

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2010**

*Meagher Howard & Wright*  
*Certified Practising Accountants*  
*Suite 505*  
*55 Grafton Street*  
*BONDI JUNCTION NSW 2022*

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**CONTENTS**

Committee's Report	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by Members of the Committee	10
Auditor's Report	11
Certificate by Members of the Committee	13
Income and Expenditure Statement	14

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**COMMITTEE'S REPORT**

Your committee members submit the financial report of the Linux Australia Inc for the financial year ended 31 December 2010.

**Committee Members**

The names of committee members throughout the year and at the date of this report are:

John Ferlito  
Peter Lieverdink  
Alice Boxhall  
Joshua Hesketh  
Mary Gardiner  
Michael Carden  
Kelly Yeoh

**Principal Activities**

The principal activities of the association during the financial year were  
Linux Australia is the peak body for Linux User Groups (LUGs) around Australia, and as such represents  
aproximately 5000 Australian linux users and developers.

**Significant Changes**

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

**Operating Result**

The profit from ordinary activities after providing for income tax amounted to \$43,099.

**Signed in accordance with a resolution of the Members of the Committee.**

**Committee Member:** \_\_\_\_\_  
John Ferlito

**Committee Member:** \_\_\_\_\_  
Peter Lieverdink

**Dated this 13 day of May 2011**

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$
Revenue	2	136,157
Advertising expenses		(1,919)
Other expenses		(91,139)
<b>Profit for the year</b>		<u>43,099</u>
<b>Total comprehensive income for the year</b>		<u><u>43,099</u></u>
Total comprehensive income attributable to members of the entity		43,099

The accompanying notes form part of these financial statements.

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	Note	2010 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	<b>3</b>	486,391
Trade and other receivables	<b>4</b>	111,884
Other current assets	<b>5</b>	82,580
<b>TOTAL CURRENT ASSETS</b>		<u>680,855</u>
<b>TOTAL ASSETS</b>		<u>680,855</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>6</b>	399,830
<b>TOTAL CURRENT LIABILITIES</b>		<u>399,830</u>
<b>TOTAL LIABILITIES</b>		<u>399,830</u>
<b>NET ASSETS</b>		<u>281,025</u>
<b>EQUITY</b>		
Retained earnings	<b>7</b>	281,025
<b>TOTAL EQUITY</b>		<u>281,025</u>

The accompanying notes form part of these financial statements.

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>2010</b>
	<b>\$</b>
<hr/>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	384,155
Payments to suppliers and employees	(135,155)
Interest received	8,935
<b>Net cash provided by operating activities</b>	<u>257,935</u>
Net increase in cash held	257,935
Cash at beginning of financial year	<u>228,456</u>
Cash at end of financial year	<u><u>486,391</u></u>

The accompanying notes form part of these financial statements.

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

---

**1 Statement of Significant Accounting Policies**

The financial statements cover Linux Australia Inc as an individual entity. Linux Australia Inc is an association incorporated in New South Wales under the Associations Incorporation Act 1984.

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Associations Incorporation Act 1984.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Accounting Policies**

**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 association commits itself to either purchase or sell the asset (ie trade date accounting adopted).

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

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

---

**Impairment of Assets**

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**Revenue**

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

Revenue from the 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).**

**Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of liability.



**LINUX AUSTRALIA INC**  
**56 987 117 479**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

---

**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 Tax 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 the 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.

**Comparative Figures**

Comparative figures have not been included as they were not audited.

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$
<b>2 Revenue</b>	
<b>Operating activities</b>	
Interest	8,936
Rendering of services	108,176
Other revenue	19,045
	<u>136,157</u>
<b>Non-operating activities</b>	
Interest Received	8,936
	<u>8,936</u>
	<u>145,093</u>
<b>3 Cash and Cash Equivalents</b>	
Primary	9,226
Savings	246,070
Term Deposit	155,429
Wordcamp	964
Debit Card	894
Linux.conf.au 2011	32,863
LCA2010 Interest Bearing	7,129
LCA2010 Cheque	250
Drupal Down Under	33,566
	<u>486,391</u>
<b>4 Trade and Other Receivables</b>	
<b>Current</b>	
Other Debtors	1,200
Trade Debtors	110,684
	<u>111,884</u>

The association does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$
<b>5 Other Current Assets</b>	
<b>Current</b>	
Prepayments	<u>82,580</u>
<b>6 Trade and Other Payables</b>	
<b>Current</b>	
Trade Creditors	3,572
Prepaid Conference Fees	374,315
GST on Supplies	<u>21,943</u>
	<u>399,830</u>
<b>7 Retained Earnings</b>	
Retained earnings at the beginning of the financial year	237,926
Net profit attributable to the association	<u>43,099</u>
Retained earnings at the end of the financial year	<u>281,025</u>
<b>8 Financial Risk Management</b>	

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

**Financial Risk Management Policies**

The chairman's overall risk management strategy seeks to assist the association in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the committee on a regular basis. These included the credit risk policies and future cash flow requirements.

