

**Form 388**

Corporations Act 2001

**294, 295, 298-300, 307, 308, 319, 321, 322**

Corporations Regulations

**1.0.08**

# Copy of financial statements and reports

## Company details

Company name

**.AU DOMAIN ADMINISTRATION  
LIMITED**

ACN

**079 009 340**

## Lodgement details

Registered agent number

**30584**

Registered agent name

**BOARDROOM PTY LIMITED**

## Reason for lodgement of statement and reports

A public company limited by guarantee who qualifies under Tier 2

Dates on which financial  
year ends

Financial year end date

**30-06-2017**

## Auditor's report

Were the financial statements audited or reviewed?

**Audited**

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

**No**

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

**Yes**

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## Details of current auditor or auditors

### Current auditor

Firm Name

**KPMG**

Address

**TOWER TWO  
COLLINS SQUARE  
727 COLLINS STREET  
MELBOURNE VIC 3008  
Australia**

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## Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

**Yes**

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## Signature

Select the capacity in which you are lodging the form

**Agent**

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

**Yes**

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## Authentication

This form has been authenticated by

Name **BOARDROOM PTY LIMITED**

This form has been submitted by

Name **Tom BLOOMFIELD**

Date **27-10-2017**

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### For more help or information

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# **.au Domain Administration Limited**

A.B.N. 38 079 009 340

A company limited by guarantee

**Annual Financial Report**  
**30 June 2017**

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## **.au Domain Administration Limited**

### **Directors' report**

For the year ended 30 June 2017

The directors present their report together with the financial report of .au Domain Administration Limited (the "Group") consisting of .au Domain Administration Limited (the "Company") and the entities it controlled for the financial year ended 30 June 2017 and the auditor's report thereon.

#### **1. Directors**

The directors of the Company at any time during or since the end of the financial year are:

<i>Name</i>	<i>Appointment date</i>	<i>Resignation date (if applicable)</i>
Anthony Staley	4 September 2000	31 January 2017
Julie Hammer	12 February 2007	30 August 2016
George Pongas	19 October 2009	
Kartic Srinivasan	26 November 2011	20 January 2017
Erhan Karabardak	12 November 2012	
Joseph Manariti	12 November 2012	
Stuart Benjamin	12 November 2012	28 July 2017
Simon Johnson	27 November 2014	
Grant Wiltshire	30 November 2015	
Miguel Wood	30 November 2015	30 August 2016
Cameron Boardman	30 August 2016	
Michaela Richards	10 October 2016	14 August 2017
Leonie Walsh	10 October 2016	14 August 2017
Timothy Connell	28 November 2016	
Gavin Gibson	13 February 2017	
Sandra Hook	24 April 2017	

#### **Stuart Benjamin – Chair and Independent Director (Resigned 28 July 2017)**

Born and raised in regional Victoria, Stuart studied and worked around Australia before settling in Ballarat to start a family. He has four children and runs a business group operating across the state. Stuart is currently:

- A Director of Elmstone, a multi-faceted land and construction group.
- A Director of Aviation Accommodation Australia, a specialised residential and commercial accommodation provider.
- Chair of Regional Development Australia Grampians – Federal Government Body
- The Victorian Chair of the Federal Government Regional Development Reference Group, reporting to the Federal Minister for Regional Development & Communications
- Chair of RISER, the Regional Incubator for Social and Economic Research as part of Federation University.
- A Board Member with Enterprising Communities Inc whose aim is to strengthen the connections between the community, families and schools.

#### **Erhan Karabardak – Interim Chair and Supply Class Director**

Erhan Karabardak is a technology lawyer and Trade Marks Attorney. He is a Director of Cooper Mills Lawyers and has been practising law for more than 20 years.

Erhan has been involved in the domain name industry for over a decade and has been active in the domain name industry and represents domain name registrars and resellers, and has advised some of the world's largest domain name registrars. Erhan has served as a Director and Board Member of auDA since 2012. Before being appointed to the Board, Erhan had served on various auDA Policy panels (since 2004), including the Industry Advisory Panel of 2012.

Erhan is recognised as an expert in domain name law and has run some of the leading cases in the area.

Erhan acts for brand owners, in the management and protection of their intellectual property rights. His clients include both national and international clients, including well known global brands. He is regularly engaged to provide expert advice and commentary on domain name and trademark issues.

## **.au Domain Administration Limited**

### **Directors' report**

For the year ended 30 June 2017

He is recognised as a leading trademark professional by the World Trademark Review 2016 and 2017 (The World's Leading Trademark Professionals).

