

APNIC Pty Ltd

ABN 42 081 528 010

**Special purpose financial report
for the year ended 31 December 2015**

APNIC Pty Ltd ABN 42 081 528 010
Special purpose financial report - 31 December 2015

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Your director presents his report on APNIC Pty Ltd (hereafter referred to as the "Company") for the year ended 31 December 2015.

Director

The following person was a director of APNIC Pty Ltd during the whole of the financial year and up to the date of this report:

Paul Byron Wilson

Principal activities

The Company's principal continuing activity during the year was to act as a non-profit internet registry organisation for the Asia-Pacific region.

There was no significant change in the nature of the activity of the Company during the year.

Dividends - APNIC Pty Ltd

The Company does not pay or declare dividends due to its non-profit status as determined by its constituent documents.

Review of operations

The profit from ordinary activities after income tax amounted to \$1,956,164 (2014: \$3,089,110).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2015 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

In the foreseeable future it is expected that the Company will continue its principal activity as described above.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers

During the financial year, APNIC Pty Ltd paid a premium of \$23,800 (2014: \$23,800) to insure the director, officeholders (including executive council) and staff of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

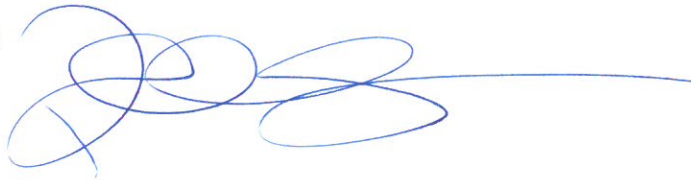
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of directors.

Paul Byron Wilson
Director

Brisbane
4 February 2016

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.



Auditor's Independence Declaration

As lead auditor for the audit of APNIC Pty Ltd for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of APNIC Pty Ltd.

A handwritten signature in black ink, appearing to be 'AW', with a horizontal line extending to the right.

Andrew Weeden
Partner
PricewaterhouseCoopers

Brisbane
4 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO BOX 150, BRISBANE QLD 4001
Telephone +61 7 3257 5000, Facsimile +61 7 3257 5999, www.pwc.com.au

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These financial statements are the financial statements of APNIC Pty Ltd as an individual entity. The financial statements are presented in Australian currency.

APNIC Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the entity's operations and its principal activities is included in the director's report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the director on 4 February 2016. The director has the power to amend and reissue the financial statements.

APNIC Pty Ltd
Statement of comprehensive income
For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue from continuing operations	2	19,559,113	19,529,654
Other income	3	27,185	26,629
Employee benefits expense		(9,755,698)	(8,867,160)
Professional fees		(1,195,494)	(1,052,757)
Travel expenses		(1,961,551)	(1,955,471)
Depreciation expense		(764,145)	(765,548)
Communications and meeting expenses		(816,913)	(676,015)
Computer expenses		(520,784)	(572,528)
Contributions to ICANN		(284,161)	(260,333)
Insurance		(131,550)	(129,971)
Membership fees		(47,755)	(55,375)
Occupancy costs		(393,080)	(367,664)
Loss on disposal of property, plant and equipment		(962)	(11,937)
Other expenses		(1,745,264)	(1,787,023)
Profit before income tax		1,968,941	3,054,501
Income tax (expense) benefit		(12,777)	34,609
Profit for the year		1,956,164	3,089,110
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets	16(a)	(25,203)	473,092
Other comprehensive income for the year, net of tax		(25,203)	473,092
Total comprehensive income for the year		1,930,961	3,562,202
Total comprehensive income for the year is attributable to:			
Owners of APNIC Pty Ltd		1,930,961	3,562,202

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

APNIC Pty Ltd
Statement of financial position
As at 31 December 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,785,266	1,062,097
Trade and other receivables	5	5,486,288	5,335,670
Other current assets	6	553,685	486,032
Total current assets		7,825,239	6,883,799
Non-current assets			
Available-for-sale financial assets	7	18,951,801	17,924,950
Property, plant and equipment	8	7,842,424	7,905,733
Deferred tax assets	9	139,580	157,749
Total non-current assets		26,933,805	25,988,432
Total assets		34,759,044	32,872,231
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,196,385	1,215,729
Provisions	11	1,138,287	1,374,701
Unearned income	12	8,546,573	8,366,881
Total current liabilities		10,881,245	10,957,311
Non-current liabilities			
Deferred tax liabilities	13	276,432	284,963
Provisions	11	281,908	241,459
Total non-current liabilities		558,340	526,422
Total liabilities		11,439,585	11,483,733
Net assets		23,319,459	21,388,498
EQUITY			
Contributed equity	15	1	1
Other reserves	16(a)	589,460	614,663
Retained earnings	16(b)	22,729,998	20,773,834
Total equity		23,319,459	21,388,498

