

**INTERNET SOCIETY OF AUSTRALIA**

**ACN 076 406 801**

**(A Company Limited by Guarantee)**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2006**

**CHRIS BOOKER FCA  
Chartered Accountant**

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**FOR THE YEAR ENDED 30 JUNE 2006**

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**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 Maddocks Lawyers  
Level 21, Angel Place  
123 Pitt Street  
Sydney NSW 2000

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

**DIRECTORS' REPORT**

The Directors present their report for the year ended 30 June 2006.

**Directors**

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

<b>Name</b>	<b>Position</b>	<b>Qualifications</b>
Ms Gunela Astbrink	Director	BA (James Cook) Grad DipLib (UNSW) AALIA
Mr Andrew McRae	Director	
Mr Tony Hill	President	BA, M Environmental Studies, Grad Cert Public Sector Management
Mr Ross Kelso	Director	BEng, MEngSc (Qld), Grad Dip Media, Communications and IT Law (Melbourne)
Ms Cheryl Langdon-Orr	Honorary Treasurer	
Mr Jeremy Malcolm	Director	BCom, LLB (Hons)
Mr Gerry White	Director	
Ms Narelle Clark	Vice-President	BAppSc, MEng, MIEEE MComsoc, PGDipMgt
Mr Adam Creed	Director	
Mr Kevin Karp	Director	B. Sc (Sydney), B.E (Hons) (Syd), Grad Dip Finance(FINSIA), Fellow FINSIA, ACM(Senior)
Mr Greg Adamson	Director	BTechEng (USQ), GradDipInfoSc (UCan), PhD
(RMIT)Mr Peter Nissen	Director	BSc (Queensland), Dip.Comp.Sc. (Adelaide), MBA (Adelaide)

**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	10	12
Mr Andrew McRae	7	12
Mr Tony Hill	9	12
Mr Ross Kelso	11	12
Ms Cheryl Langdon-Orr	12	12
Mr Jeremy Malcolm	8	12
Mr Gerry White	9	12
Ms Narelle Clark	9	12
Mr Adam Creed	3	12
Mr Kevin Karp	12	12
Mr Greg Adamson	9	10
Mr Peter Nissen	4	7

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 (\$25,301.11) (2005 – (\$38,056.28)).

**INTER.NET SOCIETY OF AUSTRALIA**  
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**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,

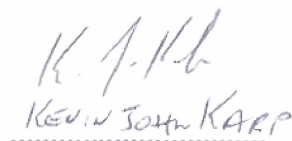
**Auditor's Independence Declaration**

Refer attached Auditor's Independence Declaration

Dated at SYDNEY this TWENTY THIRD day of November 2006

Signed in accordance with a resolution of the directors:

  
 .....  
 Director

  
 .....  
 Director

**INTERNET SOCIETY OF AUSTRALIA**  
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**STATEMENT OF INCOME FOR THE YEAR ENDED 30 JUNE 2006**

	Note	<b>2006</b>	<b>2005</b>
		<b>3</b>	<b>\$</b>
Revenue from ordinary activities		101,452.72	48,400.31
Expenses of ordinary activities (excluding borrowing costs)		126,753.83	86,456.59
Borrowing costs expense		<u>0.00</u>	<u>0.00</u>
<b>Operating surplus/(deficit) before tax</b>		(25,301.11)	(38,056.28)
<b>Income tax applicable to operating surplus</b>	<b>1</b>	<u>0.00</u>	<u>0.00</u>
<b>Operating profit after income tax</b>		<u>(25,301.11)</u>	<u>(38,056.28)</u>

**STATEMENT OF CHANGES IN EQUITY**

<b>Operating profit after income tax</b>	(25,301.11)	(38,056.28)
<b>Retained surplus at the beginning of the year</b>	<u>50,804.93</u>	<u>88,861.21</u>
<b>Retained profits at the end of the year</b>	<u>25,503.82</u>	<u>50,804.93</u>