#### **The Hon Anthony Staley AO – Independent Director (Resigned 31 January 2017)**

Anthony (Tony) Staley has been an independent director on the auDA Board since 2001.

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.

Anthony graduated in law and political science from the University of Melbourne, where he also lectured in Australian Government.

#### **Joseph Manariti – Supply Class Director**

In 1996, Joseph founded SWIM Communications, a digital agency practising in website development, eCommerce, online applications and content strategy. Earlier, Joseph was a manager with Fairfax at both The Age and Business Review Weekly. His business was also Australia's first auDA Registered Domain Reseller.

Joseph serves as Vice Chairman of the Australian Web Industry Association (AWIA) and is also a Director of the auDA Foundation.

He is passionate about web industry best practise and next gen development.

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

George Pongas has been an active and visible member of the Australian domain industry for over fourteen years. Participating on many auDA panels and working groups over the period, he delivers a determined focus towards product innovation through policy development and reform to address the impact of the ever-changing Internet landscape for all Australian Internet users.

In his current position, George is the Senior Director of Product Management at Neustar, the parent company of AusRegistry, the appointed .au 2LD Registry Operator. In the past, he has held CEO and various senior positions at established Registrars, playing a valuable leadership role in shaping the .au retail sector in its formative years.

His role as an auDA Board Director, perfectly positions George to apply his extensive commercial and industry experience to ensure the delivery of a valuable Supply Class perspective to the benefit of the organisation, the wider domain industry and the .au namespace.

#### **Gavin Gibson – Supply Class Director**

For nearly 10 years, Gavin Gibson has maintained a close engagement with the Australian and global domain industry through his tenure as a Registrar operator through to his current position as Chief Operations Officer.

Coming from a technical background, Gavin has had ever-increasing exposure to the commercial, administrative, and legal aspects of both business and industry. Most recently, Gavin was closely involved in the corporatisation of Dreamscape Networks ahead of a successful ASX listing, giving him extensive insight into matters of corporate governance and compliance.

Having experience with all levels of Registry, Regulator and customer interaction has given Gavin the comprehensive skills, knowledge, and insight into the varied assets, requirements and objective of each stakeholder group in the Australian and International domain spaces.

**.au Domain Administration Limited**  
**Directors' report**  
For the year ended 30 June 2017

**Kartic Srinivasan – Supply Class Director (Resigned 20 January 2017)**

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).

**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 and Cyber Security companies. 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 Chair of the auDA Risk Management Committee. He has also served on the auDA 2010 Names Policy Panel and holds a Bachelor of Computing (Information Systems) from Monash University.

**Dr. Michaela Richards – Demand Class Director (Resigned 14 August 2017)**

Dr Michaela Richards is an experienced Executive and Non Executive Director with wide-ranging experience in industry, health care and research sectors and in government.

For nearly 20 years Michaela has worked across private, public and not for profit sector organisations to accelerate the positive impact of new systems and technologies. She has significant experience leading the development and delivery of strategy and strategic projects relating to innovation and digital technologies, predominantly in healthcare. Michaela has undertaken a number of projects for government examining the relevance of brand Australia and the nation's competitive advantage - including in the digital space.

Michaela has extensive experience working with and within organisations with high levels of public accountability, including hospitals and government departments. She has more than 10 years of experience with public sector financial management, risk management and procurement as well as governance.

Michaela currently works across several businesses – she is the Founder and Managing Director of a successful consulting firm, Director of Business Development for a commercial stage digital health company, and she has recently co-founded a new digital health start-up.

**Leonie Walsh – Independent Director (Resigned 14 August 2017)**

Leonie Walsh is an experienced leader and adviser in technological innovation with a background that spans more than 30 years of experience both locally and internationally across a diverse range of industries and markets.

Leonie draws from this experience to focus on strategic science and technology issues including innovation efficiency, technology commercialisation, the future skilled workforce through a range of related boards, advisory and advocacy activities. Leonie is also a strong advocate for attracting more women into science and technology and was recently named as the inaugural Ambassador for Women in STEMM Australia. Recently, Leonie completed a 3-year term as Victoria's inaugural Lead Scientist. In this capacity, she represented Victoria on the Forum of Australian Chief Scientists and contributed to a range of STEM advisory committees and funding assessment panels spanning innovation, education and advanced manufacturing.

Leonie Walsh has received a BSc and an MSc from Swinburne University, an MBA (Exec) from the Australian Graduate School of Management and is a Fellow of the Academy of Technological Sciences and Engineering. In 2014 Leonie received an Honorary Doctorate (HonDUniv) from

## **.au Domain Administration Limited**

### **Directors' report**

For the year ended 30 June 2017

Swinburne University of Technology for contributions and leadership in scientific enterprises, innovation and the community.

