

LINUX AUSTRALIA INC
56 987 117 479

FINANCIAL REPORT
FOR THE 12 MONTHS ENDED
30 SEPTEMBER 2012

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

LINUX AUSTRALIA INC
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CONTENTS

Committee's Report	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Cash Flows	5
Notes to the Financial Statements	6
Statement by Members of the Committee	11
Auditor's Report	12
Certificate by Members of the Committee	14
Income and Expenditure Statement	15

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 30 September 2012.

Committee Members

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

John Ferlito
Peter Lieverdink
Joshua Hesketh
Michael Carden
James Polly
Bianca Gibson
Clinton Roy

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 approximately 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 \$79,796.

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

Committee Member: _____
John Ferlito

Committee Member: _____
Peter Lieverdink

Dated this **day of**

LINUX AUSTRALIA INC
56 987 117 479

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2012

	Note	2012 \$	2011 \$
Revenue	2	709,586	544,405
Advertising expenses		(1,803)	(1,195)
Conference Dinners		(51,695)	(36,202)
Other expenses		(576,292)	(476,596)
Profit for the year		<u>79,796</u>	<u>30,412</u>
Total comprehensive income for the year		<u><u>79,796</u></u>	<u><u>30,412</u></u>
Total comprehensive income attributable to members of the entity		79,796	30,412

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
56 987 117 479

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	350,627	386,765
Accounts receivable and other debtors	4	12,406	2,260
Other current assets	5	44,394	42,822
TOTAL CURRENT ASSETS		<u>407,427</u>	<u>431,847</u>
TOTAL ASSETS		<u>407,427</u>	<u>431,847</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Payables	6	16,194	120,410
TOTAL CURRENT LIABILITIES		<u>16,194</u>	<u>120,410</u>
TOTAL LIABILITIES		<u>16,194</u>	<u>120,410</u>
NET ASSETS		<u>391,233</u>	<u>311,437</u>
EQUITY			
Retained earnings	7	391,233	311,437
TOTAL EQUITY		<u>391,233</u>	<u>311,437</u>

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
56 987 117 479

STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2012

	Note	Retained earnings \$	Total \$
Balance at 31 December 2011		281,025	281,025
Profit attributable to members		30,412	30,412
Balance at 30 September 2011		<u>311,437</u>	<u>311,437</u>
Profit attributable to members		79,796	79,796
Balance at 30 September 2012		<u><u>391,233</u></u>	<u><u>391,233</u></u>

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
56 987 117 479

STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2012

	2012	2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	647,347	397,762
Payments to suppliers and employees	(708,507)	(501,847)
Interest received	25,021	4,459
Net cash used in operating activities	<u>(36,139)</u>	<u>(99,626)</u>
Net decrease in cash held	(36,139)	(99,626)
Cash at beginning of financial year	386,765	486,391
Cash at end of financial year	<u>350,626</u>	<u>386,765</u>

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
56 987 117 479

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2012

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 (including Australian Accounting Interpretations) and the Associations Incorporation Act 1984. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on by the members of the association.

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 (i.e. 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 expensed to profit or loss immediately.

LINUX AUSTRALIA INC
56 987 117 479

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2012

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 consider both 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 that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities at the end of the reporting period for goods and services received by the association that remain unpaid.

Accounts payable are recognised at their transaction price. Accounts payable are obligations on the basis of normal credit terms.

LINUX AUSTRALIA INC
56 987 117 479

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2012

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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Change in Accounting Policy

Accounting Period Change

In 2011 Linux Australian Inc changed its year end from 31 December to 30 September. Thus the accounts for 2011 are for a 9 month period.

