

INTERNET SOCIETY OF AUSTRALIA

ACN 076 406 801

(A Company Limited by Guarantee)

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2004

**CHRIS BOOKER FCA
Chartered Accountant**

(07) 3286 7228

(Mobile) 0417 782 744

email ChrisBookerFCA@aol.com

INTERNET SOCIETY OF AUSTRALIA
ACN 076 406 801
(A Company Limited by Guarantee)

CONTENTS OF FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Report	1-2
Statement of Financial Performance (Profit & Loss)	3
Statement of Financial Position (Balance Sheet)	4
Statement of Cash Flows	5
Notes to and Forming Part of the Financial Report	6-7
Directors' Declaration	8
Independent Audit Report	9

Principal place of business:
27 Austin Avenue
Elwood, VIC 3184

Accounts: P.O. Box 351,
Glenorie NSW 2157

Registered address:
Internet Society of Australia
c/o Maddock Lonie & Chisholm
Level 7, 140 William Street
Melbourne VIC 3000

1
INTERNET SOCIETY OF AUSTRALIA
(A Company Limited by Guarantee)

DIRECTORS' REPORT

The Directors present their report for the year ended 30 June 2004.

Directors

The Directors of the company in office at the date of this report are:

Name	Position	Qualifications
Ms Gunela Astbrink	Director	BA (James Cook) Grad DipLib (UNSW) AALIA
Mr George Fong	Director	BA (Hons) Law (CNAAL); Barrister-at-Law
Ms Anne Greiner	Director	
Mr Andrew McRae	Director	
Mr Tony Hill	President	
Mr Ross Kelso	Director	
Ms Cheryl Langdon-Orr	Honorary Treasurer	
Mr Jeremy Malcolm	Director	BCom, LLB (Hons)
Mr Gerry White	Director	
Ms Narelle Clark	Vice-President	BAppSc MEng MIEEEE MComsoc
Mr Craig Ng	Honorary Secretary	
Adam Creed	Director	
Peter Ziebel	Director	

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

Director	Directors Meeting	
	A	B
Ms Gunela Astbrink	8	12
Mr George Fong	9	12
Mr Andrew McRae	9	12
Mr Tony Hill	11	12
Mr Ross Kelso	10	12
Ms Cheryl Langdon-Orr	11	12
Mr Jeremy Malcolm	10	12
Mr Gerry White	6	12
Ms Narelle Clark	10	12
Mr Craig Ng	7	12
Mr Adam Creed	6	7
Mr Peter Ziebel	4	6

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

Principal Activity

The principal activity of the company is to act as a representative body for its members on Internet issues.

Net Results

The net operating surplus/(deficit) for the year was \$46,435.53 (2003 - \$492.81).

INTERNET SOCIETY OF AUSTRALIA
(A Company Limited by Guarantee)

DIRECTORS' REPORT

Review of Operations

The company continued to investigate ways to actively promote the society and increase membership and sponsorship.

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 or the financial statements.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Likely Developments

The company will continue to seek increased sponsorship. The society will continue be involved in participation in Federal/State departmental enquiries and submissions to Senate review/inquiries.

Directors' Interests & Benefits

Since the end of the previous financial year no director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the company's accounts) by reason of a contract made by the company or a related body corporate with the director, a firm of which the director is a member, or a company in which the director has a substantial financial interest.

Indemnification and insurance of Officers & Auditors

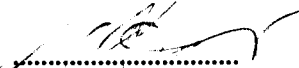
Clause 99 of the company's Articles of Association requires that any officer of the company be indemnified for any liabilities to another person that may arise from their position as such officer. No director's liability insurance premiums have been paid by the company.

Dated at Sydney this Twenty Fifth day of October 2004

Signed in accordance with a resolution of the directors:



Director


Director *NOT Transcribed*

INTERNET SOCIETY OF AUSTRALIA
ACN 076 406 801
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL PERFORMANCE (PROFIT & LOSS) FOR THE YEAR
ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
Revenue from ordinary activities		142,123.40	99,233.77
Expenses of ordinary activities (excluding borrowing costs)		95,687.87	98,740.96
Borrowing costs expense		<u>0.00</u>	<u>0.00</u>
Operating surplus/(deficit) before tax		46,435.53	492.81
Income tax applicable to operating surplus	1	<u>0.00</u>	<u>0.00</u>
Operating profit after income tax		46,435.53	492.81
Retained surplus at the beginning of the year		<u>42,425.68</u>	<u>41,932.87</u>
Retained profits at the end of the year		<u>88,861.21</u>	<u>42,425.68</u>