#### **Timothy Connell – Demand Class Director**

Since 2001 Tim Connell has been solely focused on supporting small and medium businesses to successfully transition and develop online, providing his extensive knowledge in website development, sales and both traditional and online marketing.

Tim has over 30 years' experience in retail business management in both Australia and the UK. Tim spent several years freelancing as a commercial photographer and photographed with the first viable digital camera in Australia.

Tim holds a Bachelor of Art with a major in Commercial Advertising Photography from Griffith University, QLD.

#### **Miguel Wood (resigned 30 August 2016)**

Miguel is a serial entrepreneur, strategist, and computational social scientist. Miguel is the Co-founder and 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.

#### **Sandra Hook – Independent Director**

Sandra Hook has extensive operational, financial management and strategic experience built over 25 years in senior executive roles as CEO, COO, Marketing Director, and General Manager for some of Australia's largest media companies including Foxtel, News Limited and Fairfax. She has a track record in driving transformation and transitioning traditional businesses in rapidly evolving environments.

Since 2000 she has also served as a non-executive director on a number of Australian boards including listed, public and private companies and government bodies.

Ms Hook (GAICD) holds directorships of other companies including: RXP Services (ASX:RXP), MedAdvisor Limited (ASX:MDR), IVE Group Limited (ASX:IGL), Sydney Fish Markets, WYZA Limited, Royal Botanic Gardens and Sydney Harbour Federation Trust.

#### **Grant Wiltshire – Demand Class Director**

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.

#### **Julie Hammer (Resigned 30 August 2016)**

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



### **3. Objectives**

The Group's short term objectives are to:

- Ensure stability and security of the .au Domain Name System
- Demonstrate the value and validity of the self-regulatory policy model for the .au ccTLD and its associated Second Level Domains
- Maintain the .au brand as an indicator of quality to Australian consumers operating in a global market space.
- Enhancement of policy compliance and standards and improved compliants management

The Group's long term objectives are to:

- Improve the policy settings for the .au Domain Names System.
- Maintain a structure that allows .au Domain Administration Limited to remain relevant to stakeholders in a changing industry environment.
- Improve the operation of critical technical functions.

To achieve these objectives, the Group 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 for activities.
- Strengthen knowledge management and implement succession and capacity planning.

### **4. Principal activities**

The principal activities of the Group during the year ended 30 June 2017 comprised of management of .au Domain name space. There were no changes in the nature of the activities of the Group during the year.

### **5. Operating and financial review**

Revenue from operations for the year ended 30 June 2017 was \$7,725,632 (2016: \$7,654,817). The result for the year ended 30 June 2017 is a surplus of \$2,025,483 (2016: \$1,698,299).

### **6. Significant changes in the state of affairs**

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

### **7. Likely developments**

There are no likely developments that will have an effect on the Group's operations or the expected results of its operations.

### **8. Events subsequent to reporting date**

On 25 August 2017 the Victorian State Revenue Office accepted the Company's application for exemption from Victorian payroll tax and ruled that all Victorian payroll tax paid by the Company since 6 December 2011 onwards is to be refunded to the Company. The anticipated refund is \$454,667.

## **.au Domain Administration Limited**

### **Directors' report**

For the year ended 30 June 2017

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.

#### **Cameron Boardman – CEO and Director**

Cameron joined in August 2016 to lead auDA into the next phase of its growth and development.

Previously, Cameron was the Executive Director for Investor Engagement within the Department of Economic Development, Jobs, Transport and Resources and led the Victorian Government's investment activities within its priority economic sectors. Prior to that, Cameron was Executive Director for Innovation, Technology and Industry Programs within the Department of State Development, Business and Innovation with responsibility to implement the government's innovation and science agenda and associated policies.

Cameron also led the development and implementation of the Victorian Government's Cybersecurity initiatives, resulting in the establishment of the Oceania Cyber Security Centre (of which he is chairman), the attraction of the first international office of Oxford University's Global Cyber Security Capacity Centre and the development of CSIRO/Data61's Cybersecurity Leadership and Innovation Hub. Previously he led the economic development activities for the Hong Kong SAR Government in Australia and New Zealand, and was a two-term Member of the Victorian Parliament.

He holds an MBA from Monash University, has completed a LLM in Global Business Law from La Trobe University and is a Graduate of the Australian Institute of Company Directors' course.

