

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2011**

**Meagher Howard & Wright  
Certified Practising Accountants**

**Suite 505  
55 Grafton Street  
BONDI JUNCTION NSW 2022**

# **.au Domain Administration Limited**

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## **DIRECTORS' REPORT**

Your directors submit the financial accounts of the company for the year ended 30 June 2011.

### **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 (Chair)	6	6	
Kimberley HEITMAN	6	6	
Cheryl LANGDON-ORR	6	6	
Joshua ROWE	6	6	
Julie HAMMER	6	6	
Marty DRILL	6	6	
Chris DISSPAIN	6	6	
Amin KROLL	6	6	
Graham MCDONALD	6	6	
Dwayne VAREY	6	5	1
Rosemary SINCLAIR	6	4	2
George PONGAS	6	6	

### **The Hon Tony Staley AO - Chair**

Tony Staley has been independent Chair of the auDA Board since 2001.

He spent a decade in the Australian Parliament, including three years as Minister for Post and Telecommunications before pursuing a career in the private sector. He has been Chairman or Director of a variety of companies and organisations, including Mitsubishi Motors, Ogilvy and Mather, Alexander Stenhouse, National Museum of Australia, Playbox Theatre, the Telecommunications Industry Ombudsman Council, the Liberal Party of Australia, Energy and Water Ombudsman Board, Partners in Performance International and the Co-operative Research Centres Association.

Tony graduated in law and political science from the University of Melbourne, where he also lectured in Australian Government.

### **Kimberley Heitman - Deputy Chair**

Kimberley Heitman is the University Lawyer and Director of Legal Services at the University of Western Australia, and has worked in the higher education sector for 10 years. Kimberley was a founding Board Member of auDA and has been Deputy Chair since 2002, serving on several standing committees and panels.

Admitted to legal practice in 1982, he is a barrister and solicitor, director and consultant. Kim lectures and consults on Internet regulation, e-commerce and risk management and is the Central/Western Convenor of the Society of University Lawyers. Kim is married with five children and resides in Perth.

### **Air Vice-Marshal Julie Hammer AM, CSC - Independent Director**

Air Vice-Marshal Julie Hammer, an Electronics Engineer, served in the Royal Australian Air Force for over 28 years in the fields of aircraft maintenance, technical intelligence, electronic warfare, and ICT systems.

She acted as the IO for Defence for the year prior to her retirement.

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She holds a Bachelor of Science with Honours in Physics, a Masters degree in Aero Systems Engineering, a Graduate Diploma in Strategic Studies and a Doctor of Engineering Honoris Causa. She was National President of Engineers Australia throughout 2008 and has been a Director of auDA since April 2007.

#### **Graham McDonald - Independent Director**

Graham McDonald has practiced law for 40 years. He has been a Presidential Member of the Federal Administrative Appeals Tribunal for the last 20 years during which time he has also served as the inaugural Australian Banking Ombudsman and as Chairman of the Superannuation Complaints Tribunal. Graham has extensive experience as a partner in legal firms, as a barrister and has held a number of State and Federal Government appointments.

#### **Marty Drill - Supply Class Director**

Marty Drill has been a Director of the auDA Board for nearly five years. He is passionate about the industry and the Internet. Marty was a Director of Domain Candy, an accredited registrar, for eight years and sold his interest in the business in 2009. Marty is the CEO of Get Started, one of Melbourne's premier web design firms, a company he established in 1999.

Marty has several years experience as a Director, including being on the Board of the online fruit and vegetable business Eatfresh and the investment company Opportunity Junkies. Marty is passionate about giving back to the community and is a Director of the charity sponsorship website Online Giving.

#### **Amin Kroll - Supply Class Director**

With much experience in the web services industry in Australia, Amin Kroll was appointed to the auDA Board in October 2007 and is now serving his second term. Amin is General Manager of Hostway Corporation in Australia and within that role is part of the Executive Lead Team. He has broad international experience also spearheading the establishment of an operation in Ho Chi Minh City, Vietnam.

