

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

**The Financial Reports**

**For the year ended June 30, 2010**

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**INTERNET SOCIETY OF AUSTRALIA  
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FOR THE YEAR ENDED 30 JUNE 2010**

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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 2010.

**Directors:**

The Directors of the company in office during the year are:

<b>NAME</b>	<b>POSITION</b>	<b>QUALIFICATIONS</b>
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	
Robert Gregory	Director	BInfoTech (QUT) LLB (QUT) GradDip Intellectual P Law (MelbU)
Gunela Astbrink	Director	BA (James Cook) GradDipLib (UNSW) AALIA
Paul Brooks	Director	BSc (Hons) PhD Astrophysics (UNSW)
Ross Kelso	Director	BEng. MEngSC (Qld), Grad Dip Media, Communications & IT Law (Melb) PhD (QUT)
Jerry Leeson	Director	BA.
Andrew McRae	Director	
Robert Forsyth	Director	SMACS, MAHRI
Gerry White	Director	Dip. T., Adv. Dip. T (Dist), B.Ed. Cert. Ed. Admin., Cert Theol., M Ed. FACE
Robert Gregory	Director	BInfo Tech (QUT) LLB (QUT) GradDip Intellectual (MelbU)

**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 2009/2010**

<b>NAME</b>	<b>ELIGIBLE</b>	<b>ATTENDED</b>	<b>APOLOGIES</b>
<b>G ASTBRINK</b>	11	9	2
<b>P BROOKS</b>	11	7	2
<b>N CLARK</b>	11	9	2
<b>R FORSYTH</b>	5	4	1
<b>R GREGORY</b>	11	7	1
<b>A HILL</b>	11	7	4
<b>K KARP</b>	11	9	2
<b>R KELSO</b>	11	11	-
<b>C LANGDON-ORR</b>	11	7	4
<b>J LEESON</b>	11	8	1
<b>A MCRAE</b>	11	6	4
<b>G WHITE</b>	11	5	3

**Note:** Until the AGM on 9 December, there were only 11 directors. At the AGM on 9/12, Rob Forsyth was elected as Director.

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**DIRECTORS REPORT**

**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 \$18,423. (2009:Loss \$22,248).

**The Objects of the Internet Society of Australia**

The overriding objective of the Society is to give expression to the needs and wishes of individuals, groups, or organisations that have a common interest in the viability of the Internet in Australia, so that all Australian users of the Internet may continue to benefit from, and contribute to, its applications, technologies and evolution.

**The objects for which the Society is established are;**

- 1) to provided broad-based representation of the Australian Internet community both nationally and internationally;
- 2) to provide a service for the benefit of the community generally by enabling individuals, groups, and organisations to use the Internet effectively for communication, collaboration, education, and innovation;
- 3) to promote the availability of access to the Internet for all Australians, and to provided information, assistance, archives, and other relevant resources for Australian Internet users;
- 4) to give expression to the viewpoint of Australian Internet users to business, industry, the government, the media, and society in general, by providing information and promoting education;
- 5) to affiliate with other Australian Internet-focused organisations for co-ordination, collaboration and education in order to further the objectives of the Society;
- 6) to examine, develop, and disseminate the community's understanding of ethical and co-operative standards of usage of the Internet;
- 7) to support, co-ordinate, develop and evolve effective standards of administration of systems and resources fundamental to the functioning and integrity of the Internet, such as addressing, naming, security and connectivity;
- 8) to promote, facilitate, and conduct research relating to the Internet and internetworking; and
- 9) to develop and maintain formal and informal relationships with the international Internet community.

**Strategy for Achieving these Objectives**

- 1) Advocacy to Government and industry on issues that will impact on access of all to the Internet, including advocacy for access by people with disabilities to the Internet;
- 2) Submissions to Government and regulators on issues that affect access by all to the Internet;
- 3) Membership of and participation in other user groups both national and international, particularly peak groups for Internet consumers and business users, to develop common understandings and projects to promote the furtherance of ISOC-AU objectives;

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**DIRECTORS REPORT**

4) Participation in international Internet for a, including global Internet Society, membership of ICANN and participation in the Internet Governance Forum.

**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 .....this .....day of ..... 2010.

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 2010 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 2010, 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: .....