## **2. Meetings of Directors**

The number of meetings of the Board and of each Board Committee and number of meetings attended by each of the Directors of the Company during the financial year are:

<b>Director</b>	<b>Board Meetings</b>		<b>Finance Committee</b>		<b>Security and Risk Committee</b>		<b>Governance Committee</b>	
	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>
Anthony Staley	6	6	-	-	-	-	-	-
Julie Hammer	1	3	-	-	-	-	-	-
George Pongas	10	10	-	-	5	5	-	-
Kartic Srinivasan	6	6	3	3	2	2	-	-
Erhan Karabardak	10	10	-	-	3	5	1	1
Joseph Manariti	8	10	3	3	3	5	-	-
Stuart Benjamin	10	10	2	3	-	-	1	1
Simon Johnson	10	10	-	-	5	5	-	-
Grant Wiltshire	10	10	1	3	3	5	-	-
Miguel Wood	2	3	1	3	-	-	-	-
Cameron Boardman	8	8	2	2	4	5	1	1
Michaela Richards	6	6	-	-	-	-	-	-
Leonie Walsh	6	6	-	-	-	-	-	-
Timothy Connell	5	5	-	-	-	-	1	1
Gavin Gibson	3	3	-	-	-	-	1	1
Sandra Hook	3	3	-	-	-	-	1	1

**A** – Number of meetings attended

**B** – Number of meetings held during the time the director held office during the year

**.au Domain Administration Limited**  
**Directors' report**  
For the year ended 30 June 2017

**9. Member's guarantee**

The Company is limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the Company. At 30 June 2017 the number of members was 256 (2016: 144).

**10. Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 26 and forms part of the Directors' Report for the year ended 30 June 2017.

This report is made with a resolution of the Directors:



**Erhan Karabardak**  
Director



**Cameron Boardman**  
Director

Dated at Melbourne this 16<sup>th</sup> day of October 2017.

**.au Domain Administration Limited**

**Consolidated statement of profit or loss and other comprehensive income**

For the year ended 30 June 2017

	Note	2017 \$	2016 Restated* \$
Revenue	4	7,725,632	7,654,817
Other income		30,025	109,404
Employee benefits expense	5	(2,483,259)	(2,811,643)
Consultancy expense		(1,783,194)	(1,050,248)
Domain Name System infrastructure expense		(362,507)	(393,502)
Marketing and communication expense		(235,765)	(342,198)
Travel expense		(297,159)	(253,089)
Directors remuneration expense		(169,547)	(185,944)
Professional subscriptions expense		(193,500)	(423,811)
Occupancy expense		(153,980)	(138,328)
Depreciation and amortisation expense		(79,621)	(79,846)
Grant expenditure		(18,330)	(417,207)
Other expenses		(239,296)	(280,546)
<b>Result from operating activities</b>		<b>1,739,499</b>	<b>1,387,859</b>
Finance income	6	289,447	321,434
Finance costs	6	(3,463)	(10,994)
<b>Net finance income</b>		<b>285,984</b>	<b>310,440</b>
<b>Profit before tax</b>		<b>2,025,483</b>	<b>1,698,299</b>
Income tax expense		-	-
<b>Profit for the year</b>		<b>2,025,483</b>	<b>1,698,299</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Available-for-sale assets – net change in fair value		(94,249)	-
<b>Total other comprehensive (loss), net of tax</b>		<b>(94,249)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,931,234</b>	<b>1,698,299</b>

\* Refer to note 15.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**.au Domain Administration Limited**  
**Consolidated statement of financial position**  
As at 30 June 2017

	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>Restated*</b>	<b>Restated*</b>
			<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Cash and cash equivalents	7	6,352,749	11,755,361	11,029,976
Trade and other receivables	8	1,130,542	793,146	684,562
Other assets		152,403	17,501	45,295
Investments	9	2,300,000	-	-
<b>Total current assets</b>		<b>9,935,694</b>	<b>12,566,008</b>	<b>11,759,833</b>
Investments	9	7,277,967	3,656,365	2,211,724
Property, plant and equipment	10	131,251	150,562	151,853
<b>Total non-current assets</b>		<b>7,409,218</b>	<b>3,806,927</b>	<b>2,363,577</b>
<b>Total assets</b>		<b>17,344,912</b>	<b>16,372,935</b>	<b>14,123,410</b>
<b>Liabilities</b>				
Trade and other payables	11	641,259	1,264,167	604,373
Employee benefits		151,340	487,689	596,257
<b>Total current liabilities</b>		<b>792,599</b>	<b>1,751,856</b>	<b>1,200,630</b>
<b>Total liabilities</b>		<b>792,599</b>	<b>1,751,856</b>	<b>1,200,630</b>
<b>Net assets</b>		<b>16,552,313</b>	<b>14,621,079</b>	<b>12,922,780</b>
<b>Equity</b>				
Asset revaluation reserve		(94,249)	-	-
Retained earnings		16,646,562	14,621,079	12,922,780
<b>Total equity</b>		<b>16,552,313</b>	<b>14,621,079</b>	<b>12,922,780</b>

