

LINUX AUSTRALIA INC
56 987 117 479

FINANCIAL REPORT
FOR THE 12 MONTHS ENDED
30 SEPTEMBER 2013

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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LINUX AUSTRALIA INC
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COMMITTEE'S REPORT

Your committee members submit the financial report of the Linux Australia Inc for the financial year ended 30 September 2013.

Committee Members

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

Joshua Hesketh
Francois Marier
Kathy Reid
Hugh Blemmings
Bianca Gibson
Josh Stewart
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 loss from ordinary activities after providing for income tax amounted to \$(8,587).

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

Committee Member: _____
Joshua Hesketh

Committee Member: _____
Francois Marier

Dated this day of November 2013

LINUX AUSTRALIA INC
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2013

| | Note | 2013 \$ | 2012 \$ |
|--|------|--------------------------|-------------------------|
| Revenue | 2 | 724,850.17 | 709,586.01 |
| Advertising expenses | | - | (1,803.35) |
| Conference Dinners | | (61,263.64) | (51,695.46) |
| Finance costs | | 32.68 | - |
| Other expenses | | (672,206.22) | (576,290.99) |
| (Loss) Profit for the year | | <u>(8,587.01)</u> | <u>79,796.21</u> |
| Total comprehensive income for the year | | <u><u>(8,587.01)</u></u> | <u><u>79,796.21</u></u> |
| Total comprehensive income attributable to members of the entity | | (8,587.01) | 79,796.21 |

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

| | Note | 2013 \$ | 2012 \$ |
|---------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 396,775.74 | 350,626.68 |
| Accounts receivable and other debtors | 4 | 9,148.76 | 12,407.28 |
| Other current assets | 5 | 101,837.28 | 44,393.59 |
| TOTAL CURRENT ASSETS | | <u>507,761.78</u> | <u>407,427.55</u> |
| TOTAL ASSETS | | <u>507,761.78</u> | <u>407,427.55</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable and Other Payables | 6 | 125,114.03 | 16,194.11 |
| TOTAL CURRENT LIABILITIES | | <u>125,114.03</u> | <u>16,194.11</u> |
| TOTAL LIABILITIES | | <u>125,114.03</u> | <u>16,194.11</u> |
| NET ASSETS | | <u>382,647.75</u> | <u>391,233.44</u> |
| EQUITY | | | |
| Retained earnings | 7 | 382,647.75 | 391,233.44 |
| TOTAL EQUITY | | <u>382,647.75</u> | <u>391,233.44</u> |

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
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STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2013

| | 2013 | 2012 |
|--|-------------------|--------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 892,121.00 | 647,347.00 |
| Payments to suppliers and employees | (859,019.00) | (708,507.00) |
| Interest received | 13,047.00 | 25,021.00 |
| Net cash provided by (used in) operating activities | <u>46,149.00</u> | <u>(36,139.00)</u> |
| Net increase (decrease) in cash held | 46,149.00 | (36,139.00) |
| Cash at beginning of financial year | 350,627.00 | 386,765.00 |
| Cash at end of financial year | <u>396,776.00</u> | <u>350,626.00</u> |

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2013

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 2009.

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 2009. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2013

Impairment of Non-Financial Assets

At the end of each reporting period the association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

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 comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within 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.

LINUX AUSTRALIA INC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2013

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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows in the statement of cash flows are included on a gross basis and the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

| | 2013 | 2012 |
|--|-------------|-------------|
| | \$ | \$ |
| 2 Revenue | | |
| Operating activities | | |
| Interest | 13,047.47 | 25,021.98 |
| Rendering of services | 505,836.03 | 414,052.99 |
| Other revenue | 205,966.67 | 270,511.04 |
| | 724,850.17 | 709,586.01 |
| 3 Cash and Cash Equivalents | | |
| Primary | 14,706.90 | 6,411.82 |
| Savings | 83,516.46 | 114,276.10 |
| Term Deposit | 178,196.48 | 170,522.95 |
| Wordcamp | 11.29 | 1.74 |
| Debit Card | 3,541.51 | 1,695.91 |
| Linux.conf.au 2011 | 0.17 | 15,098.29 |
| LCA2010 Interest Bearing | 3,174.31 | 149.91 |
| LCA2010 Cheque | 2,900.98 | 233.41 |
| Drupal Down Under | 4,913.57 | 3.80 |
| DDU2012 | 6,146.64 | 1,008.76 |
| GoldCoast Wordcamp | 9,331.85 | 5.42 |
| LCA2012 | 1,053.00 | 5.18 |
| Reserve Bonus | 58,015.15 | 41,213.39 |
| Drupal - South Wellington | 31,267.43 | - |
| | 396,775.74 | 350,626.68 |
| 4 Accounts Receivable and Other Debtors | | |
| Current | | |
| Other Debtors | 909.09 | 909.09 |
| Trade Debtors | 5,749.99 | 4,450.45 |
| GST on Supplies | 2,489.68 | 7,047.74 |
| | 9,148.76 | 12,407.28 |

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

| | 2013 | 2012 |
|--|-------------------|-------------------|
| | \$ | \$ |
| 5 Other Current Assets | | |
| Current | | |
| Prepayments | <u>101,837.28</u> | <u>44,393.59</u> |
| 6 Accounts Payable and Other Payables | | |
| Current | | |
| Trade Creditors | 2,514.95 | 1,235.00 |
| Prepaid Conference Fees | <u>122,599.08</u> | <u>14,959.11</u> |
| | <u>125,114.03</u> | <u>16,194.11</u> |
| 7 Retained Earnings | | |
| Retained earnings at the beginning of the financial year | 391,234.76 | 311,437.23 |
| (Net loss) Net profit attributable to the association | <u>(8,587.01)</u> | <u>79,796.21</u> |
| Retained earnings at the end of the financial year | <u>382,647.75</u> | <u>391,233.44</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 2013.