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	NOTE	2010 \$	2009 \$
Revenues from Ordinary Activities		168,672	86,776
Expense of Ordinary Activities (excluding borrowing costs)		150,249	109,024
		<hr/>	<hr/>
<b>Operating Surplus/(deficit) before Tax</b>		<u>18,423</u>	<u>(22,248)</u>
<b>Income Tax Applicable to Operating Surplus</b>		<u>-</u>	<u>-</u>
<b>Operating Profit after Income Tax</b>		<u>18,423</u>	<u>(22,248)</u>

**STATEMENT OF CHANGES IN EQUITY**

	NOTE	Retained Earnings	Total
Balance as at 30 <sup>th</sup> June 2008		74,347	74,347
Surplus/Deficit		<u>(22,248)</u>	<u>(22,248)</u>
Balance as at the 30 <sup>th</sup> June 2009		<u>52,099</u>	<u>52,099</u>
Surplus/Deficit		18,423	18,423
Balance as at the end of the Year		<u>70,522</u>	<u>70,522</u>

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**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2010**

	NOTE	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	58,753	38,677
Trade and other receivable	3	<u>62,187</u>	<u>55,352</u>
<b>TOTAL CURRENT ASSETS</b>		<u>120,940</u>	<u>94,029</u>
<b>TOTAL ASSETS</b>		<u>120,940</u>	<u>94,029</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other creditors		1,794	1,794
PAYG payable		23,897	22,337
Accrued expenses			-
GST on supplies		20,573	13,644
Employee benefits		<u>4,155</u>	<u>4,155</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>50,418</u>	<u>41,930</u>
<b>TOTAL LIABILITIES</b>		<u>50,418</u>	<u>41,930</u>
<b>NET ASSETS</b>		<u>70,522</u>	<u>52,099</u>
<b>EQUITY</b>			
Retained earnings		<u>70,522</u>	<u>52,099</u>
<b>TOTAL EQUITY</b>		<u>70,522</u>	<u>52,099</u>

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	NOTE	2010 \$	2009 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from debtors		168,766	103,168
Cash payments to suppliers		(148,690)	(109,944)
<b>Net cash provided/(used) in operating activities</b>		<u>20,076</u>	<u>(6,776)</u>
<b>Net increase/(decrease) in cash held</b>		20,076	(6,776)
Cash held at beginning of year		<u>38,677</u>	<u>45,453</u>
<b>Cash at end of year</b>		<u>58,753</u>	<u>38,677</u>

**INTERNET SOCIETY OF AUSTRALIA  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

These financial statements and notes represent those of the New South Wales Masonic Club ("the Club").

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The Club has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the annual reporting period beginning on 1 July 2009.

The financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

**Accounting Policies**

**(a) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the balance sheet as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Internet Society of Australia receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the balance sheet, with a corresponding amount of income recognised in the income statement.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

**(g) Employee Benefits**

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**(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)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(j) Income Tax**

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

**(m) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>NOTE 2 CASH</b>	<b>2010</b>	<b>2009</b>
Bendigo operating accounts	42,891	7,430
Term deposit	<u>15,862</u>	<u>31,247</u>
	<u>58,753</u>	<u>38,677</u>

  

<b>NOTE 3 OPERATING REVENUE</b>		
Members fees	9,387	8,500
Donations/sponsorship	60,727	26,146
Events income	5,356	-
Grants	44,265	26,279
Miscellaneous income	1,163	3,466
Interest received - bank	1,274	2,127
Organisational	<u>46,500</u>	<u>20,258</u>
	<u>168,672</u>	<u>86,776</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 4 OPERATING EXPENSES**

	<b>2010</b>	<b>2009</b>
Operating profit before income tax is arrived at after charging the following items:		
Auditor's remuneration	2,250	1,950
Accounting expenses	-	1,363
Bad debts	57,590	-
Bank fees & charges	521	576
Computer expenses	1,090	936
Filing and licence fees	275	20
Insurance/workers comp. insurance	1,883	1,968
Consultant expenses	7,338	2,841
Meeting expenses	2,502	2,401
Motor vehicle expenses	-	778
Provision for doubtful debts	-	20,425
Provision for employee benefits	-	290
Salaries & wages	16,000	60,000
Superannuation	49,400	5,400
Training	-	1,280
Secretariat expenses	97	342
Travel & accommodation	11,246	4,953
Office expenses	57	3,501
	<u>150,249</u>	<u>109,024</u>

**NOTE 5 TRADE DEBTORS**

Trade debtors	106,903	100,068
Less: Provision for doubtful debts	(44,716)	(44,716)
	<u>62,187</u>	<u>55,352</u>

**NOTE 6 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 7 RELATED PARTIES**

No director has entered into a material contract with the company or received any other benefit or remuneration.:

<b>NOTE 8 STATEMENT OF CASH FLOWS</b>	<b>2010</b>	<b>2009</b>
Reconciliation of the operating profit/ (loss) after tax to the net cash flows from operations		
Operating profit/(loss) after tax	18,423	(22,248)
Depreciation	-	-
Changes in assets and liabilities		
(Increase)/decrease in debtors	(6,835)	17,422
Increase/(decrease) in sponsorship prepayments	-	(10,000)
Increase/(Decrease) in provisions	-	290
Increase/(decrease) in sundry creditors	<u>8,488</u>	<u>7,760</u>
Net Cash Flows from operating activities	<u>20,076</u>	<u>(6776)</u>

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**DIRECTOR'S 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 2010.
- 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 ..... 2010

Signed in accordance with a resolution of the directors:

.....  
Director - Secretary

.....  
Director – Hon. Treasurer