\* Refer to note 15.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**.au Domain Administration Limited**  
**Consolidated statement of changes in equity**  
For the year ended 30 June 2017

	<b>Asset revaluation reserve</b>	<b>Retained earnings</b>	<b>Total Equity</b>
	<b>\$</b>	<b>Restated*</b>	<b>Restated*</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2015 (previously reported)	-	10,902,334	10,902,334
Impact of restatement	-	2,020,446	2,020,446
Balance at 1 July 2015 (restated)	-	12,922,780	12,922,780
<b>Total comprehensive income</b>			
Profit or loss	-	1,698,299	1,698,299
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	<b>1,698,299</b>	<b>1,698,299</b>
<b>Balance at 30 June 2016</b>	-	<b>14,621,079</b>	<b>14,621,079</b>
Opening balance at 1 July 2016	-	14,621,079	14,621,079
<b>Total comprehensive income</b>			
Profit or loss	-	2,025,483	2,025,483
Other comprehensive (loss)	(94,249)	-	(94,249)
<b>Total comprehensive income for the year</b>	<b>(94,249)</b>	<b>2,025,483</b>	<b>1,931,234</b>
<b>Balance at 30 June 2017</b>	<b>(94,249)</b>	<b>16,646,562</b>	<b>16,552,313</b>

\* Refer to note 15.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**.au Domain Administration Limited**  
**Consolidated statement of cash flows**  
For the year ended 30 June 2017

	Note	2017 \$	2016 Restated* \$
<b>Cash flows from operating activities</b>			
Cash received from customers		8,496,551	8,504,798
Cash paid to suppliers and employees		(8,051,780)	(6,685,371)
Interest received		228,777	321,435
<b>Net cash from operating activities</b>		<b>673,548</b>	<b>2,140,862</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments		3,736,270	-
Proceeds from sale of plant and equipment		-	8,150
Acquisition of investments		(9,752,120)	(1,300,567)
Acquisition of plant and equipment		(60,310)	(123,060)
<b>Net cash (used) in investing activities</b>		<b>(6,076,160)</b>	<b>(1,415,477)</b>
<b>Cash flows from financing activities</b>		-	-
<b>Net cash from financing activities</b>		-	-
Net (decrease)/increase in cash and cash equivalents		(5,402,612)	725,385
Cash and cash equivalents at 1 July		11,755,361	11,029,976
<b>Cash and cash equivalents at 30 June</b>	<b>7</b>	<b>6,352,749</b>	<b>11,755,361</b>

\* Refer to note 15.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**.au Domain Administration Limited**  
**Notes to the consolidated financial statements**  
For the year ended 30 June 2017

**1. Reporting entity**

These consolidated financial statements comprise .au Domain Administration Limited (the 'Company') and its subsidiaries (together referred to as the 'Group') are as at and for the year ended 30 June 2017.

.au Domain Administration Limited is a public company limited by guarantee, incorporated and domiciled in Australia and the address of the Company's registered office is Level 17, 1 Collins Street, Melbourne, Victoria, Australia.

The Group is a not-for-profit entity.

**2. Basis of preparation**

**(a) Statement of compliance**

In the opinion of the directors, the Group is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

They were authorised for issue by the Board of Directors on 16 October 2017. Details of the Group's accounting policies are included in Note 3.

**(b) Basis of measurement**

These financial statements have been prepared on the historical cost basis except for the following material items:

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value
Available-for-sale financial assets	Fair value

**(c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Group's functional currency.

**(d) Use of estimates and judgement**

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**(e) Going concern**

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.



### **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts have been reclassified to conform with the current year's presentation, including those set out in Note 15.

#### **(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

#### **(b) Financial instruments**

##### **(i) Non-derivative financial assets – recognition and derecognition**

The Group initially recognises receivables and deposits on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **(ii) Non-derivative financial assets - measurement**

The Group has the following non-derivative financial assets:

###### *Loans and receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

###### *Held-to-maturity financial assets*

These are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

**3. Significant accounting policies (continued)**

**(b) Financial instruments (continued)**

**(ii) Non-derivative financial assets - measurement**

*Available-for-sale financial assets*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments (see Note 3(a)), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

**(iii) Non-derivative financial liabilities – recognition and derecognition**

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

**(iv) Non-derivative financial liabilities – measurement**

Other financial liabilities comprise borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(c) Plant and equipment**

**(i) Recognition and measurement**

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Any gain and loss on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within other income/other expenses in profit or loss.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**3. Significant accounting policies (continued)**

**(c) Plant and equipment (continued)**

**(iii) Depreciation**

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives in the current and comparative periods are as follows:

	2017	2016
Office equipment	5 years	5 years
Leasehold Improvements	5 years	5 years
Computer equipment	4 years	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(iv) Leasehold improvements**

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Group, whichever is shorter.

