

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2016**

**Meagher Howard & Wright  
Certified Practising Accountants**

**Suite 505  
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 2016.

### **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>
Stuart BENJAMIN (Chair)	8	8	
Julie HAMMER (Deputy Chair)	8	8	
Tony STALEY	8	8	
Simon JOHNSON	8	8	
Erhan KARABARDAK	8	8	
George PONGAS	8	8	
Paul LEVINS (resigned November 2015)	3	3	
Joe MANARITI	8	8	
Graham MCDONALD	8	8	
Joshua ROWE (resigned November 2015)	3	3	
Kartic SRINIVASAN	8	8	
Miguel WOOD (elected November 2015)	5	5	
Grant WILTSHIRE (elected November 2015)	5	5	
Chris DISSPAIN (resigned March 2016)	6	6	

### **Stuart Benjamin – Demand Class Director**

Born and raised in Regional Victoria, Stuart studied and worked around Australia before settling in Ballarat to start a family. With his wife Naomi, he has four children and runs a business group operating across the State. Stuart is currently a Director of Elmstone Property Group, Aviation Accommodation Australia and Ballarat Regional Tourism, Chairman of Regional Development Australia Grampians, a Board member of Enterprising Communities Inc. Stuart was elected Chair in December 2015.

### **The Hon Tony Staley AO - Independent Director**

Tony Staley was Independent Chair of the auDA Board from 2001 to 2015, and is currently an Independent Director. 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 Centre's Association. Tony graduated in law and political science from the University of Melbourne, where he also lectured in Australian Government.

### **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 CIO for Defence for the year prior to her retirement. 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. In March 2012, Julie was appointed to the ICANN Security and Stability Advisory Committee (SSAC) and also acts as the At-Large Advisory Committee Liaison (ALAC) to the SSAC.

## **.au Domain Administration Limited**

### **[A Company Limited by Guarantee]**

**079 009 340**

#### **Graham McDonald – Independent Director**

Graham McDonald has practiced law for 40 years. He was a Presidential Member of the federal Administrative Appeals Tribunal for the last 20 years during which time he 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.

#### **Erhan Karabardak – Supply Class Director**

Erhan Karabardak is an IT & T lawyer and Registered Trade Marks Attorney. He is a Director of Cooper Mills Lawyers and has been practising law for 17 years. Erhan has been involved in the domain name industry for over a decade. He acts for .au registrars and resellers, and has advised some of the world's largest domain name registrars. He is regularly engaged to provide expert advice and commentary on domain name issues. Erhan has been an auDA Director since 2012, and has served on numerous auDA Panels since 2004, including the 2010 Names Policy Panel and the 2012 Industry Advisory Panel.

#### **Joe Manariti – Supply Class Director**

In 1996, Joe founded SWiM Communications, a digital agency practising in website development, eCommerce, video for web and social media. Earlier, Joe was a manager with Fairfax at both The Age and Business Review Weekly. Joe also serves as Vice Chairman of the Australian Web Industry Association (AWIA). He is passionate about web industry best practise and next gen development.

#### **George Pongas – Supply Class Director**

George Pongas has been actively involved with the Australian domain industry since 2003. In his current position, George is the General Manager of Naming Services at Bombora Technologies, the parent company of AusRegistry, the appointed .au 2LD Registry Operator. In the past, he has held CEO and other senior positions at established Registrars, playing a valuable leadership role in shaping the .au retail sector in its formative years. Over the period, George has been an active and visible industry member, participating on every auDA panel since 2007, as well as many working groups. He has a determined focus towards policy development and reforms, to address the impact of the ever-changing Internet landscape for Australian Internet users.

#### **Kartic Srinivasan – Supply Class Director**

Kartic has extensive experience in the domain industry and was elected to the auDA Board in October 2011. Kartic is the General Manager for Enterprise Sales (Australia) and Global Operations of Melbourne IT Ltd. Kartic was part of the 2007 Names Policy Panel which recommended relaxing the transfers policy. Kartic holds a Masters in Information Technology and Bachelor of Engineering (Electronics & Communications).

#### **Paul Levins – Demand Class Director – Resigned November 2015**

Paul is President, Intellectual Ventures for Australia and New Zealand and also manages the monetisation program across all of Intellectual Ventures Asian offices.

