

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

The Financial Reports

For the year ended June 30, 2008

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FOR THE YEAR ENDED 30 JUNE 2008**

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Principal Place of Business:
23/205 Greenwich Road Greenwich NSW 2065

Accounts:
P O BOX 351 GLENORIE NSW 2157

Registered Address:
Internet Society of Australia
C/ Maddocks Lawyers
Level 7 140 William St
Melbourne 3000

**INTERNET SOCIETY OF AUSTRALIA
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DIRECTORS' REPORT

The Directors present their report for the year ended 30 June 2008.

Directors:

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

NAME	POSITION	QUALIFICATIONS
Tony Hill	President	BA. M Environmental Studies, Grad Cert. Public Sector Management
Narelle Clark	Vice President	BAppSc M Eng PGDip Mgt, MIEEE M COMSOC
Kevin Karp	Hon Secretary	B.E. (Hons). B. Sc, GradDipSIA, Senior ACM, Fellow FINSIA
Cheryl Langdon-Orr	Hon Treasurer	
Greg Adamson	Director	PhD (resigned April 2007)
Gunela Astbrink	Director	BA (James Cook) GradDipLib (UNSW) AALIA
Ross Kelso	Director	BEng. MEngSC (Qld), Grad Dip Media, Communications & IT Law (Melb) PhD (QUT)
Jerry Leeson	Director	BA.
Andrew McRae	Director	
Jeremy Malcolm	Director	BCom, LLB (Hons)
Gerry White	Director	Dip. T., Adv. Dip. T (Dist), B.Ed. Cert. Ed. Admin., Cert Theol., M Ed. FACE
Paul Brooks	Director	BSc (Hons) PhD Astrophysics (UNSW)

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:

DIRECTORS' ATTENDANCE AT BOARD MEETINGS 2007/2008

NAME	ELIGIBLE	ATTENDED	APOLOGIES
G ADAMSON	9	3	3
G ASTBRINK	13	7	6
P BROOKS	8	5	2
N CLARK	13	8	5
T HILL	13	11	2
K KARP	13	13	-
R KELSO	13	11	2
C LANGDON-ORR	13	11	2
J LEESON	13	9	2
J MALCOLM	11	8	2
A MCRAE	13	11	2
G WHITE	13	11	2

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 \$20,047. (2007: \$28,796).

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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 to 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 except as detailed in the financial statements.

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 atthisday of 2008.

Signed in accordance with a resolution of the directors:

..... Director Secretary

..... Hon. Treasurer

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AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with our audit of the financial report of the company for the year ended 30 June 2008 and in accordance with the provisions of the Corporations Act 2001.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

.....
Ken Wright
MEAGHER HOWARD & WRIGHT

Dated:

**INTERNET SOCIETY OF AUSTRALIA
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**STATEMENT OF INCOME
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	2008 \$	2007 \$
Revenues from Ordinary Activities		108,068	279,630
Expense of Ordinary Activities (excluding borrowing costs)		88,021	250,834
Borrowing Costs Expense		<u>-</u>	<u>-</u>
Operating Surplus/(deficit) before Tax		<u>20,047</u>	<u>28,796</u>
Income Tax Applicable to Operating Surplus		<u>-</u>	<u>-</u>
Operating Profit after Income Tax		<u>20,047</u>	<u>28,796</u>

STATEMENT OF CHANGES IN EQUITY

	NOTE	2008 \$	2007 \$
Operating Profit after Income Tax		<u>20,047</u>	<u>28,796</u>
Retained Surplus at the Beginning of the Year		<u>54,300</u>	<u>25,503</u>
Retained Profits at the end of the Year		<u>74,347</u>	<u>54,299</u>

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BALANCE SHEET

	NOTE	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		45,453	93,342
Trade and other receivable		<u>72,774</u>	<u>30,412</u>
TOTAL CURRENT ASSETS		<u>118,227</u>	<u>123,754</u>
TOTAL ASSETS		<u>118,227</u>	<u>123,754</u>
LIABILITIES			
CURRENT LIABILITIES			
Other creditors		7,273	2,638
PAYG payable		10,949	30,841
Accrued expenses		1,387	-
GST on supplies		10,406	22,110
Prepaid sponsorship		10,000	10,000
Employee benefits		<u>3,865</u>	<u>3,865</u>
TOTAL CURRENT LIABILITIES		<u>43,880</u>	<u>69,454</u>
TOTAL LIABILITIES		<u>43,880</u>	<u>69,454</u>
NET ASSETS		<u>74,347</u>	<u>54,300</u>
EQUITY			
Retained earnings		<u>74,347</u>	<u>54,300</u>
TOTAL EQUITY		<u>74,347</u>	<u>54,300</u>

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STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2008

	NOTE	2008 \$	2007 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash receipts from debtors		40,223	162,825
Cash payments to suppliers		(88,112)	(245,006)
Net cash used in operating activities		<u>(47,889)</u>	<u>(82,181)</u>
Net increase/(decrease) in cash held		(47,889)	(82,181)
Cash held at beginning of year		<u>93,342</u>	<u>175,523</u>
Cash at end of year		<u>45,453</u>	<u>93,342</u>

**INTERNET SOCIETY OF AUSTRALIA
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose report and it has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Corporations Act 2001.