Previously the founder and CEO of IntaServe Pty Ltd (since acquired by Hostway), Amin has an Executive MBA from the *Macquarie Graduate School of Management* and has represented Australia internationally (Under 21) for Team European Handball.

#### **Cheryl Langdon-Orr - Demand Class Director**

Cheryl was elected to the auDA Board for a fourth term of office in the Demand Class stakeholder category in October 2010. Previously, she worked on several auDA Policy Advisory Panels from 2000.

Cheryl represents the Internet Society of Australia (ISOC-AU) as an ICANN accredited At-Large Structure (ALS) in ICANN's Asia Pacific Regional At-Large Organisation (APRALO) and APRALO in the ALAC, until late 2011. She served as Chair of the ALAC for three terms, from 2007 - 2010, is currently an ALAC liaison to ICANN looking at accountability and transparency during 2010.

#### **George Pongas - Supply Class Director**

George Pongas has been involved with the Australian domain industry since 2003. During this time he has managed seven accredited registrars, formerly holding the position as CEO at Domain8 and Domain Candy, and more recently Business Development Manager for Fabulous.com.au.

George is an active and visible industry member, having participated on many auDA Panels, as well as attending a number of ICANN and international domain related conferences.

Currently appointed as Client Services Manager at AusRegistry (the .au 2LD registry operator), George is perfectly positioned to apply his commercial sensibility, and extensive industry experience to ensure the delivery of a valuable Supply Class perspective for the Australian domain industry.

#### **Joshua Rowe - Demand Class Director**

Josh Rowe is an active participant in the debate of Australian and global domain name governance, with over 18 years experience with the Internet and domain name issues. Josh has recently completed post graduate research on the usability of domain names and is a staunch consumer advocate within the Australian domain name industry.

Currently working with Australia Post to manage the corporation's development of its digital strategy, Josh is focused on ways to best use the Internet to improve Australia Post's business.

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### **Rosemary Sinclair - Demand Class Director**

Rosemary Sinclair held a range of senior management positions with Telecom Australia, including the Manager of Commercial Operations NSW and National General Manager, Communication Accounts. Rosemary was the Director of Strategic Development for the ABC and Director, Technology and Corporate Services for ABC Radio. From 2001, Rosemary was the Managing Director of the Australian Telecommunications Users Group (ATUG) and has recently taken up the role of Director, External Relations, Australian School of Business, University of NSW. Rosemary has served on a number of government committees and is currently Chair of the Regional Telecommunications Inquiry Committee. Rosemary was appointed by the ICANN Board to the Generic Names Supporting Organisation (GNSO) Council in 2009 for a two year term.

### **Dwayne Varey - Supply Class Director**

Dwayne Varey has over 12 years experience in the Internet industry including senior manager roles with Westnet and iiNet. He is currently serving his second term on the auDA Board and is on both the membership and finance committees. In addition to this, Dwayne has recently moved to the position of CTO with one of Australia's leading registrars and web services companies, Uber-Global.

### **Chris Disspain**

Chris was appointed CEO of auDA in October 2000. Under his guidance, auDA has become self-funding, introduced competition into the domain name market in .au, simplified the policy regime and introduced an industry code of practice.

Chris was until earlier this year the Chair of ICANN's Country Code Name Supporting Organisation (ccNSO), a body that represents the interests of and sets global policy and best practice for ccTLDs.

He was elected to the board of ICANN by members of ccNSO and took his seat in June 2011.

He is also a member of the United Nations Secretary General's IGF Multi-stakeholder Advisory Group.

### **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.

The entity's short term objectives are:

- Ensure stability and security of internet .
- Demonstrate the value and validity of the industry self regulatory model.
- Maintain the .au brand as an indicator of quality to Australian consumers operating in a global marketplace.
- Development and monitoring of policy breaches in an ever more sophisticated environment.

The entity's long term objectives are:

- Managing risks associated with industry business failure.
- Managing the increase in demand for IPv6 addresses due to the global exhaustion of IPv4 address space.
- Maintain a structure that allows auDA to remain relevant to stakeholders in a changing industry environment.

