

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**.au Domain Administration Limited**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2008**

**Meagher Howard & Wright  
Certified Practising Accountants**

**Suite 506  
55 Grafton Street  
BONDI JUNCTION NSW 2022**

# **.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

## **DIRECTORS' REPORT**

Your directors submit the financial accounts of the company for the year ended 30 June 2008.

### **Directors**

The names of the directors who held office during the year, and attendance at meetings are:

	<b>Eligible</b>	<b>Attended</b>	<b>Apologies</b>
Tony STALEY (Chairman)	7	6	1
Kim HEITMAN (Deputy Chair)	7	7	0
Brett FENTON (Resigned 22/10/2007)	3	3	0
David GOLDSTEIN (Resigned 22/10/2007)	3	3	0
Bennett OPRYSA	7	7	0
Cheryl LANGDON-ORR	7	7	0
Joshua ROWE	7	7	0
Peter SHILLING (Resigned 22/10/2007)	3	1	2
Julie HAMMER	7	7	0
Marty DRILL	7	7	0
Chris DISSPAIN	7	7	0
Amin KROLL (Appointed 22/10/2007)	4	4	0
Tony STEVEN	4	4	0
Alex WOERNLE	4	4	0
Graham MCDONALD	3	3	0

### **Principal Activities**

The principal activities of the company in the course of the year were:

Management of .au Domain name space.

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

### **Net Profit**

The Loss of the company for the financial year amounted to \$26,344. (2007 - \$505,447 profit).

### **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 2008, the company had 114 members.

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**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, in subsequent financial years.

**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 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.

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 \_\_\_\_\_ 2008

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008	2007
		\$	\$
<b>Revenue</b>	<b>2</b>	3,028,170	2,919,251
Depreciation and amortisation expenses		(96,382)	(31,187)
Employee benefits expenses		(698,120)	(697,073)
Finance costs		-	-
Other expenses		<u>(2,260,012)</u>	<u>(1,685,544)</u>
<b>Profit (Loss) for the year</b>		(26,344)	505,447
Retained earnings at the beginning of the financial year		<u>4,357,881</u>	<u>3,852,434</u>
<b>Profit attributable to members of the company</b>		<u>4,331,537</u>	<u>4,357,881</u>

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**BALANCE SHEET AS AT  
30 JUNE 2008**

	Note	2008	2007
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	4,234,880	4,778,001
Trade and other receivables	6	445,151	104,828
Other current assets	7	24,533	7,086
<b>TOTAL CURRENT ASSETS</b>		<u>4,704,564</u>	<u>4,889,915</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	292,176	206,631
<b>TOTAL NON-CURRENT ASSETS</b>		<u>292,176</u>	<u>206,631</u>
<b>TOTAL ASSETS</b>		<u>4,996,740</u>	<u>5,096,546</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	586,676	659,940
Provisions	10	78,527	78,725
<b>TOTAL CURRENT LIABILITIES</b>		<u>665,203</u>	<u>738,665</u>
<b>TOTAL LIABILITIES</b>		<u>665,203</u>	<u>738,665</u>
<b>NET ASSETS</b>		<u>4,331,537</u>	<u>4,357,881</u>
<b>EQUITY</b>			
Retained earnings	11	4,331,537	4,357,881
<b>TOTAL EQUITY</b>		<u>4,331,537</u>	<u>4,357,881</u>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

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	<b>Retained Earnings</b>	<b>Reserves</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2006</b>	3,852,434	-	3,852,434
Profit attributable to members	<u>505,447</u>	-	<u>505,447</u>
<b>Balance at 30 June 2007</b>	4,357,881	-	4,357,881
Profit/(Loss) attributable to members	<u>(26,344)</u>	-	<u>(26,344)</u>
<b>Balance at 30 June 2008</b>	<u>4,331,537</u>	-	<u>4,331,537</u>

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**CASH FLOW STATEMENT AS AT  
30 JUNE 2008**

	NOTE	2008	2007
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from debtors		2,408,499	2,916,554
Payments to suppliers and employees		(3,050,682)	(2,804,486)
Interest received		299,983	254,347
Goods and Services Tax Paid		(18,994)	39,557
<b>Net Cash Used in Operating Activities</b>		<u>(361,194)</u>	<u>405,972</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant & Equipment at Cost		(181,927)	(178,673)
<b>Net Cash used in Investing Activities</b>		<u>(181,927)</u>	<u>(178,673)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net Increase (Decrease) in Cash Held</b>		(543,121)	227,299
Cash at Beginning of Year		4,778,001	4,550,702
<b>Cash at End of Year</b>		<u>4,234,880</u>	<u>4,778,001</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**

**1 Statement of Significant Accounting Policies**

The financial report is a general purpose financial 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 .auda 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 Accounting 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").