Previously he was Executive Officer and Vice President at ICANN, where he took a leading role in negotiating ICANN's Affirmation of Commitment with the US Government. Prior to joining ICANN, Paul was General Manager, Operations and Corporate Affairs at Bilfinger Berger Australia, and also worked as a corporate affairs manager for Telstra Corporation. Paul has substantial public sector policy experience having been an adviser and Chief of Staff to Australian Federal and State Government Ministers. Paul is also a director of the ANZAC Medical Research Institute.

#### **Joshua Rowe - Demand Class Director – Resigned November 2015**

Josh is the CEO of realAs - a free web site and app that helps home buyers and property investors find their next home. Josh is a digital entrepreneur who is passionate about eCommerce. Josh has been helping businesses – like Australia Post, Tarazz and Medibank – improve their performance by using the Internet, for over 20 years.

#### **Chris Disspain – CEO and Director – Resigned March 2016**

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. From its foundation in June 2004 until March 2011, Chris was the Chair of ICANN's ccNSO, a body that represents the interests of and sets global policy and best practice for ccTLDs. In June 2011 he became a Board Member of ICANN. From 2006 until 2013 he was a member of the UN Secretary General's IGF Multi-stakeholder Advisory Group. Chris's role as CEO ceased as of 24 March 2016.

## **.au Domain Administration Limited**

### **[A Company Limited by Guarantee]**

**079 009 340**

#### **Simon Johnson - Demand Class Director**

Simon Johnson brings over two decades of commercial experience in the Internet industry to auDA. After first using the Internet in 1989, he co-founded one of Australia's first ISP's. He has since bought and sold multiple Internet companies, written multiple books and has been widely interviewed in the international media. Simon has also advised many public companies in the areas of Governance, Risk Management and Information Security, including Coca-Cola and ANZ Bank.

Currently Simon serves as a Director of the domain name intelligence and Intellectual Property management firm, IPNeighborhood. As an authority on Internet Security and domain name issues, he regularly advises on acquisitions and brand protection strategies.

Simon has also served on the auDA 2010 Names Policy Panel and holds a Bachelor of Computing (Information Systems) from Monash University.

#### **Miguel Wood – Demand Class Director – Elected November 2015**

Miguel is a serial entrepreneur, strategist, and computational social scientist. Miguel is the Co-founder & CEO, Euler's Bridge an online graph analytics B2B platform to build stronger communities. He co-founded, Tin Alley beta, the award winning, premier tech internship program in Australia. He is on the Board of Directors of Startup Victoria and was a mentor in the Melbourne Accelerator Program. He was the 2013 Australian Internet Ambassador and part of the 2015 and 2010 Names Policy Panel and 2012 Industry Advisory Panel. Miguel is passionate about tech startups, innovation and the internet. He is a PhD candidate in social analytics at the University of Melbourne.

#### **Grant Wiltshire - Demand Class Director – Elected November 2015**

Grant is self-employed delivering consultancy services across leadership, sales, business and management. He has been an executive with the Victorian Government and the owner of varying businesses.

Grant spent 23 years at Telstra. From 2005-2011, Grant was Telstra's Executive Director for Victoria and Tasmania – accountable for over \$2.5 billion in revenue and managed Telstra's operations throughout both states.

Grant's education background is extensive and includes accounting, marketing, commercial law, business management, AICD, Advanced Diploma of Management, Australian Graduate School of Management and many domestic and global leadership programs.

Over the years, Grant has sat on various boards, many of them in a voluntary capacity.

#### **Jo Lim – Company Secretary**

Jo Lim is auDA's Company Secretary and Chief Operations and Policy Officer. She has been with auDA since 2001, and in that time, she has been primarily responsible for managing the policy and regulatory framework for the .au domain. Jo has previous experience in government policy work on communications and IT issues, including a stint as ministerial adviser. Jo was also a member of the taskforce that drafted the *Telecommunications Act 1997*, to facilitate open competition in the Australian telecommunications market. Jo holds a Bachelor of Laws and Bachelor of Arts (Hons) from the University of Melbourne, and Diplomas in Management and Business from Swinburne University.