**INTERNET SOCIETY OF AUSTRALIA**  
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**BALANCE SHEET AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash		170,315.62	16,948.54
Term Deposits		5,137.01	39,931.29
Receivables – Sundry Debtors	2	<u>21,648.64</u>	<u>11,032.28</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>197,101.27</u></b>	<b><u>67,912.11</u></b>
<b>NON-CURRENT ASSETS</b>			
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>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>0.00</u></b>	<b><u>0.00</u></b>
<b>TOTAL ASSETS</b>		<b><u>197,101.27</u></b>	<b><u>67,912.11</u></b>
<b>CURRENT LIABILITIES</b>			
Accounts payable-sundry creditors & accruals		24,472.45	9,282.18
Other creditors – prepaid grants		115,200.00	0.00
Other creditors – prepaid sponsorship		30,000.00	0.00
Accrued employee benefits		<u>1,925.00</u>	<u>7,825.00</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>171,597.45</u></b>	<b><u>17,107.18</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>171,597.45</u></b>	<b><u>17,107.18</u></b>
<b>NET ASSETS</b>		<b><u>\$25,503.82</u></b>	<b><u>\$50,804.93</u></b>
<b>MEMBERS' EQUITY</b>			
Retained surplus	4	<u>25,503.82</u>	<u>50,804.93</u>
<b>TOTAL MEMBERS' EQUITY</b>		<b><u>\$25,503.82</u></b>	<b><u>\$50,804.93</u></b>

**INTERNET SOCIETY OF AUSTRALIA****ACN 076 406 801****(A Company Limited by Guarantee)****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2006**

	<b>2006</b>		<b>2005</b>	
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Receipts from members	24,532.70		30,566.40	
Consulting	0.00		0.00	
Grants	142,570.22		19,877.27	
Sponsorship/Donations/Events etc	65,986.36		33,000.00	
Interest received	2,947.08	236,036.36	946.64	84,390.31
Payments to creditors/employees		<u>(117,463.56)</u>		<u>(87,100.10)</u>
<b>Cash flows from operating activities</b>		<b>118,572.80</b>		<b>(2,709.79)</b>
<b>Cash flows from investment operations</b>				
(Purchase)/Sale of assets		0.00		0.00
Investments made		34,794.28		(18,581.03)
		<u>34,794.28</u>		<u>(18,581.03)</u>
<b>Cash flows from finance operations</b>				
Loans raised/(repaid)		0.00		0.00
<b>Net increase/(decrease) in cash</b>		<b>153,367.08</b>		<b>(21,290.82)</b>
Cash at 30 June 2005		16,948.54		38,239.36
<b>Cash at 30 June 2006</b>		<u>170,315.62</u>		<u>16,948.54</u>
Cash at bank		<u>170,315.62</u>		<u>16,948.54</u>

**Notes to Statement of Cash Flows****1.Reconciliation of net operating cash flow to net operating profit:**

<b>Net operating profit/(loss)</b>	<b>(25,301.11)</b>	<b>(38,056.28)</b>
Depreciation	0.00	0.00
Profit on sale of assets	0.00	0.00
(Increase)/decrease in debtors	(10,616.36)	35,990.00
Increase/(decrease) in prepaid grants	115,200.00	0.00
Increase/(decrease) in prepaid sponsorship	30,000.00	0.00
Increase/(decrease) in sundry creditors	15,190.27	(768.51)
Increase/(decrease) in provisions	(5,900.00)	125.00
<b>Cash flows from operating activities</b>	<b>118,572.80</b>	<b>(2,709.79)</b>

**2. Reconciliation of cash**

For the purposes of the Cash Flow statement, cash includes cash on hand and at bank.

**INTERNET SOCIETY OF AUSTRALIA****ACN 076 406 801****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006****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 financial report has been prepared as a general purpose financial report and complies with the requirements of the Corporations Act and Australian Accounting Standards. It has 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 and grant income is allocated over the relevant years as set out in the sponsorship/grant agreements.