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To achieve these objectives, the entity has adopted the following strategies:

- Strengthen industry engagement by developing and implementing support services for Registrars to make it easier for them to understand and meet their regulatory obligations.
- Through the auDA Foundation, to continue to promote education and research activities that will enhance the utility of the internet for the benefit of the Australian community.
- Participate in international internet fora activities.
- Strengthen knowledge management and implement succession and capacity planning.

### **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 2011, the company had 111 members.

### **Significant Changes in State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year, other than the return of .au community domain operations back into the company.

### **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.

### **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 \_\_\_\_\_  
Tony STALEY

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2011 has been received..

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

**Director:**

**Dated this                    day of                    2011**

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**COMPREHENSIVE INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011	2010
		\$	\$
<b>Revenue</b>	<b>2</b>	5,090,694	4,605,603
Depreciation and amortisation expenses		(148,459)	(151,574)
Employee benefits expenses		(1,477,580)	(1,291,477)
Finance costs		(179,387)	-
Other expenses		(3,062,130)	(2,859,170)
<b>Profit (Loss) for the year</b>		223,138	303,382
Retained earnings at the beginning of the financial year		4,219,138	3,915,756
<b>Profit attributable to members of the company</b>		<u>4,442,276</u>	<u>4,219,138</u>

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**BALANCE SHEET AS AT  
30 JUNE 2011**

	Note	2011	2010
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	4,628,610	4,102,975
Trade and other receivables	6	557,391	498,599
Other current assets	7	16,616	16,616
<b>TOTAL CURRENT ASSETS</b>		<u>5,202,617</u>	<u>4,618,190</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	293,483	383,234
<b>TOTAL NON-CURRENT ASSETS</b>		<u>293,483</u>	<u>383,234</u>
<b>TOTAL ASSETS</b>		<u>5,496,100</u>	<u>5,001,424</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	790,783	543,564
Provisions	10	263,041	238,722
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,053,824</u>	<u>782,286</u>
<b>TOTAL LIABILITIES</b>		<u>1,053,824</u>	<u>782,286</u>
<b>NET ASSETS</b>		<u>4,442,276</u>	<u>4,219,138</u>
<b>EQUITY</b>			
Retained earnings	11	4,442,276	4,219,138
<b>TOTAL EQUITY</b>		<u>4,442,276</u>	<u>4,219,138</u>



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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2011**

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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 2009</b>	3,915,756	-	3,915,756
Profit attributable to members	<u>303,382</u>	-	<u>303,382</u>
<b>Balance at 30 June 2010</b>	4,219,138	-	4,219,138
Profit/(Loss) attributable to members	<u>223,138</u>	-	<u>223,138</u>
<b>Balance at 30 June 2011</b>	<u><u>4,442,276</u></u>	-	<u><u>4,442,276</u></u>

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**CASH FLOW STATEMENT AS AT  
30 JUNE 2011**

	NOTE	2011	2010
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from debtors		4,821,302	4,918,150
Payments to suppliers and employees		(4,326,466)	(4,654,552)
Interest received		137,261	113,839
<b>Net Cash Used in Operating Activities</b>		<u>632,097</u>	<u>377,437</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant & Equipment at Cost		(106,462)	(246,193)
<b>Net Cash used in Investing Activities</b>		<u>(106,462)</u>	<u>(246,193)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net Increase (Decrease) in Cash Held</b>		525,635	131,244
Cash at Beginning of Year		4,102,975	3,971,731
<b>Cash at End of Year</b>		<u>4,628,610</u>	<u>4,102,975</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1 Statement of Significant Accounting Policies**

These financial statements and notes represent those of .au Domain Administration Limited.

**Basis of Preparation**

The financial statements are general 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 the 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.

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Group's accounting policies, which are described throughout this note, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**Accounting Policies**

**(a) Revenue**

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

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.

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

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### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### (b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. 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 assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Computers	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (c) Financial Instruments

##### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

**(d) Impairment of Assets**

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

**(e) 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 employee superannuation funds and are charged as expenses when incurred.