Unless otherwise stated, the accounting policies set out below have been consistently applied to all years presented. The company has elected to adopt the exemptions available under AASB 1 relating to AASB 132:

**Reporting basis and conventions**

The financial report has been prepared on an accruals basis and is based on historical costs 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.

**Property Plant & Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.



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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**

**a) Impairment of Assets**

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.

An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in income.

**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 (25%) are depreciated over 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	25%

**d) Employee Benefits**

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**e) Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**

**f) Cash and Cash Equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities under borrowings.

**g) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

**All revenue is stated net of the amount of goods and services tax (GST).**

**h) Goods and 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 Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
- (ii) receivables and payables are shown inclusive of GST.

**i) Cash Flows**

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) Comparative Figures**

Where appropriate comparative figures have been adjusted to conform to changes in presentation for the current financial year as required by Australian Accounting Standards or as a result of changes in accounting policy.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**

<b>2</b>	<b>Revenue</b>	<b>2008</b>	<b>2007</b>
	<b>Operating activities</b>	2,723,482	2,660,288
	<b>Interest</b>	299,983	254,357
	<b>Subscriptions</b>	4,705	4,606
		<u>3,028,170</u>	<u>2,919,251</u>
<b>3</b>	<b>Auditor's Remuneration</b>		
	Auditor's Remuneration - Fees	4,600	4,250
<b>4</b>	<b>Income Tax</b>		
	The company has been deemed a non profit organisation and is not subject to tax.		
<b>5</b>	<b>Cash and Cash Equivalents</b>		
	<b>Reconciliation of cash</b>		
	Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
	Cash in Hand	397	589
	Nat Australia Bank	161,730	354,399
	Cash on Deposit	3,874,038	3,415,323
	Tradeable Securities	-	1,007,690
	USD Account	<u>198,715</u>	<u>-</u>
		<u>4,234,880</u>	<u>4,778,001</u>
<b>6</b>	<b>Trade and Other Receivables</b>		
	Current	378,864	69,033
	Other Debtors	9,857	-
	GST on acquisitions	<u>56,430</u>	<u>35,795</u>
		<u>445,151</u>	<u>104,828</u>
<b>7</b>	<b>Other Current Assets</b>		
	Deposits	16,470	3,470
	Prepayments	<u>8,063</u>	<u>3,616</u>
		<u>24,533</u>	<u>7,086</u>
<b>8</b>	<b>Property, Plant and Equipment</b>		
	Plant and equipment:		
	At cost	474,886	293,408
	Accumulated depreciation	<u>182,710</u>	<u>(86,328)</u>
	Total plant and equipment	<u>292,176</u>	<u>206,631</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
<b>Movements in Carrying Amounts</b>	<b>\$</b>	<b>\$</b>
Plant & Equipment		
Balance at beginning of year	206,631	65,521
Additions (at cost)	181,927	178,673
Disposals	-	(6,376)
Depreciation	(96,382)	(31,187)
Balance at End of Year	<u>292,176</u>	<u>206,631</u>
<b>9 Trade and Other Payables</b>		
<b>Current</b>		
Trade Creditors	365,556	211,001
Future Development commitment	-	315,250
Prepaid Income	49,375	24,000
Payroll Clearing	38,111	20,334
GST on supplies	128,984	89,355
Other Creditors	<u>4,650</u>	<u>-</u>
	<u>586,676</u>	<u>659,940</u>
<b>10 Provisions</b>		
Provision for Holiday Pay	4,975	24,043
Prov'n for Long Service Leave	<u>68,952</u>	<u>50,432</u>
Total Prov'n for Employee Entitlement	<u>73,927</u>	<u>74,475</u>
Provision for Audit Fees	<u>4,600</u>	<u>4,250</u>
<b>Total provisions</b>	<u>78,527</u>	<u>78,725</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>11 Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities</b>		
Profit/(Loss) from Ordinary Activities After Gifts	(26,344)	505,447
Non-cash flows in profit from ordinary activities		
Depreciation	96,382	31,187
Net (gain)/loss on disposal of assets	-	6.376
<b>Change in assets and liabilities,</b>		
(Increase)/Decrease in receivables	(340,323)	251,650
(Increase)/decrease in other assets	(17,447)	(101)
Increase/(decrease) in payables	(73,264)	(423,495)
(Increase)/decrease in provisions	(198)	34,908
Cash Flows from Operations	<u>(361,194)</u>	<u>405,972</u>

