director: 

Dated

4/7/19

4/7/19.

WaterAid Australia Ltd and Controlled Entities

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Auditors Independence Declaration to the Directors of WaterAid Australia Ltd and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019, there has been:

- (i) no contraventions of the auditors independence requirements of section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields

20 Albert St
Blackburn VIC 3130

Dated: 4 July 2019

WaterAid Australia Ltd and Controlled Entities

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2019

	2019	2018
	\$	\$
REVENUE		
Donations and Gifts		
- Monetary	6,058,045	5,651,645
- Non-Monetary	-	-
Bequests and Legacies	170,156	49,558
Grants		
- Department of Foreign Affairs and Trade (DFAT)	4,560,721	2,994,775
- WaterAid UK	599,905	1,063,436
- WaterAid Other Members	1,487,056	1,107,303
- Other Australian Grants	540,425	561,618
- Other Overseas Grants	327,878	587,332
Investment Income	28,909	41,358
Other income	26,752	18,782
Revenue for International Political or Religious Adherence Promotion	-	-
TOTAL REVENUE	13,799,847	12,075,806
EXPENDITURE		
International Aid and Development Programs Expenditure		
International programs		
- Funds to international programs	7,244,594	5,734,867
- Other project costs	1,904,559	1,676,362
Community education	311,615	514,341
Fundraising costs		
- Public	2,981,977	2,620,195
- Government, Multilateral and Private	-	-
Accounting and Administration	1,168,546	841,790
Non-Monetary Expenditure	-	-
Total International Aid and Development Programs Expenditure	13,611,291	11,387,556
International Political or Religious Proselytisation Programs Expenditure	-	-
Domestic programs expenditure	-	-
TOTAL EXPENDITURE	13,611,291	11,387,556
EXCESS OF REVENUE OVER EXPENDITURE	188,556	688,250
Other comprehensive income	-	-
Total comprehensive income for the year	188,556	688,250

The accompanying notes form part of these financial statements.

WaterAid Australia Ltd and Controlled Entities

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Statement of Financial Position

As at 31 March 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,808,843	5,736,855
Trade and other receivables	5	1,017,018	1,187,170
Other financial assets	6	85,338	84,133
Other assets	7	132,632	170,994
TOTAL CURRENT ASSETS		7,043,831	7,179,152
NON-CURRENT ASSETS			
Property, plant and equipment	8	232,397	220,670
Intangible assets	9	2,431	7,696
TOTAL NON-CURRENT ASSETS		234,828	228,366
TOTAL ASSETS		7,278,659	7,407,518
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	481,851	893,972
Bank overdrafts	4(a)	1,811	92
Provisions	11	356,283	364,948
Other financial liabilities	12	3,647,648	3,533,804
TOTAL CURRENT LIABILITIES		4,487,593	4,792,816
NON-CURRENT LIABILITIES			
Provisions	11	40,271	52,463
TOTAL NON-CURRENT LIABILITIES		40,271	52,463
TOTAL LIABILITIES		4,527,864	4,845,279
NET ASSETS		2,750,795	2,562,239
EQUITY			
Retained earnings		2,750,795	2,562,239
TOTAL EQUITY		2,750,795	2,562,239

The accompanying notes form part of these financial statements.

WaterAid Australia Ltd and Controlled Entities

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Statement of Changes in Equity

For the Year Ended 31 March 2019

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 April 2018	2,562,239	2,562,239
Excess of revenue over expenses	188,556	188,556
Balance at 31 March 2019	<u>2,750,795</u>	<u>2,750,795</u>

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 April 2017	1,873,990	1,873,990
Excess of revenue over expenses	688,250	688,250
Balance at 31 March 2018	<u>2,562,239</u>	<u>2,562,239</u>

The accompanying notes form part of these financial statements.

WaterAid Australia Ltd and Controlled Entities

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Statement of Cash Flows

For the Year Ended 31 March 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts and loans from members, donors and supporters	15,259,508	11,936,298
Payments to suppliers and employees	(15,024,363)	(11,015,292)
Interest received	28,909	41,358
Net cash provided by operating activities	264,054	962,364
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for investments	(1,205)	(3,898)
Purchase of property, plant and equipment	(172,921)	(172,251)
Proceeds from sale of property, plant and equipment	(19,658)	36,385
Net cash used by investing activities	(193,784)	(139,764)
Net increase in cash and cash equivalents held	70,270	822,600
Cash and cash equivalents at beginning of year	5,736,762	4,914,162
Cash and cash equivalents at end of financial year	5,807,032	5,736,762

The accompanying notes form part of these financial statements.

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-profits Commission Act 2012. The Group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions.