**(f) 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.

**(g) 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.

**(h) 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*.

**(i) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

**(j) 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 AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**(k) Critical Accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**Key Estimates**

**(a) Impairment**

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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<b>2</b>	<b>Revenue</b>	<b>2011</b>	<b>2010</b>
	Operating activities	4,941,873	4,352,263
	Interest	137,261	113,839
	Subscriptions	10,060	4,580
	Sundry Income	-	16,240
	Grants Returned	1,500	95,304
	Foreign Exchange gain	-	23,377
		<u>5,090,694</u>	<u>4,605,603</u>
	The grants returned is the remaining funds in .au community domains operations which has been absorbed back into the company.		
<b>3</b>	<b>Auditor's Remuneration</b>		
	Auditor's Remuneration - Fees	5,500	5,500
<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	2,152	2,220
	National Australia Bank ("NAB")	35,679	172,563
	NAB Cash on Deposit	1,893,838	3,149,410
	NAB USD Account	880,546	291,758
	HSBC	163,891	252,085
	HSBC International	333,154	110,739
	HSBC USD	<u>1,319,350</u>	<u>124,200</u>
		<u>4,628,610</u>	<u>4,102,975</u>
<b>6</b>	<b>Trade and Other Receivables</b>		
	Current	463,333	409,323
	Other Debtors	39,908	20,804
	GST on acquisitions	<u>54,150</u>	<u>68,472</u>
		<u>557,391</u>	<u>498,599</u>
<b>7</b>	<b>Other Current Assets</b>		
	Deposits	13,000	13,000
	Prepayments	<u>3,616</u>	<u>3,616</u>
		<u>16,616</u>	<u>16,616</u>

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	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>8 Property, Plant and Equipment</b>		
Plant and equipment:		
At cost	724,522	824,992
Accumulated depreciation	(431,039)	(441,758)
Total plant and equipment	<u>293,483</u>	<u>383,234</u>
<b>Movements in Carrying Amounts</b>		
Plant & Equipment		
Balance at beginning of year	383,234	288,615
Additions (at cost)	106,462	246,193
Disposals	(47,754)	
Depreciation	(148,459)	(151,574)
Balance at End of Year	<u>293,483</u>	<u>383,234</u>
<b>9 Trade and Other Payables</b>		
Current		
Trade Creditors	547,210	263,605
Prepaid Income	61,000	60,250
Payroll Clearing	44,629	38,503
GST on supplies	115,230	176,050
Other Creditors	22,714	5,156
	<u>790,783</u>	<u>543,564</u>
<b>10 Provisions</b>		
Provision for Holiday Pay	163,351	156,406
Provision for Long Service Leave	94,190	74,316
Total Provision for Employee Entitlement	<u>257,541</u>	<u>230,722</u>
Provision for Audit Fees	5,500	8,000
Total provisions	<u>263,041</u>	<u>238,722</u>
<b>11 Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities</b>		
Profit/(Loss) from Ordinary Activities After Gifts	223,138	303,382
Non-cash flows in profit from ordinary activities		
Depreciation	148,459	151,574
Loss on sale of fixed assets	47,754	-
(Increase)/Decrease in receivables	(58,792)	(55,078)
(Increase)/Decrease in other assets	-	4,883
Increase/(Decrease) in payables	247,219	(168,305)
Increase/(Decrease) in provisions	24,319	140,981
Cash Flows from Operations	<u>632,097</u>	<u>377,437</u>



**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**12 Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows.

<b>Financial Assets</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	5	4,628,610	4,102,975
Loans and receivables	6	557,391	498,599
<b>Total financial assets</b>		<u>5,186,001</u>	<u>4,601,574</u>
<b>Financial Liabilities</b>			
Trade and other payables		790,783	543,564
<b>Total Financial Liabilities</b>		<u>790,783</u>	<u>543,564</u>