**(d) Impairment**

**(i) Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy.

*Financial assets measured at amortised cost*

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**3. Significant accounting policies (continued)**

**(i) Non-derivative financial assets (continued)**

*Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss recognised previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss, otherwise it is reversed through OCI.

**(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**(ii) Non-financial assets (continued)**

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(e) Employee benefits**

**(i) Defined contribution superannuation funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payment is available.

**(ii) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

**(iii) Short term benefits**

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3. Significant accounting policies (continued)**

**(f) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(g) Revenue**

**(i) Domain name fees, registry licence fees and registrar fees**

The Group is involved in the provision of services for the .au domain space. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on a project by project basis.

**(ii) Donations**

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when recoverability of the consideration is probable. Revenue comprises income from donations from customers of the .au domain space.

**(iii) Membership fees**

Membership fees are recognised in profit or loss as membership services are provided net of the amount of goods and services tax (GST) payable to the taxation authority.

**(h) Leases**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**3. Significant accounting policies (continued)**

**(i) Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on finance leases and the financial effect of unwinding of the make good provision. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**(j) Income tax**

No income tax expense is charged and no income tax is payable by the Group as the Australian Taxation Office has granted the Group an exemption from income tax.

**(k) Goods and services tax**

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows

**(l) Corporate structure**

The Company is incorporated in Australia and is an unlisted public company limited by guarantee. In the event of the Company being wound up or dissolved, any property that remains after settlement of all its debts and liabilities, may not be distributed among the members, but must be transferred on to another entity nominated or approved by the Commonwealth of Australia or, in the absence of such approval, be transferred to the Commonwealth of Australia..

Every member of the Company undertakes to contribute an amount not exceeding \$100 to the property of the Company if it is wound up while the member is a member or within one year after the member ceases to be a member. At the end of the financial year the Company had 256 members (2016: 144 members).

**(m) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**(ii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

**3. Significant accounting policies (continued)**

**(n) New standards and interpretations not yet adopted**

In the current year, the entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning after 1 July 2016. The adoption of these new and revised Standards and Interpretations has resulted in no changes to the Group's accounting policies. At the date of authorisation of the financial statements, the Standards and Interpretations listed below were on issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

The Directors anticipate that the above amendments and interpretations will not have a material impact on the financial report of the Group in the year of initial application. In addition to the standards issued above, other standards have been issued by the AASB, these standards are not relevant to the operations of the Group.

**.au Domain Administration Limited**  
**Notes to the consolidated financial statements**  
For the year ended 30 June 2017

**4. Revenue**

	2017	2016
	\$	Restated* \$
Domain name fees	5,492,113	5,492,151
Registry licence fees	1,681,312	1,630,067
Registrar fees	153,500	133,250
Donations	390,069	389,189
Membership fees	8,638	10,160
	<u>7,725,632</u>	<u>7,654,817</u>

**5. Employee benefits expense**

	2017	2016
	\$	\$
Wages and salaries	2,150,077	2,391,865
Contributions to defined contribution plans	198,727	198,385
Other employment expenses	134,455	221,393
	<u>2,483,259</u>	<u>2,811,643</u>

**6. Finance income and finance costs**

	2017	2016
	\$	Restated* \$
Interest income from external investments	289,447	321,434
Finance income	<u>289,447</u>	<u>321,434</u>
Net foreign exchange losses	(3,463)	(10,994)
Finance costs	<u>(3,463)</u>	<u>(10,994)</u>
Net finance income	<u>285,984</u>	<u>310,440</u>

**7. Cash and cash equivalents**

	2017	2016
	\$	Restated* \$
Cash at bank	6,351,733	11,754,463
Cash on hand	1,016	898
	<u>6,352,749</u>	<u>11,755,361</u>

**8. Trade and other receivables**

	2017	2016
	\$	Restated* \$
Trade receivables	579,487	582,059
Prepayments	388,081	107,000
Accrued donations	102,324	104,087
Accrued interest	60,670	-
	<u>1,130,542</u>	<u>793,146</u>

\* Refer to note 15.