The financial statements cover WaterAid Australia Ltd (incorporated company limited by guarantee and domiciled in Australia) and the controlled entities being, WaterAid Timor-Leste, WaterAid in PNG Incorporated and WaterAid Cambodia. The directors have determined that WaterAid Australia Ltd controls WaterAid Timor-Leste, WaterAid in PNG Incorporated and WaterAid Cambodia. In the prior year, WaterAid Solomon Islands closed on 30 June 2017 and WaterAid Myanmar was handed over to WaterAid UK on 1 April 2017.

(b) Principles of Consolidation

The financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a March financial year end.

A list of controlled entities is contained in Note 1 (a) to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(c) Revenue and other income

Service income including government grants is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the entity obtains control of the income and it is probable that the economic benefits gained from the income will flow to the entity and the amount of the grant can be measured reliably. When there are conditions attached to the service income relating to their use for specific purposes, it is recognised in the Statement of Financial Position as a liability until such conditions are met or services provided.

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that future economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Donations are recognised as revenue when received.

Bequest donations are recognised when the funds are received.

Other revenue is recognised when the right to receive the revenue has been established.

The organisation has implemented controls over receipting, banking and recording of fundraising and donation revenue. There remains an inherent risk associated with cash revenue received by the organisation. The Board believe that they have implemented sufficient controls to ensure that no material value of fundraising and donation revenue is missed from the financial statements.

All revenue is stated net of the amount of goods and services tax (GST).

No revenue was raised or expended on any international political or religious proselytisation program.

(d) Plant and Equipment

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

Plant and equipment

Plant and equipment are measured at cost. Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(d) Plant and Equipment

Depreciation

The depreciable amount of all plant and equipment, is depreciated on a straight-line method over the asset's useful life to the group entities commencing from the time the asset is available for use.

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

Fixed asset class	Depreciation rate
Plant and Equipment	20-33.3%
Furniture, Fixtures and Fittings	20-33.3%
Vehicles	33.3%
Computer Hardware	20-33.3%

Vehicles are held and used in Timor-Leste, Papua New Guinea and Cambodia and are depreciated over a three year expected useful life.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(e) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(f) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(g) Employee benefits

Short-term employee provisions

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The Group's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash and cash equivalents

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

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows in the statement of cash flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(j) Income Tax

No provision for income tax has been raised as WaterAid Australia Ltd is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

WaterAid Australia Ltd is registered with the Australian Charities and Not-for-profit Commission as a Public Benevolent Institution and operates WaterAid Australia Overseas Aid Fund which holds deductible gift recipient status.

WaterAid Cambodia is exempt from income tax under a memorandum of understanding with the Royal Government of Cambodia.

WaterAid Timor-Leste is exempt from income tax by the virtue of the National Directorate of Domestic Revenue Timor-Leste.

WaterAid in PNG is exempt from income tax under Section 25 of the Income Tax Act.

(k) Intangible Assets

Software and other intangible assets are recorded at cost. They have been assessed as having a finite life and are carried at cost less any accumulated amortisation and impairment losses. They have an estimated useful life of between one and five years and are assessed annually for impairment.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(n) Critical accounting estimates and judgments

The directors make estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future event and are based on current trends and economic data, obtained both externally and within the Group. The significant estimates and judgements made have been described below:

Key estimates - impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(n) Critical accounting estimates and judgments

Key judgments - Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Group expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(o) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Economic dependence

The Group is dependent on the Government for the majority of its revenue used to operate the business. At the date of this report, the directors have no reason to believe that the Government will not continue to support the Group.

(q) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace components of AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 could significantly change the pattern of revenue and profit recognition and internal budgeting processes.

Although the directors anticipate that the adoption of AASB 15 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

1 Summary of Significant Accounting Policies

(q) New Accounting Standards for Application in Future Periods

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions. Although the directors anticipate that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

2 Expenses from ordinary activities

	2019	2018
	\$	\$
Employee benefits expense	4,679,703	3,854,098
Foreign Exchange (Gain)	(2,429)	56,970
Depreciation and amortisation	163,341	149,619
Remuneration of auditor		
Audit Fees - WaterAid Australia Ltd	13,250	11,500
Audit Fees - subsidiary entities	16,050	25,050
Other services	14,700	22,000

3 Key Management Personnel Disclosures

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

Short-term employee benefits	654,508	565,368
------------------------------	---------	---------

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. This now includes the senior management team and the prior year comparatives have been updated for consistency.