**Additional Information**

<b>Registered Office</b>	<b>Principal Place of Business</b>
114 Cardigan Street Carlton Victoria 3053	114 Cardigan Street Carlton Victoria 3053

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**PROFIT & LOSS  
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
<b>INCOME</b>		
Subscriptions received	10,060	4,580
Interest Received	137,261	113,839
Registry licence Fees	886,245	714,828
Domain Name Fees	3,938,946	3,537,685
Registrar Fees	106,250	99,750
Sundry Income	-	16,240
Grants Returned	1,500	95,304
Community Site Fees	10,432	
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	<b>5,090,694</b>	<b>4,582,226</b>
<b>EXPENSES</b>		
Accountancy	99,600	93,600
Auditors Remuneration - Fees	5,500	5,000
Bank Charges	5,104	3,639
AGM & Committee Meetings	89,165	71,202
Computer Expenses	354,106	369,949
Conference Expenses	-	12,946
Depreciation	148,459	151,574
Directors Fees	146,788	142,593
Directors Expenses	131,880	105,874
Donations	6,700	4,000
Entertainment	17,154	24,112
Education & Media	501,614	114,550
Fringe Benefits Tax	52,381	51,649
General Expenses	418	1,125
Geographics	-	9,270
Holiday Pay and Long Service Leave	56,058	138,580
Insurance	18,629	20,216
Interest on Leases	26,728	-

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

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**PROFIT & LOSS  
FOR THE YEAR ENDED 30 JUNE 2011**

Legal Costs	451,335	648,264
License Fee-ICAA/CCTLD	279,533	285,880
Office Expenses	32,404	32,661
Payroll Tax	48,654	32,014
Postage, Printing & Stationery	20,052	13,717
Rent	59,468	60,651
Registry Enhancements	97,841	92,940
Salaries & Wages	1,389,046	1,109,862
Security	35,160	94,546
Staff Amenities	27,229	20,647
Staff Training	32,475	43,035
Subscriptions	6,382	8,046
Technical Support	113,712	119,017
Telephone	54,880	40,072
Travelling Expenses	<u>331,960</u>	<u>380,990</u>
<b>TOTAL EXPENSES</b>	<u>4,640,415</u>	<u>4,302,221</u>
<b>OPERATING PROFIT/(LOSS)</b>	<u>450,279</u>	<u>280,005</u>
<b>NON-OPERATING INCOME AND EXPENSES</b>		
<b>Non Operating Expenses</b>		
Loss on sale of fixed assets	(47,754)	-
Unrealised Foreign Exchange Gain/(Loss)	(169,538)	23,377
Realised Foreign Exchange Gain/(Loss)	<u>(9,849)</u>	<u>-</u>
<b>Total Non Operating Expenses</b>	<u>(227,141)</u>	<u>23,377</u>
<b>OPERATING PROFIT FOR THE YEAR</b>	<u>223,138</u>	<u>303,382</u>

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**DIRECTOR'S DECLARATION**

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

1. The financial statements and notes, as set out on pages 7 to 19 present fairly the company's financial position as at 30 June 2011 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 director's 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    2011**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF .AU DOMAIN ADMINISTRATION LIMITED

We have audited the accompanying financial report of .au Domain Administration Ltd, which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### *The responsibility of the Directors for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control 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*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of .au Domain Administration Ltd on 30 June 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

### *Auditor's Opinion*

In our opinion, the financial report

- a.) gives a true and fair view of the financial position of .au Domain Administration Ltd as of 30 June 2011, and of its financial performance and its cash flows for the year then ended.
- b.) Complies with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Accounting Standards (including Australian Accounting Interpretations) as described in Note 1 and the *Corporations Act 2001*.

Name of Firm: Meagher Howard & Wright

Name of Partner: Ken Wright

Address: Suite 505, No 55 Grafton Street  
BONDI JUNCTION NSW 2022

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF  
THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

Name of Firm Meagher Howard & Wright

Name of Partner Ken Wright

Date \_\_\_\_\_

Address Suite 505 No 55 Grafton Street

BONDI JUNCTION NSW 2022