LINUX AUSTRALIA INC
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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 30 September 2013 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: _____
Joshua Hesketh

Treasurer: _____
Francois Marier

Dated this day of November 2013



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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BONDI JUNCTION NSW 2022
PO Box 653
BONDI JUNCTION NSW 1355

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

Report on the Financial Report

I have audited the accompanying financial report of Linux Australia Inc (the association) which comprises the statement of financial position as at 30 September 2013 and the statement of comprehensive income and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory information and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 2009 and for such internal control as the committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 judgment, 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 committee, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Auditor's Opinion

In my opinion:

The financial report of Linux Australia Inc is in accordance with the Associations Incorporation Act 2009 including:

- (i) giving a true and fair view of the Association's financial position as at 30 September 2013 and of their performance and cash flows for the year ended on that date; and
- (ii) complying with the Australian Accounting Standards.

Name of Firm: Meagher Howard & Wright
Certified Practising Accountants

Name of Director: _____
Greg Middleton ICAA 24953

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

Dated this day of November 2013

LINUX AUSTRALIA INC
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CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Joshua Hesketh and I, Francois Marier 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: _____
Joshua Hesketh

Committee Member: _____
Francois Marier

Dated this day of November 2013

LINUX AUSTRALIA INC
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

| | 2013 | 2012 |
|-----------------------------|------------|------------|
| | \$ | \$ |
| <hr/> | | |
| REVENUE | | |
| Conference Registrations | 498,638.75 | 413,281.68 |
| General Income | 7,197.28 | 771.31 |
| Interest Received | 13,047.47 | 25,021.98 |
| | <hr/> | <hr/> |
| | 518,883.50 | 439,074.97 |
| OTHER REVENUE | | |
| Sponsorship - International | 81,636.68 | 69,787.81 |
| Sponsorship - Local | 124,329.99 | 200,723.23 |
| | <hr/> | <hr/> |
| | 205,966.67 | 270,511.04 |
| | <hr/> | <hr/> |
| | 724,850.17 | 709,586.01 |

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

| | 2013 | 2012 |
|-------------------------------|------------|-----------|
| | \$ | \$ |
| EXPENDITURE | | |
| Advertising & Promotion | - | 1,803.35 |
| AV and Network Equipment | 32,157.02 | 36,475.61 |
| Bank Charges | 6,887.66 | 6,132.88 |
| Conference Accommodation | 111,627.28 | 97,441.21 |
| Conference Dinner | 61,263.64 | 51,695.46 |
| Conference Bid Team Review | 2,580.83 | - |
| Consultants & Accounting | 6,238.04 | 5,019.99 |
| Debrief Meeting | 1,405.94 | - |
| Donations | 9,723.34 | 7,013.86 |
| Expenses Miniconfs | - | 1,195.86 |
| Face to Face | 8,087.93 | 2,991.63 |
| Food & Drink | 72,588.45 | 12,214.77 |
| Foreign Exchange Gains/losses | 326.90 | 1,056.53 |
| Ghosts | 7,981.14 | 12,471.48 |
| Grants | 3,810.75 | - |
| Gifts & Presentations | 4,602.88 | - |
| General Expenses | - | 4,482.73 |
| Income Tax Expense | 3,396.00 | - |
| Insurance | 5,398.33 | 4,825.59 |
| Interest | (32.68) | - |
| Legal Costs | - | 38.18 |
| Merchandise And Schwag | 80,015.99 | 70,312.23 |
| Networking Event | 4,849.04 | 23,178.89 |
| Motor Vehicle Expenses | 361.54 | 249.59 |
| NZ Tax | 11.34 | 8.13 |
| Office Expenses | 6,704.94 | 2,170.52 |
| Papers Committee | - | 2,220.27 |
| Partners Program | 3,546.57 | 1,343.68 |
| Petty Cash | 183.08 | - |
| Postage | 301.31 | 1,447.92 |
| Printing & Stationery | 6,124.27 | 7,270.52 |
| Regional Delegates Program | 2,923.16 | - |
| Server | 1,550.29 | 1,672.71 |
| Speakers | 94,702.40 | 46,197.39 |
| Storage Rental | 10,046.75 | 5,649.28 |
| Sponsorship | 20,989.20 | - |
| Third Party Training | 5,920.48 | 24,788.46 |
| Subscriptions | 476.90 | - |
| Telephone | 621.84 | 1,125.07 |

The accompanying notes form part of these financial statements.

LINUX AUSTRALIA INC
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

| | 2013 | 2012 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Travelling Expenses | 31,562.02 | 18,164.66 |
| Travelling Expenses - Overseas | - | 20,598.67 |
| Venue Hire | 123,562.16 | 155,818.81 |
| Zookeeper Hackfest | 940.45 | 2,713.87 |
| | <u>733,437.18</u> | <u>629,789.80</u> |
| (Loss) Profit before income tax | <u>(8,587.01)</u> | <u>79,796.21</u> |
| (Loss) Profit for the year | (8,587.01) | 79,796.21 |
| Retained earnings at the beginning of the financial year | <u>391,234.76</u> | <u>311,437.23</u> |
| Retained earnings at the end of the financial year | <u><u>382,647.75</u></u> | <u><u>391,233.44</u></u> |

The accompanying notes form part of these financial statements.