4 Cash and cash equivalents

Cash on hand	18,329	10,662
Cash at bank	5,790,514	5,726,193
	<u>5,808,843</u>	<u>5,736,855</u>

(a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	5,808,843	5,736,855
Bank overdrafts	(1,811)	(92)
Balance as per statement of cash flows	<u>5,807,032</u>	<u>5,736,762</u>

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

5 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	336,781	1,069,818
	<u>336,781</u>	<u>1,069,818</u>
Other debtors	12,396	30,161
GST receivable	38,900	39,974
Advances to Partners	628,941	47,217
	<u>1,017,018</u>	<u>1,187,170</u>

(a) Provision for Doubtful Debts

Movement in the provision of doubtful debts is as follows:

Balance at beginning of the year	-	(41,695)
Charge for the year	-	(10,681)
Provision used	-	52,376
	<u>-</u>	<u>-</u>

(b) Credit risk - Trade and Other Receivables

The Group does not have any material credit risk exposure to any single receivable or group of receivables. The main source of credit risk to the Group is considered to relate to the class of assets described as "trade and other receivables".

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

5 Trade and other receivables

(b) Credit risk - Trade and Other Receivables

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Not yet due
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
2019							
Trade and term receivables	336,781	-	39,365	840	6,500	19,243	270,833
Other receivables	12,396	-	-	-	-	-	12,396
Total	349,177	-	39,365	840	6,500	19,243	283,229
2018							
Trade and term receivables	1,069,818	-	349,577	272,234	80,401	55,311	312,295
Other receivables	30,161	-	-	-	-	-	30,161
Total	1,099,979	-	349,577	272,234	80,401	55,311	342,456

6 Other financial assets

	2019	2018
	\$	\$
Term Deposit - Bank guarantee for building	85,338	84,133
	85,338	84,133

WaterAid Australia has a bank guarantee with Westpac which acts as a bond payment for the East Melbourne leased property and car park due September 2021.

7 Other assets

Prepayments	132,632	170,994
	132,632	170,994

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

8 Plant and equipment

	2019	2018
	\$	\$
Plant and Equipment		
At cost	64,964	74,113
Accumulated depreciation	(58,707)	(57,038)
Total plant and equipment	<u>6,257</u>	<u>17,075</u>
Fixtures and Fittings		
At cost	77,940	83,589
Accumulated depreciation	(76,378)	(68,442)
Total fixtures and fittings	<u>1,562</u>	<u>15,147</u>
Motor Vehicles		
At cost	420,522	389,338
Accumulated depreciation	(287,485)	(277,923)
Total motor vehicles	<u>133,037</u>	<u>111,415</u>
Computer Hardware		
At cost	281,492	255,356
Accumulated depreciation	(189,951)	(178,323)
Total computer hardware	<u>91,541</u>	<u>77,033</u>
Total plant and equipment	<u><u>232,397</u></u>	<u><u>220,670</u></u>

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

8 Plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Computer Hardware	Total
	\$	\$	\$	\$	\$
Year ended 31 March 2019					
Balance at the beginning of the year	17,075	15,147	111,415	77,033	220,670
Additions	2,914	1,577	103,009	65,421	172,921
Disposals	(951)	-	(760)	(1,407)	(3,118)
Depreciation expense	(12,781)	(15,162)	(80,627)	(49,506)	(158,076)
Balance at the end of the year	6,257	1,562	133,037	91,541	232,397

Year ended 31 March 2018					
Balance at the beginning of the year	27,550	35,295	66,831	72,137	201,813
Additions	5,002	-	100,938	66,311	172,251
Disposals	(2,227)	-	(6,383)	(7,035)	(15,645)
Depreciation expense	(13,250)	(20,148)	(49,971)	(54,380)	(137,749)
Balance at the end of the year	17,075	15,147	111,415	77,033	220,670

9 Intangible Assets

	2019	2018
	\$	\$
Computer Software		
Cost	9,148	66,157
Accumulated amortisation and impairment	(6,717)	(58,461)
Total Intangibles	2,431	7,696

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

10 Trade and other payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	176,548	615,986
Accrued expenses	305,303	277,986
	<u>481,851</u>	<u>893,972</u>

11 Provisions

CURRENT

Annual leave	217,521	271,610
Long service leave	138,762	93,338
Total current employee provisions	<u>356,283</u>	<u>364,948</u>

NON-CURRENT

Long service leave	40,271	52,463
Total employee entitlements	<u>396,554</u>	<u>417,411</u>

12 Other Financial Liabilities

CURRENT

Government grants in advance	3,232,677	3,092,910
Income in advance	414,971	440,894
	<u>3,647,648</u>	<u>3,533,804</u>

13 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	480,834	225,712
- between one year and five years	504,134	72,065
- later than five years	-	-
	<u>984,968</u>	<u>297,777</u>

The operating leases primarily consist of office leases in Australia and overseas and the car park lease in Australia. The lease terms are between one to three years at various amounts due per month. The leases are due to expire between April 2019 and April 2020.