The association does not have any derivative instruments at 31 December 2010.

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**STATEMENT BY MEMBERS OF THE COMMITTEE**

In the opinion of the committee the financial statements as set out on pages 1 to 9:

1. Presents fairly the financial position of Linux Australia Inc as at 31 December 2010 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Linux Australia Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

**President:** \_\_\_\_\_  
John Ferlito

**Secretary:** \_\_\_\_\_  
Peter Lieverdink

**Dated this 13 day of May 2011**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LINUX AUSTRALIA INC  
56 987 117 479**

**Scope**

**The Financial Report and Committee's Responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the statement by members of the committee for Linux Australia Inc (the association), for the year ended 31 December 2010.

The committee of the association is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporations Act New South Wales. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

**Audit Approach**

I conducted an independent audit in order to express an opinion to the members of the association. My audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Associations Incorporations Act New South Wales, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the association's financial position, and of its performance as represented by the results of its operations and cash flows.

I formed my audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, my audit was not designed to provide assurance on internal controls.

**Independence**

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LINUX AUSTRALIA INC  
56 987 117 479**

**Audit Opinion**

In my opinion, the financial report of Linux Australia Inc presents a true and fair view in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Linux Australia Inc as at 31 December 2010 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:** \_\_\_\_\_  
Greg Middleton

**Address:** Suite 505, 55 Grafton Street BONDI JUNCTION NSW 2022

**Dated this day of 2011**

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**CERTIFICATE BY MEMBERS OF THE COMMITTEE**

I, John Ferlito of and I, Peter Lieverdink of certify that:

- (a) We are members of the committee of Linux Australia Inc.
- (b) We attended the annual general meeting of the association held on 15 January 2011.
- (c) **We are authorised by the attached resolution of the committee to sign this certificate.**
- (d) This annual statement was submitted to the members of the association at its annual general meeting.

**Committee Member:** \_\_\_\_\_  
John Ferlito

**Committee Member:** \_\_\_\_\_  
Peter Lieverdink

**Dated this 13 day of May 2011**

**LINUX AUSTRALIA INC**  
**56 987 117 479**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>2010</b>
	<b>\$</b>
<hr/>	
<b>REVENUE</b>	
Conference Registrations	108,176
Interest Received	8,936
	<hr/>
	117,112
	<hr/>
<b>OTHER REVENUE</b>	
Sponsorship - International	2,681
Sponsorship - Local	16,364
	<hr/>
	19,045
	<hr/>
	136,157
	<hr/>

The accompanying notes form part of these financial statements.



**LINUX AUSTRALIA INC**  
**56 987 117 479**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>2010</b>
	<b>\$</b>
<b>EXPENDITURE</b>	
Advertising & Promotion	1,919
AV and Network Equipment	6,492
Bank Charges	2,096
Consultants & Accounting	487
Face to Face	5,943
First Aid	963
Food & Drink	869
Foreign Exchange Gains/losses	788
Ghosts	924
Grants	11,789
General Expenses	70
Insurance	4,257
Marketing	3,174
Merchandise And Schwag	2,739
NZ Tax	10
Newspapers & Magazines	1,195
Office Expenses	1,327
Papers Committee	2,335
Postage	3,339
Speakers	(2,000)
Storage Rental	5,539
Subscriptions	120
Telephone	142
Travelling Expenses	1,966
Travelling Expenses - Overseas	5,213
Venue Catering	19,818
Venue Hire	10,389
Zookeeper Hackfest	1,155
	<hr/> 93,058
Profit before income tax	<hr/> 43,099
<b>Profit for the year</b>	43,099
Retained earnings at the beginning of the financial year	<hr/> 237,926
<b>Retained earnings at the end of the financial year</b>	<hr/> <hr/> 281,025

The accompanying notes form part of these financial statements.