The financial report is for an entity known as the Internet Society of Australia as an individual entity, limited by guarantee. The company was incorporated and has its domicile in Australia.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. Unless otherwise stated, the accounting policies have been consistently applied.

Statement of Compliance

The financial report complies with Australian Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the full year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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.

f Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

(i) where the amount of GST incurred is not recoverable from the Australian Taxation Office. It is recognised as part of the cost of acquisition of an asset or as part or an item of the expense.

(ii) receivables and payables are shown inclusive of GST.

NOTE 2 TRADE DEBTORS

	2008	2007
Trade debtors	79,092	11,247
Less: Provision for doubtful debts	<u>8,062</u>	<u>(8,061)</u>
	<u>71,030</u>	<u>3,186</u>

NOTE 3 OPERATING PROFIT

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

Members fees	6,096	257
Donations/sponsorship	40,000	35,000
Events income	655	20,975
Grant ITOL		192,000
Grants	31,235	24,875
Miscellaneous income	175	-
Profit on sale of assets		-
Interest received - bank	3,362	6523
Organisational	<u>26,545</u>	<u>-</u>
	<u>108,068</u>	<u>279,630</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 4 OPERATING EXPENSES

	2008	2007
Operating profit before income tax is arrived at after charging the following items:		
Auditor's remuneration	2,700	2,600
Accounting expenses	137	302
Bank fees & charges	952	2,024
Computer expenses	-	381
Conference expenses	-	810
Consumer projects (Ipv6 Forum etc)	1,474	26,291
Dues and subscriptions - donations	61	-
Equipment purchases		1,645
Events		715
Insurance/workers comp. insurance	105	2,522
ITOL consultant expenses	6,673	95,494
Legal fees	-	-
Meeting expenses	-	1,204
Motor vehicle expenses	668	33
Provision for doubtful debts	-	6,315
Provision for employee benefits	3,158	1940
Salaries & wages	57,684	91,441
Sitting & representation fees	-	4,244
Superannuation	5,191	9,130
Training	1,832	-
Secretariat expenses	645	1229
Travel & accommodation	4,085	1,677
Office expenses	2,656	837
	<u>88,021</u>	<u>250,834</u>

NOTE 5 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.

NOTE 6 RELATED PARTIES

No director has entered into a material contract with the company or received any other benefit or remuneration except as detailed below:

	2008	2007
G Astbrink – speaker fees	-	707
C Langdon-Orr – sitting and project fees	-	6,159
A Hill – ITOL consulting fees	-	14,913

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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2008**

NOTE 7 STATEMENT OF CASH FLOWS	2008	2007
Reconciliation of the operating profit/ (loss) after tax to the net cash flows from operations		
Operating profit/(loss) after tax	20,047	28,796
Add: Depreciation	-	-
Less: Profit on sale of assets	-	-
Add: Provision for employee benefits	-	1,940
Changes in assets and liabilities		
Increase/(decrease) in debtors	(42,362)	18,462
Increase/(decrease) in grant prepayments	-	(115,200)
Increase/(decrease) in sponsorship prepayments	-	(20,000)
Increase/(decrease) in sundry creditors	-	3,890
Net Cash Flows from operating activities	<u>(47,889)</u>	<u>(82,111)</u>

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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 30June 2008.
- 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 are drawn up in accordance with The Corporations Law including sections 296 and 297.

Dated at this..... day of 2008

Signed in accordance with a resolution of the directors:

.....
Director - Secretary

.....
Director – Hon. Treasurer

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

We have audited the financial report, of Internet Society of Australia [A Company Limited by Guarantee] for the year ended 30 June 2008, comprising the Director's Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements.

Directors' responsibility for the Financial Report

The company's directors are responsible for the financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Internet Society of Australia [A Company Limited by Guarantee] and are appropriate to meet the needs of the members. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any other person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements.

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

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Independence

In conducting our audit we followed applicable independence requirements of Australian professional pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's Independence declaration has not changed as at the date of providing our audit opinion.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Internet Society of Australia as at 30 June 2008 and the results of its operations and its cash flows for the year then ended. The financial report of the Internet Society of Australia is in accordance with the Corporations Act 2001, including

- a) giving a true and fair view of the company's financial position as at 30 June 2008 and its performance for the year ended on that date; and
- b) complying with Australian Accounting standards to the extent described in note 1 and complying with the Corporations regulations 2001.

Name of Firm: Meagher Howard & Wright
Certified Practising Accountants

Name of Partner: _____
Ken Wright

Address: Suite 506, 55 Grafton Street BONDI JUNCTION NSW 2022

Dated this **day of** **2008**