**(e) Segment information**

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

**2. TRADE DEBTORS**

	<b>2006</b>	<b>2005</b>
Trade Debtors	23,395.46	14,079.10
Less: Provision for Doubtful Debts	<u>(1,746.82)</u>	<u>(3,046.82)</u>
	<b><u>21,648.64</u></b>	<b><u>11,032.28</u></b>

**3. OPERATING PROFIT**

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

Members fees	24,532.70	27,576.40
Donations/sponsorship	0.00	0.00
Events income	46,602.72	0.00
Grants	27,370.22	19,877.27
Miscellaneous income	0.00	0.00
Profit on sale of assets	0.00	0.00
Interest received - bank	<u>2,947.08</u>	<u>946.64</u>
	<b><u>101,452.72</u></b>	<b><u>48,400.31</u></b>

**INTERNET SOCIETY OF AUSTRALIA**

<b>3. OPERATING PROFIT(cont.)</b>	<b>2006</b>	<b>2005</b>
Operating profit before income tax is arrived at after charging the following items of operating items:		
Auditor's remuneration for auditing the accounts	2,500.00	2,750.00
Accounting expenses	60.00	1,261.37
Bad debt write off	0.00	1,681.82
Bank fees & charges	659.43	831.70
Computer expenses	716.10	379.04
Conference expenses	2,932.59	3,310.16
Consumer Projects (Ipv6 Forum etc)	38,975.94	0.00
Dues & subscriptions	100.00	0.00
Financial services	0.00	0.00
Insurance/Workcover	3,274.71	3,938.43
Legal fees	335.00	47.55
Marketing	0.00	381.68
Meeting expenses	448.35	618.61
Motor vehicle expenses	0.00	0.00
Provision for doubtful debts	(1,300.00)	0.00
Provision for employee benefits	(5,900.00)	125.00
Salaries & wages	66,408.73	60,130.65
Sitting & representation fees	3,036.00	2,628.00
Superannuation	5,974.60	5,411.72
Supplies	765.89	0.00
Secretariat expenses	400.29	604.23
Statutory expenses	0.00	529.00
Telephone	0.00	150.53
Travel and entertainment	7,315.65	618.08
Miscellaneous expenses	50.55	1,059.02
	<b><u>126,753.83</u></b>	<b><u>86,456.59</u></b>

**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 (resigned during year), A. McRae, G. Astbrink, A Hill, R Kelso, C Langdon-Orr, J. Malcolm, G. White, N. Clark, Adam Creed and K. Karp. No director has entered into a material contract with the company or received any other benefit or remuneration.

<b>6. STATEMENT OF CASH FLOWS</b>	<b>2006</b>	<b>2005</b>
Reconciliation of the operating profit/ (loss) after tax to the net cash flows from operations		
Operating profit/(loss) after tax	(25,301.11)	(38,056.28)
Add: Depreciation	0.00	0.00
Less: Profit on sale of assets	0.00	0.00
Add: Provision for employee benefits	(5,900.00)	125.00
Changes in assets and liabilities		
(Increase)/decrease in debtors	(10,616.36)	35,990.00
Increase/(decrease) in grant prepayments	115,200.00	0.00
Increase/(decrease) in sponsorship prepayments	30,000.00	0.00
Increase/(decrease) in sundry creditors	15,190.27	( 768.51)
<b>Net Cash flows from operating activities</b>	<b><u>118,572.80</u></b>	<b><u>2,709.79</u></b>

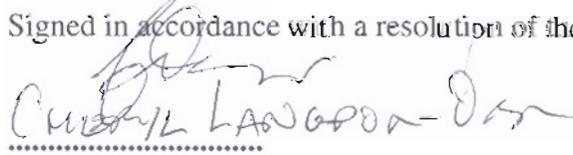
**INTERNET SOCIETY OF AUSTRALIA**  
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**DIRECTORS' DECLARATION**

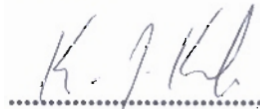
- 1(a) The financial statements and notes to the accounts have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).
- 1(b) The financial statements and notes to the accounts are drawn up so as to 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 2006.
- 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 3 to 7 are drawn up in accordance with The Corporations Law including Sections 296 and 297.

Dated at SYDNEY this TWENTY EIGHTH day of November 2006

Signed in accordance with a resolution of the directors:

  
 .....  
 Director

Director

  
 .....

Director

KEVIN JOHN KARA



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: [chrisa@cbaudit.com.au](mailto:chrisa@cbaudit.com.au)  
Web: [cbaudit.com.au](http://cbaudit.com.au)

**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 2006. 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 2006, 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**

**28 November 2006**  
**Brisbane**