**.au Domain Administration Limited**  
**Notes to the consolidated financial statements**  
For the year ended 30 June 2017

**9. Investments**

	2017 \$	2016 \$
<b>Current</b>		
Interest-bearing deposits (held-to-maturity)	2,300,000	-
	<u>2,300,000</u>	<u>-</u>
<b>Non-current</b>		
Equity securities (available-for-sale)	7,277,967	3,656,365
	<u>7,277,967</u>	<u>3,656,365</u>

**(a) Market risks**

*(i) Interest rate risk*

The Group's interest-bearing deposits have fixed rates of return and are not subject to interest rate risk.

The Group's cash at bank has variable rates of return and is subject to interest rate risk as the future cash flows will fluctuate with changes in market interest rates. The exposure of cash at bank is \$6,351,733 (2016: \$11,754,463)

An increase/(decrease) of 50 basis points in interest rates at reporting date would increase/(decrease) annual interest income by \$31,759/(\$31,759) (2016: \$58,772/(\$58,772)).

*(ii) Other market price risk*

The Group is exposed to equity price risk, which arises from available-for-sale equity securities held as investments measured at fair value through profit or loss. Management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by two or more directors.

The primary goal of the Group's investment strategy is to maximise investment returns to improve its returns in general. Management is assisted by external advisors in this regard.

**10. Plant and equipment**

	Office equipment \$	Leasehold improvement \$	Computer equipment \$	Total \$
<b>Cost</b>				
Balance at 1 July 2016	194,152	44,404	381,850	620,406
Acquisitions	1,176	-	59,134	60,310
Disposals	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>195,328</b>	<b>44,404</b>	<b>440,984</b>	<b>680,716</b>
<b>Accumulated depreciation</b>				
Balance at 1 July 2016	180,845	29,643	259,356	469,844
Depreciation	5,317	3,508	70,796	79,621
Disposals	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>186,162</b>	<b>33,151</b>	<b>330,152</b>	<b>549,465</b>
<b>Carrying amounts</b>				
<b>At 30 June 2016</b>	<b>13,307</b>	<b>14,761</b>	<b>122,494</b>	<b>150,562</b>
<b>At 30 June 2017</b>	<b>9,166</b>	<b>11,253</b>	<b>110,832</b>	<b>131,251</b>

**.au Domain Administration Limited**  
**Notes to the consolidated financial statements**  
For the year ended 30 June 2017

**11. Trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Restated*</b>
		<b>\$</b>
Trade payables	215,475	107,508
Other payables and accrued expenses	373,208	773,717
Grants payable	52,576	382,942
	<u>641,259</u>	<u>1,264,167</u>

\* Refer to note 15.

**12. List of subsidiaries**

Set out below is a list of subsidiaries of the Group. The consolidated financial report incorporates the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1 to 3:

Name of entity	Principal place of business	Ownership interest	
		2017	2016
<i>Parent entity</i>			
.au Domain Administration Limited			
<i>Subsidiaries</i>			
auDA Foundation Pty Ltd	Australia	100%	100%
auDA Foundation (a public charitable trust)	Australia	100%	100%

**13. Related parties**

**(a) Transactions with key management personnel**

The key management personnel compensation was \$1,120,129 for the year ended 30 June 2017 (2016: \$1,392,986). There are no other transactions with the Group's key management personnel or Directors.

Key management personnel of the Group comprise of the Directors and the 3 members of the executive management.

**(b) Other related party transactions**

There are no other related party transactions with the Group.

**14. Commitments**

**(a) Lease commitments**

The Group leases offices under non-cancellable operating leases expiring within one to five years. On renewal, the terms of the leases are renegotiated. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Within one year	89,700	-
Later than one year but not later than five years	564,437	-
Later than five years	233,628	-
	<u>887,765</u>	<u>-</u>

**(b) Capital commitments**

There are no significant capital commitments as at 30 June 2017 (2016: nil).