WaterAid Australia Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 March 2019

14 Related Parties

The Group's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 3: Key Management Personnel Compensation.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Donations were received from directors during the year with no benefit provided in return. The following transactions occurred with related parties:

	2019	2018
	\$	\$
a) Revenue from director-related entities		
Sydney Water (Kevin Young)	36,167	43,275
Trility (Francois Gouws)	11,955	12,116
John Holland (Mal Shepherd)	47,060	1,410
	<u>95,182</u>	<u>56,801</u>
	2019	2018
	Number	Number
b) Donations from directors		
Donations between \$0 - \$5,000	<u>22</u>	<u>23</u>
	\$	\$
Total value of donations from directors	<u>1,048</u>	<u>5,016</u>

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

15 Cash Flow Information

Reconciliation of result to net cash provided by operating activities:

	2019	2018
	\$	\$
Surplus/(deficit) for the year	188,556	688,250
Non-cash flows in surplus/(deficit):		
- depreciation and amortisation	163,341	149,619
- provision for doubtful debts	-	(41,695)
- net loss (gain) on disposal of non-current assets	22,778	(27,171)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	739,465	482,624
- (increase)/decrease in other assets	(530,951)	(70,103)
- increase/(decrease) in trade and other payables	(412,122)	506,652
- increase/(decrease) in other liabilities	113,844	(824,773)
- increase/(decrease) in provisions	(20,857)	98,961
Cash flow from operations	264,054	962,364

16 Financial Risk Management

Objectives, policies and processes

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

Risk management is carried out by the Group's Finance, Audit and Risk Management Committee under the delegated power from the Board of Directors. The Committee has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval. Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period. Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Group. The Group does not have any material credit risk exposures as its major source of revenue is the receipt of grants.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. The Group has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

16 Financial Risk Management

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Group manages this risk by monitoring forecast cash flows.

Market risk

(a) Foreign Currency Risk

The Group is not exposed to fluctuations in foreign currencies other than in respect of its overseas operations in the following foreign currencies:

- Timor Leste and Cambodia in US dollars,
- PNG in Kina, and
- WaterAid UK in GBP

(b) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(c) Net Fair Values

The aggregate net fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to the financial statements are as follows:

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	5,808,890	5,736,855
Trade and other receivables	1,017,016	1,187,170
Total financial assets	<u>6,825,906</u>	<u>6,924,025</u>
Financial Liabilities		
Trade and other payables	481,849	893,972
Total financial liabilities	<u>481,849</u>	<u>893,972</u>

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Notes to the Financial Statements

For the Year Ended 31 March 2019

17 Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 31 March 2019 the number of members was 36 (2018: 37).

18 Company Details

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

WaterAid Australia Ltd

Level 9, 176 Wellington Parade,

East Melbourne, VIC 3002

Australia

WaterAid Australia Ltd and Controlled Entities

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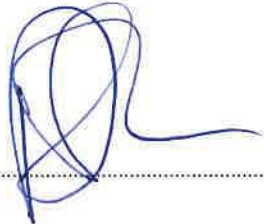
Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes of WaterAid Australia Ltd for the year ended 31 March 2019 are in accordance with the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-profit Commission Act 2012, including:
 - a. complying with Australian Accounting Standards, the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-profit Commission Regulations; and
 - b. giving a true and fair view of the financial position as at 31 March 2019 and of its performance for the financial year ended on that date;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Director



Dated

4/7/19.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Independent Audit Report to the members of WaterAid Australia Ltd and Controlled Entities

Opinion

We have audited the accompanying financial report, being a general purpose financial report of WaterAid Australia Ltd and Controlled Entities (the Company), which comprises the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), including:

- (i) giving a true and fair view of the Company's financial position as at 31 March 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards, the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-profits Commission Regulations 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter

We draw attention to Note 1(c) to the financial report, which describes the revenue recognition policy of the Group, including the limitations that exist in relation to the recording of cash receipts from fundraising activities. Revenue from this source represents a significant proportion of Group revenue. Our opinion is unmodified in respect of this matter.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Independent Audit Report to the members of WaterAid Australia Ltd and Controlled Entities

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Australian Council for International Development Code of Conduct and the ACNC Act. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards we exercise professional 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

WaterAid Australia Ltd and Controlled Entities

ABN: 99 700 687 141

Independent Audit Report to the members of WaterAid Australia Ltd and Controlled Entities

- 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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields

Blackburn, VIC

Date: 4 July 2019