#### **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.

## **.au Domain Administration Limited**

### **[A Company Limited by Guarantee]**

**079 009 340**

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.

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.

#### **Operating Results**

The surplus for the year amounted to \$1,693,475 (2015-\$1,672,148).

#### **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 2016, the company had 144 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, 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.

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

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

Chair \_\_\_\_\_  
Stuart BENJAMIN

Director \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016



**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**COMPREHENSIVE INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016	2015
		\$	\$
<b>Revenue</b>	<b>2</b>	7,658,570	7,257,739
Depreciation and amortisation expenses		(79,846)	(106,421)
Employee benefits expenses		(2,558,702)	(2,216,970)
Finance costs		(17,370)	(5,607)
Other expenses		(3,309,177)	(3,256,593)
<b>Profit (Loss) for the year</b>		<u>1,693,475</u>	<u>1,672,148</u>
Retained earnings at the beginning of the financial year		10,902,334	9,230,186
<b>Profit attributable to members of the company</b>		<u>12,595,809</u>	<u>10,902,334</u>

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**BALANCE SHEET AS AT  
30 JUNE 2016**

	Note	2016	2015
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	9,446,616	9,103,858
Trade and other receivables	6	641,291	588,197
Other current assets	7	124,500	45,295
<b>TOTAL CURRENT ASSETS</b>		<u>10,212,407</u>	<u>9,737,350</u>
<b>NON-CURRENT ASSETS</b>			
Investments		3,656,365	2,211,724
Property, plant and equipment	8	150,562	151,853
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,806,927</u>	<u>2,363,577</u>
<b>TOTAL ASSETS</b>		<u>14,019,334</u>	<u>12,100,927</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	922,818	602,336
Provisions	10	500,707	596,257
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,423,525</u>	<u>1,198,593</u>
<b>TOTAL LIABILITIES</b>		<u>1,423,525</u>	<u>1,198,593</u>
<b>NET ASSETS</b>		<u>12,595,809</u>	<u>10,902,334</u>
<b>EQUITY</b>			
Retained earnings	11	12,595,809	10,902,334
<b>TOTAL EQUITY</b>		<u>12,595,809</u>	<u>10,902,334</u>

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

---

	<b>Retained Earnings</b>	<b>Reserves</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2014</b>	9,230,186	-	9,230,186
Profit attributable to members	<u>1,672,148</u>	-	<u>1,672,148</u>
<b>Balance at 30 June 2015</b>	10,902,334	-	10,902,334
Profit/(Loss) attributable to members	<u>1,693,475</u>	-	<u>1,693,475</u>
<b>Balance at 30 June 2016</b>	<u>12,595,809</u>	-	<u>12,595,809</u>

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**CASH FLOW STATEMENT AS AT  
30 JUNE 2016**

	NOTE	2016	2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from debtors		8,123,332	8,090,574
Payments to suppliers and employees		(6,639,571)	(6,375,803)
Interest received		274,474	246,726
<b>Net Cash from Operating Activities</b>		<u>1,758,235</u>	<u>1,961,497</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Plant & Equipment Sales		8,150	19,590
Plant & Equipment at Cost		(123,060)	(40,083)
Purchase Investments		(1,300,567)	(79,006)
<b>Net Cash used in Investing Activities</b>		<u>(1,415,477)</u>	<u>(100,219)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net Increase (Decrease) in Cash Held</b>		342,758	1,861,278
Cash at Beginning of Year		9,103,858	7,242,580
<b>Cash at End of Year</b>		<u>9,446,616</u>	<u>9,103,858</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 2016**

#### **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 entity'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).

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

Each class of property, plant and equipment is carried at cost or fair value 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.