**15. Restatement of prior year comparatives**

Adjustments to prior year comparatives are applied retrospectively, with detail of and the impact on the financial statements noted below:

	Previously reported \$	Adjustment \$	Restated \$
<i>Consolidated statement of profit or loss and other comprehensive income (1)</i>			
Revenue	7,265,628	389,189	7,654,817
Consultancy expenses	(1,036,616)	(13,632)	(1,050,248)
Grant expenditure	-	(417,207)	(417,207)
Other expenses	(280,060)	(486)	(280,546)
Finance income	274,474	46,960	321,434
Profit before tax	1,693,475	4,824	1,698,299
Profit after tax	1,693,475	4,824	1,698,299
Total comprehensive income	1,693,475	4,824	1,698,299
<i>Consolidated statement of financial position (1)</i>			
Cash and cash equivalents	9,446,616	2,308,745	11,755,361
Trade and other receivables	689,059	104,087	793,146
Current assets	10,153,176	2,412,832	12,566,008
Total assets	13,960,103	2,412,832	16,372,935
Trade and other payables	876,605	387,562	1,264,167
Current liabilities	1,364,294	387,562	1,751,856
Total liabilities	1,364,294	387,562	1,751,856
Retained earnings	12,595,809	2,025,270	14,621,079
Total equity	12,595,809	2,025,270	14,621,079
<i>Consolidated statement of changes in equity for the year ended 30 June 2016 (1)</i>			
Opening retained earnings at 1 July 2015	10,902,334	2,020,446	12,922,780
Opening total equities at 1 July 2015	10,902,334	2,020,446	12,922,780
Closing retained earnings at 30 June 2016	12,595,809	2,025,270	14,621,079
Closing total equities at 30 June 2016	12,595,809	2,025,270	14,621,079
<i>Consolidated statement of cash flows (1)</i>			
Cash received from customers	8,123,332	381,466	8,504,798
Cash paid to suppliers and employees	(6,639,571)	(45,800)	(6,685,371)
Interest received	274,474	46,961	321,435
Net cash from operating activities	1,758,235	382,627	2,140,862
Net cash increase in cash and cash equivalents	342,758	382,627	725,385
Cash and cash equivalents at 1 July 2015	9,103,858	1,926,118	11,029,976
Cash and cash equivalents at 30 June 2016	9,446,616	2,308,745	11,755,361

(1) The prior year financial statements did not consolidate the Company's subsidiaries, auDA Foundation Pty Ltd and auDA Foundation (a public charitable trust). Consequently, the financial statements have been reclassified to include the financial position of and financial performance of these subsidiaries for the prior year comparative.

**.au Domain Administration Limited**  
**Notes to the consolidated financial statements**  
For the year ended 30 June 2017

**16. Parent entity disclosures**

As at, and throughout, the financial year ended 30 June 2017 the parent entity of the Group was .au Domain Administration Limited.

	2017 \$	2016 \$
<b>Results of the parent</b>		
Profit for the year	1,600,715	1,693,475
Other comprehensive income/(loss)	(94,249)	-
Total comprehensive income for the year	<u>1,506,466</u>	<u>1,693,475</u>
<b>Financial position of parent entity at year end</b>		
Current assets	7,427,955	10,513,176
Total assets	14,837,173	13,960,103
Current liabilities	734,898	1,364,294
Total liabilities	734,898	1,364,294
<b>Total equities of parent entity comprising of:</b>		
Asset revaluation reserve	(94,249)	-
Retained earnings	14,196,524	12,595,809
Total equity	<u>14,102,275</u>	<u>12,595,809</u>

**17. Subsequent events**

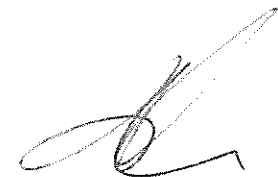
On 25 August 2017 the Victorian State Revenue Office accepted the Company's application for exemption from Victorian payroll tax and ruled that all Victorian payroll tax paid by the Company since 6 December 2011 onwards is to be refunded to the Company. The anticipated refund is \$454,667

**Directors' declaration**

In the opinion of the Directors of .au Domain Administration Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 8 to 24, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Erhan Karabardak  
Director

Dated at Melbourne this 16<sup>th</sup> day of October 2017.



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of .au Domain Administration Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of .au Domain Administration Limited for the financial year ended 30 June 2017 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.

KPMG

Amanda Bond

*Partner*

Melbourne

16 October 2017



# Independent Auditor's Report

To the members of .au Domain Administration Limited

## Opinion

We have audited the **Financial Report** of .au Domain Administration Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Consolidated statement of financial position* as at 30 June 2017
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.





### Emphasis of matter – restatement of comparative information

We draw attention to Note 15 to the financial statements, which states that amounts reported in the previously issued 30 June 2016 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect to this matter.

The financial report of .au Domain Administration Limited for the year ended 30 June 2016 was audited by another auditor who issued an unmodified opinion on that financial report on 14 November 2016.

### Other Information

Other Information is financial and non-financial information in .au Domain Administration Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.





## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_files/ar7.pdf](http://www.auasb.gov.au/auditors_files/ar7.pdf). This description forms part of our Auditor's Report.

KPMG

Amanda Bond

*Partner*

Melbourne

16 October 2017