INTERNET SOCIETY OF AUSTRALIA
ACN 076 406 801
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash		38,239.36	34,051.76
Term Deposit		21,350.26	11,500.00
Receivables – Sundry Debtors	2	<u>47,022.28</u>	<u>17,600.01</u>
TOTAL CURRENT ASSETS		<u>106,611.90</u>	<u>63,151.77</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment at cost		0.00	0.00
Accumulated Depreciation		<u>0.00</u>	<u>0.00</u>
Written Down Value		<u>0.00</u>	<u>0.00</u>
TOTAL NON-CURRENT ASSETS		<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS		<u>106,611.90</u>	<u>63,151.77</u>
CURRENT LIABILITIES			
Accounts payable-sundry creditors & accruals		10,050.69	852.70
Other creditors – prepaid sponsorships		0.00	15,000.00
Provision for employee benefits		<u>7,700.00</u>	<u>4,873.39</u>
TOTAL CURRENT LIABILITIES		<u>17,750.69</u>	<u>20,726.09</u>
TOTAL LIABILITIES		<u>17,750.69</u>	<u>20,726.09</u>
NET ASSETS		<u>\$88,861.21</u>	<u>\$42,425.68</u>
MEMBERS' EQUITY			
Retained surplus	4	<u>88,861.21</u>	<u>42,425.68</u>
TOTAL MEMBERS' EQUITY		<u>\$88,861.21</u>	<u>\$42,425.68</u>

INTERNET SOCIETY OF AUSTRALIA
ACN 076 406 801
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	2004		2003	
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from members	38,980.08		22,643.65	
Consulting	0.00		0.00	
Grants	25,870.00		25,000.00	
Sponsorship/Donations/Events etc	31,259.55		53,309.23	
Interest received	<u>1,591.50</u>	97,701.13	<u>60.59</u>	101,013.47
Payments to creditors/employees		<u>(83,663.27)</u>		<u>(116,573.27)</u>
Cash flows from operating activities		14,037.86		(15,559.80)
Cash flows from investment operations				
(Purchase)/Sale of assets		0.00		0.00
Investments made		<u>(9,850.26)</u>		<u>(11,500.00)</u>
		(9,850.26)		(11,500.00)
Cash flows from finance operations				
Loans raised/(repaid)		<u>0.00</u>		<u>0.00</u>
Net increase/(decrease) in cash		4,187.60		(27,059.80)
Cash at 30 June 2003		34,051.76		61,111.56
Cash at 30 June 2004		<u>38,239.36</u>		<u>34,051.76</u>
Cash at bank		<u><u>38,239.36</u></u>		<u><u>34,051.76</u></u>

INTERNET SOCIETY OF AUSTRALIA**ACN 076 406 801****(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2004****1. STATEMENT OF ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these financial statements are as follows:

(a) Basis of preparation

The accounts of the company have been drawn up in accordance with applicable accounting standards and the requirements of law. They have been prepared on the basis of historical cost and do not take into account changes in the purchasing power of money, or, except where specifically stated, current valuations of non-current assets.

(b) Taxation

As a not-for-profit member of the Information and Communications Technology industry the company is exempt from income tax.

(c) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(d) Revenue recognition

Revenue from membership fees is brought to account when cash and applications are received. Sponsorship income is allocated over the relevant years as set out in the sponsorship agreements.

(e) Segment information

The company operates within Australia solely as a representative body for its members on the Internet.

2. TRADE DEBTORS

	2004	2003
Trade Debtors	56,022.28	17,600.01
Less: Provision for Doubtful Debts	<u>(9,000.00)</u>	<u>(0.00)</u>
	<u>47,022.28</u>	<u>17,600.01</u>

3. OPERATING PROFIT

Operating profit before income tax includes the following items of operating revenue:

Members fees	28,029.24	21,893.20
CTF 03	9,600.03	0.00
Donations/sponsorship	75,681.82	51,529.53
Grants	25,870.00	25,000.00
Miscellaneous income	1,350.81	750.45
Profit on sale of assets	0.00	0.00
Interest received - bank	<u>1,591.50</u>	<u>60.59</u>
	<u>142,123.40</u>	<u>99,233.77</u>

