

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

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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 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 \$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

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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) |
| Profit for the year | | <u>43,099</u> |
| Total comprehensive income for the year | | <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.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

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

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

| | 2010 |
|--|-----------------------|
| | \$ |
| <hr/> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | 384,155 |
| Payments to suppliers and employees | (135,155) |
| Interest received | 8,935 |
| Net cash provided by operating activities | <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
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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.

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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.

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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.

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

| | | 2010 |
|----------|------------------------------------|----------------|
| | | \$ |
| 2 | Revenue | |
| | Operating activities | |
| | Interest | 8,936 |
| | Rendering of services | 108,176 |
| | Other revenue | 19,045 |
| | | <u>136,157</u> |
| | Non-operating activities | |
| | Interest Received | 8,936 |
| | | <u>8,936</u> |
| | | <u>145,093</u> |
| 3 | Cash and Cash Equivalents | |
| | 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> |
| 4 | Trade and Other Receivables | |
| | Current | |
| | 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.

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

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

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 31 December 2010.

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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
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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
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

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

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

2010
\$

EXPENDITURE

| | |
|---|---------------------|
| 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 |
| Profit for the year | 43,099 |
| Retained earnings at the beginning of the financial year | <hr/> 237,926 |
| Retained earnings at the end of the financial year | <hr/> <hr/> 281,025 |

The accompanying notes form part of these financial statements.