

**au DOMAIN ADMINISTRATION**  
**[A Company Limited by Guarantee]**  
**A.C.N. 079 009 340**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDINED**  
**30<sup>TH</sup> JUNE 2002**

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*Meagher Howard & Wright*  
*Certified Practising Accountants*  
*Suite 5, Level 5*  
*55 Grafton Street*  
*BONDI JUNCTION NSW 2022*

**.au DOMAIN ADMINISTRATION**  
**[A Company Limited by Guarantee]**  
**A.C.N. 079 009 340**

**DIRECTORS' REPORT**

Your directors submit the financial accounts of the company for the year ended 30 June 2002.

**Directors**

The names of the directors in office at the date of this report are:

Chris CHAUNDY  
Patrick CORLISS  
Kim DAVIES  
Peter DEAN  
Kim HEITMAN  
David KEEGEL  
Michael MALONE  
Peter NISSEN  
Joshua ROWE  
Greg WATSON  
Liz WILLIAMS  
Chris DISSPAIN  
Greg CREW  
Tony STALEY

**Principal Activities**

The principal activities of the company in the course of the year were: development of name policy in the .au internet name space.

No significant change in the nature of these activities occurred during the year.

**Net Surplus**

The surplus of the company for the financial year amounted to \$744,190

**Dividends paid or recommended**

By virtue of its Constitution no dividends are payable by the company.

**Members' Guarantee**

In accordance with clause 7 of the Constitution of the company, each member has undertaken to contribute towards the assets of the company an amount of one hundred dollars (\$100) in the event the company is wound up whilst they are still a member or within one year after they cease to be a member. As at 30 June 2002, the company had 153 members.

**Significant Changes in State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

**After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, company in subsequent financial years.

*The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright*

**Likely Developments**

Likely developments in the operations of the company and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the company.

**Share Options**

No options to have issued shares in the company or related bodies corporate were granted during or since the financial year and there were no options outstanding at the end of the financial year.

**Benefits under contracts with Directors**

No director has received or become entitled to receive, during or since the financial year, a benefit because 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 an entity in which the director has a substantial interest, except for the sum of \$25,136 paid to Cybersource Pty Ltd (a company of which David Keegel is a Director) for technical services.

This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors as shown in the company's financial accounts for the financial year or the fixed salary of a full-time employee of the company or a related body corporate.

**Indemnifying Officer or Auditor**

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

\* indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings.

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

Director \_\_\_\_\_  
Chris DISSPAIN

Director \_\_\_\_\_  
Tony STALEY

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2002

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30th June 2002

	2002	2001
	\$	\$
Revenues from Ordinary Activities	2,149,911	740,872
Employee Benefits Expense	(324,320)	(306,739)
Depreciation and Amortisation Expenses	(11,558)	(29,861)
Other Expenses from Ordinary Activities	(762,612)	(328,371)
	<hr/>	<hr/>
Profit from Ordinary Activities		
Before Income Tax Expense	1,051,421	75,901
Income Tax Expense Relating to Ordinary Activities	(307,231)	(27,753)
	<hr/>	<hr/>
<b>Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company</b>	<b>744,190</b>	<b>48,148</b>
	<hr/>	<hr/>
<b>Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners</b>	<b>744,190</b>	<b>48,148</b>
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*The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright*

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
STATEMENT OF FINANCIAL POSITION AS AT 30th June 2002

	NOTE	2002 \$	2001 \$
<b>CURRENT ASSETS</b>			
Cash	9	1,310,317	221,426
Receivables	4	3,470	6,500
Other	5	34,191	45,972
		1,347,978	273,898
<b>TOTAL CURRENT ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	39,418	30,563
Deferred Tax Assets		870	
		40,288	30,563
<b>TOTAL NON-CURRENT ASSETS</b>			
		1,388,266	304,461
<b>TOTAL ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Payables	7	269,197	208,848
Tax Liabilities		311,816	35,451
Provisions	8	2,900	-
		583,913	244,299
<b>TOTAL CURRENT LIABILITIES</b>			
		583,913	244,299
<b>TOTAL LIABILITIES</b>			
		804,353	60,162
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Accumulated Profit		804,353	60,162
		804,353	60,162
<b>TOTAL EQUITY</b>			
		804,353	60,162