INTERNET SOCIETY OF AUSTRALIA

3. OPERATING PROFIT(cont.)	2004	2003
Operating profit before income tax is arrived at after charging the following items of operating items:		
Auditor's remuneration for auditing the accounts	3,000.00	1,500.00
AGM expenses	0.00	40.91
Bank fees & charges	1,298.89	1,051.76
Conference expenses	2,815.44	15,476.78
Depreciation	0.00	0.00
Dues & subscriptions	400.00	490.91
Events	0.00	0.00
Financial services	0.00	1,108.97
Insurance/Workcover	1,805.39	317.16
Legal fees	300.00	0.00
Motor vehicle expenses	44.36	1,751.56
Provision for doubtful debts	9,000.00	0.00
Provision for employee benefits	2,826.61	2,681.06
Salaries & wages	62,493.66	61,892.92
Superannuation	5,624.40	5,270.29
Supplies	0.00	0.00
Secretariat expenses	488.87	566.27
Statutory expenses	270.00	1,061.65
Telephone	137.82	237.94
Travel and entertainment	5,138.97	5,186.12
Miscellaneous expenses	43.46	106.66
	<u>95,687.87</u>	<u>98,740.96</u>

4. MEMBERS EQUITY

The company is a company limited by guarantee. In the event of the company winding up its operations, the members have guaranteed to contribute a maximum amount of \$1 per member.

5. RELATED PARTIES

The names of each person holding the position of director of the Internet Society of Australia during the financial year are Messrs G. Fong, A. McRae, A. Greiner (resigned AGM), G.Astbrink, A Hill, R Kelso, C Langdon-Orr, J. Malcolm, G. Townson (resigned 09/03), G. White, N. Clark, Craig Ng, Ewan Brown (resigned 11/03), Adam Creed and Peter Ziebel. No director has entered into a material contract with the company or received any other benefit or remuneration.

6. STATEMENT OF CASH FLOWS	2004	2003
Reconciliation of the operating profit/ (loss) after tax to the net cash flows from operations		
Operating profit/(loss) after tax	46,435.53	492.81
Add: Depreciation	0.00	0.00
Less: Profit on sale of assets	0.00	0.00
Add: Provision for employee benefits	2,826.61	2,681.06
Changes in assets and liabilities		
(Increase)/decrease in debtors	(29,422.27)	16,779.70
Increase/(decrease) in sponsorship prepayments	(15,000.00)	(15,000.00)
Increase/(decrease) in sundry creditors	9,197.99	(20,513.37)
Net Cash flows from operating activities	<u>14,037.86</u>	<u>(15,559.80)</u>

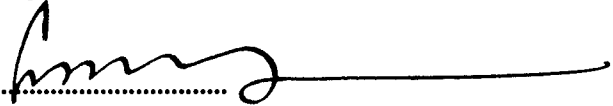
INTERNET SOCIETY OF AUSTRALIA
(A Company Limited by Guarantee)

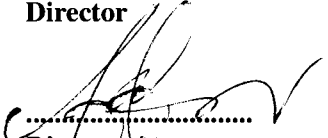
DIRECTORS' DECLARATION

- 1(a) The financial statements and notes to the accounts have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).
- 1(b) The financial statements and notes to the accounts are drawn up so as to give a true and fair view of the results and cash flows and financial position of the company for the financial year ended 30 June 2004.
- 2 In the opinion of the directors of the Internet Society of Australia:
 - (a) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - (b) the financial statements set out on pages 1 to 5 are drawn up in accordance with The Corporations Law including Sections 296 and 297.

Dated at Sydney this Twenty Fifth day of October 2004

Signed in accordance with a resolution of the directors:


.....
Director


.....
Director
How to answer



Chartered Accountant

Chris Booker
Chartered Accountant

PO Box 8124, Cleveland Q 4163
79 Morris Circuit, Thornlands Q 4164

Telephone (07) 3286 7228
Fax (07) 3286 9301
Mobile 0417 782 744
Email ChrisBookerFCA@aol.com

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE INTERNET SOCIETY OF AUSTRALIA

Scope

I have audited the financial report of Internet Society of Australia set out on pages 3 to 8 for the year ended 30 June 2004. The directors of the company are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with accounting standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Opinion

In my opinion, the financial report of Internet Society of Australia is in accordance with:

- (a) The Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position at 30 June 2004, and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) in accordance with other mandatory professional reporting requirements in Australia.

Chris Booker FCA
Registered Company Auditor No.15761
Principal

25 November 2004
Brisbane