LINUX AUSTRALIA INC
56 987 117 479

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012	2011
	\$	\$
2 Revenue		
Operating activities		
Interest	25,022	4,459
Rendering of services	414,053	311,313
Other revenue	270,511	228,633
	709,586	544,405
3 Cash and Cash Equivalents		
Primary	6,412	11,653
Savings	114,276	134,727
Term Deposit	170,523	155,429
Wordcamp	2	23,820
Debit Card	1,696	726
Linux.conf.au 2011	15,098	4,912
LCA2010 Interest Bearing	150	3,418
LCA2010 Cheque	233	228
Drupal Down Under	4	-
DDU2012	1,009	19,306
GoldCoast Wordcamp	5	6,871
LCA2012	5	25,675
Reserve Bonus	41,214	-
	350,627	386,765
4 Accounts Receivable and Other Debtors		
Current		
Other Debtors	909	909
Trade Debtors	4,450	1,351
GST on Supplies	7,047	-
	12,406	2,260

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 30 SEPTEMBER 2012

	2012	2011
	\$	\$
5 Other Current Assets		
Current		
Prepayments	44,394	42,822
	<u>44,394</u>	<u>42,822</u>
6 Accounts Payable and Other Payables		
Current		
Trade Creditors	1,235	14,454
Prepaid Conference Fees	14,959	99,746
GST on Supplies	-	6,210
	<u>16,194</u>	<u>120,410</u>
7 Retained Earnings		
Retained earnings at the beginning of the financial year	311,437	281,025
Net profit attributable to the association	79,796	30,412
Retained earnings at the end of the financial year	<u>391,233</u>	<u>311,437</u>

8 Financial Risk Management

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 30 September 2012.

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 10:

1. Presents fairly the financial position of Linux Australia Inc as at 30 September 2012 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 **day of**



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

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

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**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 30 September 2012.

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.

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 30 September 2012 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 ICAA 24953

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

Dated this day of 16 January 2013

LINUX AUSTRALIA INC
56 987 117 479

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, John Ferlito and I, Peter Lieverdink 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 .
- (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 **day of**

LINUX AUSTRALIA INC
56 987 117 479

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012	2011
	\$	\$
<hr/>		
REVENUE		
Conference Registrations	413,282	310,234
General Income	771	1,079
Interest Received	25,022	4,459
	<hr/>	<hr/>
	439,075	315,772
OTHER REVENUE		
Sponsorship - International	69,788	123,297
Sponsorship - Local	200,723	105,336
	<hr/>	<hr/>
	270,511	228,633
	<hr/>	<hr/>
	709,586	544,405

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
56 987 117 479

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012	2011
	\$	\$
EXPENDITURE		
Advertising & Promotion	1,803	1,195
AV and Network Equipment	36,476	25,521
Bank Charges	6,133	1,836
Conference Accommodation	97,441	6,596
Conference Dinner	51,695	36,202
Consultants & Accounting	5,020	5,127
Donations	7,014	13,925
Expenses Miniconfs	1,196	4,904
Face to Face	2,992	2,190
First Aid	-	1,800
Food & Drink	12,215	21,414
Foreign Exchange Gains/losses	1,056	(1,005)
Ghosts	12,472	8,472
General Expenses	4,482	7,638
Insurance	4,826	4,547
Legal Costs	38	-
Marketing	-	7,185
Merchandise And Schwag	70,312	56,711
Networking Event	23,179	21,237
Motor Vehicle Expenses	250	365
NZ Tax	8	(776)
Office Expenses	2,170	10,613
Papers Committee	2,221	(1)
Open Day	-	1,652
Partners Program	1,343	2,853
Postage	1,448	7,881
Printing & Stationery	7,271	4,671
Server	1,673	21,092
Speakers	46,197	38,788
Storage Rental	5,649	4,864
Third Party Training	24,789	-
Subscriptions	-	57
Telephone	1,125	2,070
Travelling Expenses	18,164	16,168
Travelling Expenses - Overseas	20,599	13,499
Venue Hire	155,819	161,098
Zookeeper Hackfest	2,714	3,604
	629,790	513,993
Profit before income tax	79,796	30,412

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
56 987 117 479

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 \$	2011 \$
Profit for the year	79,796	30,412
Retained earnings at the beginning of the financial year	311,437	281,025
Retained earnings at the end of the financial year	391,233	311,437

The accompanying notes form part of these financial statements.