*The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright*

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th June 2002

	NOTE	2002	2001
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Debtors		2,110,758	800,316
Payments to Suppliers and Employees		(1,084,827)	(549,286)
Interest Received		16,234	4,529
Income Taxes Paid		(31,736)	-
Goods and Services Tax Paid		95,845	(1,205)
<b>Net Cash used in Operating Activities</b>	10	1,106,274	254,354
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant & Equipment - at Cost		5,300	4,000
Deposits		3,030	-
Plant & Equipment - at Cost		(20,727)	(56,847)
Less Prov'n for Depreciation		(4,987)	-
Leasehold Improvements at Cost		-	(2,850)
<b>Net Cash used in Financing Activities</b>		(17,384)	(55,697)
<b>Net Increase (Decrease) in Cash Held</b>		1,088,891	198,657
Cash at Beginning of Year		221,427	22,770
<b>Cash at the End of Year</b>	10	1,310,317	221,427

*The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright*

## **NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the Statement of Accounting Concepts and applicable Accounting Standards, and the Corporations Law, including the disclosure requirements of Schedule 5. The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the accounts.

### **a) Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is a virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law.

Notwithstanding the above, the company has lodged an objection against the assessment of income tax because it is claimed that the company should be exempt from income tax due to the fact it is a not for profit organisation.

### **b) Property, Plant & Equipment**

Property, plant and equipment are included at cost or at independent or directors' valuation. The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use.

Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

### **c) Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	
Office Equipment	20%
Computers	40%

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> June 2002

**Additional Information**

**Registered Office**

107 Faraday Street  
Carlton Victoria 3053

**Principal Place of Business**

107 Faraday Street  
Carlton Victoria 3053

	2002	2001
	\$	\$

**NOTE 2 - OPERATING REVENUE**

**Other Operating Revenue**

Subscriptions received	5,373	11,182
Interest Received	16,234	4,529
Licence Fees	1,012,742	725,042
Other Income	-	119
Proceeds from the sale of non-current assets	5,300	4,000
Generic Names	1,114,309	-
	2,153,958	744,872
<b>TOTAL OPERATING REVENUE</b>	<b>2,153,958</b>	<b>744,872</b>

**NOTE 3 - INCOME TAX**

The prima facie income tax on operating profit and extraordinary items differs from the income tax provided in the accounts and is calculated as follows:

Prima facie tax payable	315,426	25,806
<b>Add</b> Permanent Difference	2,069	1,947
<b>Subtract</b> Timing Difference	870	-
<b>Adjustment</b> from Previous Year	(11,135)	-
	307,230	27,753
<b>Income tax attributable to operating profit</b>	<b>307,230</b>	<b>27,753</b>

**NOTE 4 - RECEIVABLES**

**Current**

Deposits	3,470	6,500
	3,470	6,500



au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> June 2002

	2002	2001
	\$	\$
	3,470	6,500
	<u>          </u>	<u>          </u>

**NOTE 5 - OTHER ASSETS**

**Current**

GST on acquisitions	34,191	45,972
	<u>          </u>	<u>          </u>

**NOTE 6 - PROPERTY PLANT AND EQUIPMENT**

Plant & Equipment - at Cost	57,307	58,457
Less Prov'n for Depreciation	20,739	30,744
	<u>          </u>	<u>          </u>
	36,568	27,713
Leasehold Improvements at Cost	2,850	2,850
	<u>          </u>	<u>          </u>
	39,418	30,563
	<u>          </u>	<u>          </u>

**NOTE 7 - PAYABLES**

**Current**

Trade Creditors	115,981	113,758
Prepaid income	-	22,916
Payroll Clearing	24,385	27,405
GST on Supplies	128,831	44,768
	<u>          </u>	<u>          </u>
	269,197	208,847
	<u>          </u>	<u>          </u>

**NOTE 8 - PROVISIONS**

**Current**

Provision for Audit Fees	2,900	-
	<u>          </u>	<u>          </u>

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> June 2002

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> June 2002

	NOTE	2002 \$	2001 \$
<b>NOTE 9 - Reconciliation of Cash</b>			
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash in Hand		464	500
Nat Australia Bank		152,013	220,926
Cash on Deposit		1,155,032	-
Credit Cards		2,808	-
		1,310,317	221,426
		1,310,317	221,426