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

APNIC Pty Ltd
Statement of changes in equity
For the year ended 31 December 2015

	Contributed equity \$	Other reserves \$	Retained earnings \$	Total equity \$
Balance at 1 January 2014	1	141,571	17,684,724	17,826,296
Profit for the period	-	-	3,089,110	3,089,110
Other comprehensive income	-	473,092	-	473,092
Total comprehensive income for the year	-	473,092	3,089,110	3,562,202
Balance at 31 December 2014	1	614,663	20,773,834	21,388,498
Balance at 1 January 2015	1	614,663	20,773,834	21,388,498
Profit for the period	-	-	1,956,164	1,956,164
Other comprehensive income	-	(25,203)	-	(25,203)
Total comprehensive income for the year	-	(25,203)	1,956,164	1,930,961
Balance at 31 December 2015	1	589,460	22,729,998	23,319,459

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

APNIC Pty Ltd
Statement of cash flows
For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		18,570,973	18,712,686
Payments to suppliers and employees (inclusive of goods and services tax)		(17,227,843)	(16,195,699)
Grants received		799,587	875,783
		2,142,717	3,392,770
Interest received		142,420	179,033
Net cash inflow from operating activities	20	2,285,137	3,571,803
Cash flows from investing activities			
Redemption of short term deposits		(400,000)	214,795
Payments for property, plant and equipment		(709,029)	(707,464)
Proceeds from sale of property, plant and equipment		7,230	24,678
Purchase of available-for-sale financial assets		(500,000)	(3,008,343)
Net cash (outflow) from investing activities		(1,601,799)	(3,476,334)
Net increase in cash and cash equivalents		683,338	95,469
Cash and cash equivalents at the beginning of the financial year		1,062,097	943,980
Effects of exchange rate changes on cash and cash equivalents		39,831	22,648
Cash and cash equivalents at end of year	4	1,785,266	1,062,097

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

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the APNIC Pty Ltd.

(a) Basis of preparation

(i) *Special purpose financial report*

In the director's opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared at the request of the Executive Council for the interest of the APNIC members and for the purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the director to meet the needs of the members. The Company is a not-for-profit entity for the purpose of preparing the financial report.

(ii) *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

(iii) *New and amended standards adopted by the Company*

The Company has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2015:

- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Company
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities. There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.
AASB 15 <i>Revenue from Contracts with Customers</i>	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.	At this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Company: 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is APNIC Pty Ltd's functional and presentation currency.

1 Summary of significant accounting policies (continued)

(b) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Member fees

Member fees are recognised on an accruals basis over the period of membership. Member fees received in advance of the service being provided are classified as unearned income. Application and reactivation fees are recognised at the time the service is provided and the fee has been earned.

(ii) Interest income

Interest income is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(d) Grants

Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1 Summary of significant accounting policies (continued)

(e) Income tax (continued)

APNIC has self-assessed that the "principle of mutuality" applies to its affairs and has calculated its income tax using this principle for the year ended 31 December 2015.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

Available-for-sale financial assets, comprising principally units in managed investment funds, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

1 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(ii) Recognition and derecognition

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investment revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by obtaining independent valuation statements or by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Company's right to receive payments is established.

(iv) Impairment

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets acquired are calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Buildings	2.5%
- Plant and equipment	5 - 40%
- Office furniture and fittings	5 - 20%
- Computer equipment	5 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

1 Summary of significant accounting policies (continued)

(j) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, bonus, time-in-lieu, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

2 Revenue

	2015 \$	2014 \$
From continuing operations		
Membership fees	16,933,413	15,903,111
Non-membership fees	243,049	254,706
Sign-up fees	437,625	1,323,250
Member reactivation fees	34,000	64,800
Non-member reactivation fees	3,600	3,000
Grant income	811,862	933,351
	<u>18,463,549</u>	<u>18,482,218</u>
 <i>Other revenue</i>		
Interest income	124,455	165,710
Investment distribution income	667,586	588,853
Sundry income	303,523	292,873
	<u>1,095,564</u>	<u>1,047,436</u>
	<u>19,559,113</u>	<u>19,529,654</u>