# .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 2016

#### 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 entity 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.

##### (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.

**.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 2016**

**(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 six 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.

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

**.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 2016**

<b>2</b>	<b>Revenue</b>	<b>2016</b>	<b>2015</b>
	Operating activities	7,364,872	6,914,297
	Interest	274,474	246,726
	Subscriptions	<u>10,160</u>	<u>5,880</u>
		<u>7,649,506</u>	<u>7,166,903</u>
<b>3</b>	<b>Auditor's Remuneration</b>		
	Auditor's Remuneration - Fees	8,750	8,500
<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	898	1,355
	National Australia Bank ("NAB")	1,689,543	1,077,867
	NAB Cash on Deposit	1,107,179	4,335,744
	NAB USD Account	701,287	394,552
	Term Deposits	5,551,160	2,251,367
	Cash Management Account	<u>396,549</u>	<u>1,042,973</u>
		<u>9,446,616</u>	<u>9,103,858</u>
<b>6</b>	<b>Trade and Other Receivables</b>		
	Current	582,059	526,228
	Other Debtors	-	4,728
	GST on acquisitions	<u>59,232</u>	<u>57,241</u>
		<u>641,291</u>	<u>588,197</u>
<b>7</b>	<b>Other Current Assets</b>		
	Miscellaneous	4,500	13,000
	Deposits	13,000	-
	Prepayments	<u>107,000</u>	<u>32,295</u>
		<u>124,500</u>	<u>45,295</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 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8 Property, Plant and Equipment</b>		
Plant and equipment:		
At cost	620,406	823,411
Accumulated depreciation	(469,844)	(671,558)
Total plant and equipment	<u>150,562</u>	<u>151,853</u>
<b>Movements in Carrying Amounts</b>		
Plant & Equipment		
Balance at beginning of year	151,853	247,995
Additions (at cost)	123,060	40,804
Disposals	(44,505)	(30,525)
Depreciation	(79,846)	(106,421)
Balance at End of Year	<u>150,562</u>	<u>151,853</u>
<b>9 Trade and Other Payables</b>		
Current		
Trade Creditors	104,647	141,594
Prepaid Income	75,250	75,500
Payroll Clearing	58,511	45,564
GST on supplies	315,989	296,949
Other Creditors	368,421	42,729
	<u>922,818</u>	<u>602,336</u>
<b>10 Provisions</b>		
Provision for Holiday Pay	263,370	287,442
Provision for Long Service Leave	224,320	278,421
Total Provision for Employee Entitlement	<u>487,690</u>	<u>565,863</u>
Provision for Audit Fees	9,625	9,350
Provision for Bonus	3,392	21,044
Total provisions	<u>500,707</u>	<u>596,257</u>
<b>11 Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities</b>		
Profit/(Loss) from Ordinary Activities	1,693,475	1,672,148
<b>Non-cash flows in profit from ordinary activities</b>		
Depreciation & Loss on Disposal of Assets	81,531	117,355
Increase in Market Value of Investments	(109,404)	(22,051)
(Increase)/Decrease in receivables	(53,094)	28,136
(Increase)/Decrease in other assets	(79,205)	99,437
Increase/(Decrease) in payables	320,482	(13,303)
Increase/(Decrease) in provisions	(95,550)	79,775
Cash Flows from Operations	<u>1,758,235</u>	<u>1,961,497</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 2016**

**12 Financial Risk Management**

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

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>2016</b>	<b>2015</b>
Cash and cash equivalents	5	9,446,616	9,103,858
Loans and receivables	6	638,874	588,197
Investments in bonds funds		3,656,365	2,211,724
<b>Total financial assets</b>		<u>13,741,855</u>	<u>11,903,779</u>
<b>Financial Liabilities</b>			
Trade and other payables		922,818	602,336
<b>Total Financial Liabilities</b>		<u>922,818</u>	<u>602,336</u>

**Additional Information**

**Registered Office**

114 Cardigan Street  
Carlton Victoria 3053

**Principal Place of Business**

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 2016**

	2016	2015
	\$	\$
<b>INCOME</b>		
Subscriptions Received	10,160	5,880
Interest Received	274,474	246,726
Registry Licence Fees	1,630,067	1,557,500
Domain Name Fees	5,492,151	5,189,846
Registrar Fees	133,250	139,500
Community Site Fees	-	5,400
Unrealised Increase in Market Value	109,404	22,051
<b>TOTAL INCOME</b>	<b>7,649,506</b>	<b>7,166,903</b>
<b>EXPENSES</b>		
Accounting & Financial Consulting	169,600	150,000
ANZIA Award & Australian IGF	157,112	277,043
Auditors Remuneration - Fees	8,750	8,500
Bank Charges	6,376	5,607
Communications	185,086	701,556
Depreciation	79,846	106,421
Directors Fees	185,944	162,705
Directors & Meeting Expenses	158,943	108,814
Donations	-	10,000
Entertainment	9,894	24,973
External Consultants	137,832	47,522
Fringe Benefits Tax	67,256	65,246
General Expenses	924	337
Holiday Pay and Long Service Leave	133,749	80,918
Insurance	21,799	19,622
Internet Expenses	373,750	338,735