**NOTE 10 - Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax**

Profit from Ordinary Activities After Income Tax		744,191	48,148
Non-cash flows in profit from ordinary activities			
Depreciation		11,558	29,861
Net (gain)/loss on disposal of investments		-	-
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries			
(Increase)/decrease in other Assets		10,912	(5,583)
Increase/(decrease) in provisions		2,900	44,768
Increase/(decrease) in payables		60,348	109,409
Increase/(decrease) in income tax payable		276,365	27,753
		1106,274	254,354
		1106,274	254,354

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> June 2002

	2002	2001
	\$	\$
<b>INCOME</b>		
Subscriptions received	5,373	11,182
Interest Received	16,234	4,529
Licence Fees	1,012,742	725,042
Generic Names	1,114,309	-
Profit on sale of Fixed Asset	1,253	-
Other Income	-	119
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	2,149,911	740,872
<b>EXPENSES</b>		
Accountancy	42,650	-
Auditors Remuneration - Fees	5,700	2,800
AGM Meeting Expenses	-	3,056
Bank Charges	1,228	935
Consultants Fees	96,780	-
Computer Expenses	518	-
Depreciation	11,558	29,862
Directors Fees	35,000	20,416
Directors Expenses	35,919	38,927
Donations	2,000	-
Entertainment	6,898	2,924
Education & Media	51,073	-
Edu.au	65,000	-
Filing Fees	1,854	-
General Expenses	653	-
Generic Costs	44,551	-
Insurance	7,200	6,259
Legal Costs	150,204	109,841
License Fee-ICAAAN/CCTLD	(7,984)	56,321
Meeting Costs	320	7,536
Motor Vehicle Expenses	11,158	-
Office Expenses	10,963	1,193
Panel Expenses	4,226	25,844
Postage	96	-
Printing & Stationery	6,657	4,889
Room Hire	30,595	16,357

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> June 2002

	2002	2001
	\$	\$
Relocation Expenses	9,243	-
Salaries	252,529	246,620
Staff Amenities	872	776
Staff Casual	17,538	-
Staff recruitment	11,709	27,902
Subscriptions	1,184	-
Technical Support	44,556	19,028
Telephone	17,440	7,227
Tender Assessment	29,920	-
Travelling Expenses	98,682	36,258
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	1,098,490	664,971
	<hr/>	<hr/>
<b>OPERATING PROFIT BEFORE INCOME TAX</b>	1,051,421	75,901
	<hr/>	<hr/>
Income Tax Expense	307,230	27,753
	<hr/>	<hr/>
<b>OPERATING PROFIT FOR THE YEAR</b>	744,191	48,148
	<hr/>	<hr/>
<b>OPERATING PROFIT AND EXTRAORDINARY ITEMS</b>	744,191	48,148
	<hr/>	<hr/>
Retained Profits at July 1	60,162	12,014
	<hr/>	<hr/>
<b>RETAINED PROFITS</b>	804,353	60,162
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**au DOMAIN ADMINISTRATION**

**[A Company Limited by Guarantee]**

**A.C.N. 079 009 340**

**DIRECTORS' DECLARATION**

**[A Company Limited by Guarantee]**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 1-9 present fairly the company's financial position as at 30 June 2002 and its performance for the year ended on that date in accordance with Accounting Standard and other mandatory professional reporting requirements.
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.....

Chris DISSPAIN

Director.....

Tony STALEY

Dated this.....day of.....2002

**au DOMAIN ADMINISTRATION**

**[A Company Limited by Guarantee]**

**A.C.N. 079 009 340**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF**

**au DOMAIN ADMINISTRATION**

**[A Company Limited by Guarantee]**

**Scope**

We have audited the financial report, being a special purpose financial report of au DOMAIN ADMINISTRATION [A Company Limited by Guarantee] for the year ended 30 June 2001, as set out on pages 1 to 4. 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 au DOMAIN ADMINISTRATION [A Company Limited by Guarantee] and are appropriate to meet the needs of the members. 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.

**Audit Opinion**

In our opinion, the financial report presents fairly, in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of au DOMAIN ADMINISTRATION [A Company Limited by Guarantee] as at 30 June 2001 and the results of its operations for the year then ended.

MEAGHER HOWARD & WRIGHT

Certified Practising Accountants

by Ron MEAGHER

Level 5, 55 Grafton St Bondi Junction