3 Other income

	2015 \$	2014 \$
Net foreign exchange gains	<u>27,185</u>	<u>26,629</u>

4 Cash and cash equivalents

	2015 \$	2014 \$
Current assets		
Petty cash	400	400
Cash at bank	<u>1,784,866</u>	<u>1,061,697</u>
	<u>1,785,266</u>	<u>1,062,097</u>

5 Trade and other receivables

	2015 \$	2014 \$
Current assets		
Trade receivables	834,443	907,354
Provision for impairment of receivables	(36,797)	(91,090)
	<u>797,646</u>	<u>816,264</u>
Other receivables	171,328	107,067
Interest receivable	36,312	54,278
	<u>207,640</u>	<u>161,345</u>
Cash restricted or pledged	481,002	758,061
Short term deposits	4,000,000	3,600,000
	<u>4,481,002</u>	<u>4,358,061</u>
	<u>5,486,288</u>	<u>5,335,670</u>

6 Other assets

	2015 \$	2014 \$
Current assets		
Prepayments	524,437	466,133
Prepaid taxes	29,248	19,899
	<u>553,685</u>	<u>486,032</u>

7 Available-for-sale financial assets

	2015 \$	2014 \$
Non-current assets		
Unlisted securities		
Units in managed investment funds - at fair value	18,951,801	17,924,950

8 Property, plant and equipment

	Property related assets \$	Computer equipment \$	Total \$
At 1 January 2014			
Cost	7,788,845	3,231,874	11,020,719
Accumulated depreciation	(826,687)	(2,193,601)	(3,020,288)
Net book amount	<u>6,962,158</u>	<u>1,038,273</u>	<u>8,000,431</u>

8 Property, plant and equipment (continued)

	Property related assets \$	Computer equipment \$	Total \$
Year ended 31 December 2014			
Opening net book amount	6,962,158	1,038,273	8,000,431
Additions	31,728	675,736	707,464
Disposals	(91)	(36,523)	(36,614)
Depreciation charge	(212,225)	(553,323)	(765,548)
Closing net book amount	6,781,570	1,124,163	7,905,733
At 31 December 2014			
Cost	7,820,391	3,666,489	11,486,880
Accumulated depreciation	(1,038,821)	(2,542,326)	(3,581,147)
Net book amount	6,781,570	1,124,163	7,905,733
Year ended 31 December 2015			
Opening net book amount	6,781,570	1,124,163	7,905,733
Additions	36,731	672,298	709,029
Disposals	(3,615)	(4,578)	(8,193)
Depreciation charge	(205,611)	(558,534)	(764,145)
Closing net book amount	6,609,075	1,233,349	7,842,424
At 31 December 2015			
Cost	7,851,227	3,516,840	11,368,067
Accumulated depreciation	(1,242,152)	(2,283,491)	(3,525,643)
Net book amount	6,609,075	1,233,349	7,842,424

9 Deferred tax assets

	2015 \$	2014 \$
Deferred tax assets expected to be recovered within 12 months	11,527	12,129
Deferred tax assets expected to be recovered after more than 12 months	128,053	145,620
	139,580	157,749

10 Trade and other payables

	2015 \$	2014 \$
Current liabilities		
Trade payables	310,770	426,977
Goods and services tax (GST) payable	17,729	13,091
Accrued expenses	386,884	70,466
Grants payable (note 14)	361,314	705,195
Research funds	119,688	-
	<u>1,196,385</u>	<u>1,215,729</u>

11 Provisions

	2015 Current \$	2015 Non- current \$	2015 Total \$	2014 Current \$	2014 Non- current \$	2014 Total \$
Employee benefits	1,138,287	281,908	1,420,195	1,374,701	241,459	1,616,160

12 Unearned income

	2015 \$	2014 \$
Current liabilities		
Deferred grant revenue (note 14)	-	65,142
Unearned member and non-member fees	8,525,073	8,261,839
Unearned sponsorship income	21,500	39,900
	<u>8,546,573</u>	<u>8,366,881</u>

13 Deferred tax liabilities

	2015 \$	2014 \$
Deferred tax liabilities expected to be settled within 12 months	11,256	16,647
Deferred tax liabilities expected to be settled after more than 12 months	265,176	268,316
	<u>276,432</u>	<u>284,963</u>

14 Grant agreements

The Company entered into various grant agreements with the Swedish International Cooperation Agency (SIDA), Internet Society (ISOC) and the International Development Research Centre (IDRC) to undertake various activities and projects in connection with the Seed Alliance program, which aims to contribute to the development of the information societies in Asia-Pacific, Africa and Latin America by funding research projects and by rewarding and recognising innovative approaches in the use of information technology for development. Under the agreements, the Company is entitled to receive grant monies for SIDA, ISOC and IDRC to be used in these projects.