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**PROFIT & LOSS  
FOR THE YEAR ENDED 30 JUNE 2016**

Legal Costs	269,325	154,356
License Fee-ICANN/CCTLD	335,980	350,704
Office Expenses	63,806	56,756
Payroll Tax	115,038	85,396
Postage, Printing & Stationery	5,754	8,741
Rent	138,328	133,008
Registry Enhancements	451,184	119,400
Salaries & Wages	2,237,485	1,899,388
Security	13,687	22,909
Staff Amenities	15,164	17,226
Staff Training	70,671	32,244
Subscriptions	87,831	13,316
Superannuation	198,385	171,413
Technical Support	81,450	131,678
Telephone	19,752	21,217
Travelling Expenses	<u>142,651</u>	<u>248,906</u>
<b>TOTAL EXPENSES</b>	<u>5,943,352</u>	<u>5,574,657</u>
<b>OPERATING PROFIT/(LOSS)</b>	<u>1,706,154</u>	<u>1,592,246</u>
<b>NON-OPERATING INCOME AND EXPENSES</b>		
<b>Non Operating Gains/(Expenses)</b>		
Profit /(Loss) on Disposal of Assets	(1,685)	(10,934)
Unrealised Foreign Exchange Gain/(Loss)	(20,058)	61,151
Realised Foreign Exchange Gain/(Loss)	<u>9,064</u>	<u>29,685</u>
<b>Total Non Operating Gains/(Expenses)</b>	<u>(12,679)</u>	<u>79,902</u>
<b>OPERATING PROFIT FOR THE YEAR</b>	<u>1,693,475</u>	<u>1,672,148</u>

**.au Domain Administration Limited**

**[A Company Limited by Guarantee]**

**079 009 340**

**DIRECTORS' DECLARATION**

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

1. The financial statements and notes, as set out on pages 8 to 17 present fairly the company's financial position as at 30 June 2016 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:** \_\_\_\_\_

**Director:** \_\_\_\_\_

**Dated this                      day of    2016**



---

**MEAGHER, HOWARD & WRIGHT**

CERTIFIED PRACTISING ACCOUNTANTS

ABN 42 664 097 441

PARTNERSK.J. WRIGHT J.P. M.COMM. F.C.P.A.  
G. MIDDLETON B.COMM. ACAFINANCIAL PLANNING

MARK MAYCOCK

ASSOCIATE

L.J. HOWARD O.A.M. J.P. B Ec. F.C.P.A.

Suite 505

Level 5 / 55 Grafton Street  
BONDI JUNCTION NSW 2022  
PO Box 653  
BONDI JUNCTION NSW 1355

Phone: 02 9387 8988

Fax: 02 9387 8388

[ken@mhw.net.au](mailto:ken@mhw.net.au)**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 2016 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 2016, 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 2016, 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 &amp; Wright

Name of Partner: Ken Wright

Address: Suite 505, 55 Grafton Street Bondi Junction NSW 2022

Dated: this day of 2016



---

**MEAGHER, HOWARD & WRIGHT**

CERTIFIED PRACTISING ACCOUNTANTS

ABN 42 664 097 441

PARTNERS

K.J. WRIGHT J.P. M.COMM. F.C.P.A

G. MIDDLETON B.COMM. ACA

FINANCIAL PLANNING

MARK MAYCOCK J.P.

ASSOCIATE

L.J. HOWARD O.A.M. J.P. B Ec. F.C.P.A.

Suite 505

Level 5 / 55 Grafton Street

BONDI JUNCTION NSW 2022

PO Box 653

BONDI JUNCTION NSW 1355

Phone: 02 9387 8988

Fax: 02 9387 8388

[ken@mhw.net.au](mailto:ken@mhw.net.au)

**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 2016 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