	Salary & Fees	Superannuation	Total
	\$	\$	\$
<b>12 Directors and Key Management Personnel Compensation</b>			
<b>2008</b>			
Total Compensation	425,462	35,035	460,497
<b>2007</b>			
Total Compensation	419,553	36,945	456,498

**Additional Information**

**Registered Office**

114 Cardigan Street  
Carlton Victoria 3053

**Principal Place of Business**

114 Cardigan Street  
Carlton Victoria 3053

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**PROFIT & LOSS FOR THE YEAR ENDED 30 JUNE 2008**

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	2008	2007
	\$	\$
<b>INCOME</b>		
Subscriptions received	4,705	4,606
Interest Received	299,983	254,347
Registry licence Fees	463,788	310,723
Domain Name Fees	2,192,094	2,268,575
Registrar Fees	67,600	81,000
<b>TOTAL INCOME</b>	<u>3,028,170</u>	<u>2,919,251</u>
<b>EXPENSES</b>		
Accountancy	84,250	87,300
Auditors Remuneration - Fees	4,600	4,250
Bank Charges	1,924	1,943
AGM & Committee Meetings	103,606	72,584
Computer Expenses	262,942	83,028
Conference Expenses	15,000	6,418
Depreciation	96,382	31,187
Directors Fees	144,586	63,714
Directors Expenses	82,436	51,666
Donations	-	770
Entertainment	18,130	21,541
Education & Media	246,727	295,869
Filing Fees	65	-
Fringe Benefits Tax	50,654	49,036
General Expenses	1,526	1,957
Geographics	3,420	2,760
Holiday Pay Provision	22,500	18,563
Insurance	12,578	13,964
Interest on Leases	23,570	23,667
Legal Costs	278,447	207,094
License Fee-ICAA/CCTLD	218,851	223,718
Long Service Leave	18,520	16,095
Office Expenses	20,635	15,271

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**PROFIT & LOSS FOR THE YEAR ENDED 30 JUNE 2008**

Payroll Tax	16,250	12,547
Postage, Printing & Stationery	14,283	8,971
Relocation Expenses	-	26,693
Rent	62,553	56,106
Salaries & Wages	658,016	613,379
Security	101,271	-
Staff Amenities	10,072	19,543
Staff Training	39,226	11,008
Sponsorship	7,935	-
Subscriptions	10,952	2,316
Technical Support	115,111	94,328
Telephone	30,779	31,831
Travelling Expenses	<u>268,604</u>	<u>238,311</u>
<b>TOTAL EXPENSES</b>	<u>3,046,401</u>	<u>2,407,428</u>
<b>OPERATING PROFIT</b>	<u>(18,231)</u>	<u>511,823</u>
<b>NON-OPERATING INCOME AND EXPENSES</b>		
<b>Non Operating Expenses</b>		
Loss on Sale of Fixed Assets	-	6,376
Unrealised Foreign Exchange Loss	(8,113)	-
	<u></u>	<u></u>
<b>OPERATING PROFIT FOR THE YEAR</b>	<u>(26,344)</u>	<u>505,447</u>
<b>Transfer to retained earnings</b>	(26,344)	505,447
Retained Profits at July 1	<u>4,357,881</u>	<u>3,852,434</u>
<b>RETAINED PROFITS</b>	<u>4,331,537</u>	<u>4,357,881</u>

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**The directors of the company declare that:**

1. The financial statements and notes, as set out on pages 1 to 20 present fairly the company's financial position as at 30 June 2008 and its performance for the year ended on that date in accordance with Australian Accounting Standards 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:** \_\_\_\_\_  
Tony Staley

**Director:** \_\_\_\_\_  
Chris Disspain

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



**.au Domain Administration Limited**

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF**

**.auda**

We have audited the financial report, of .auda [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. 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 .auda [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.

**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 .auda as at 30 June 2008 and the results of its operations and its cash flows for the year then ended.

**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**