14 Grant agreements (continued)

The balance of the unspent grant monies as at 31 December are as follows:

	2015 \$	2014 \$
Grants payable (note 10)	361,314	705,195
Deferred grant revenue (note 12)	-	65,142
	<u>361,314</u>	<u>770,337</u>

The movement in the unspent grant monies received under each agreement are as follows:

	ISIF ICT Grant Fund	ISIF Project Fund	ISIF IDRC Grant Fund Project 108044	ISIF ISOC Project Fund	ISIF SIDA Contribution Fund	Total
Opening balance	\$83,258	\$75,426	-		\$611,653	\$770,337
Grant monies received	\$7,900	\$159,995	\$130,708	\$96,126	\$28,241	\$422,970
Grant monies paid/spent	(\$34,985)	(\$156,577)	-	(\$12)	(\$620,287)	(\$811,861)
Reimbursements	(\$20,645)	\$13,290	-		(\$12,777)	(\$20,132)
Closing balance	<u>\$35,528</u>	<u>\$92,134</u>	<u>\$130,708</u>	<u>\$96,114</u>	<u>\$6,830</u>	<u>\$361,314</u>

15 Contributed equity

(a) Share capital

	2015 Shares	2014 Shares	2015 \$	2014 \$
Ordinary shares - fully paid	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

16 Other reserves and retained earnings

(a) Other reserves

	2015 \$	2014 \$
Available-for-sale financial assets	<u>589,460</u>	<u>614,663</u>

Movements:

Available-for-sale financial assets

Opening balance	614,663	141,571
Revaluation - net of tax	(25,203)	473,092
Balance 31 December	<u>589,460</u>	<u>614,663</u>

(i) *Nature and purpose of other reserves*

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (eg equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired, see accounting policy note 1(i) for details.

(b) Retained earnings

Movements in retained earnings were as follows:

	2015 \$	2014 \$
Balance 1 January	20,773,834	17,684,724
Net profit for the year	1,956,164	3,089,110
Balance 31 December	<u>22,729,998</u>	<u>20,773,834</u>

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

(a) PricewaterhouseCoopers

	2015 \$	2014 \$
<i>Audit and other assurance services</i>		
Audit of financial statements	33,660	34,500
Grant audits	6,120	-
Total remuneration of PricewaterhouseCoopers	<u>39,780</u>	<u>34,500</u>

18 Commitments and contingencies

The Company had no commitments nor contingent liabilities at 31 December 2015 (2014: nil).

19 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

20 Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 \$	2014 \$
Profit for the year	1,956,164	3,089,110
Depreciation	764,145	765,548
Net (gain) loss on sale of non-current assets	962	11,937
Investment management fees	112,393	89,671
Investment distribution income	(667,586)	(588,853)
Net exchange differences	(39,830)	(22,648)
Change in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	(27,677)	25,732
(Increase) decrease in restricted cash	277,059	485,695
(Increase) decrease in deferred tax assets	18,168	(30,742)
(Increase) decrease in other operating assets	(67,653)	(14,897)
(Decrease) increase in trade and other creditors	(84,485)	(873,603)
(Decrease) increase in unearned income	244,834	491,074
(Decrease) increase in deferred tax liabilities	(5,392)	(3,867)
(Decrease) increase in other provisions	(195,965)	147,646
Net cash inflow (outflow) from operating activities	<u>2,285,137</u>	<u>3,571,803</u>

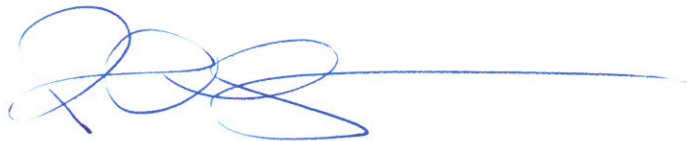
As stated in note 1(a) to the financial statements, in the director's opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the director's opinion:

- (a) the financial statements and notes set out on pages 4 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Paul Byron Wilson
Director



Brisbane
4 February 2016



Independent auditor's report to the members of APNIC Pty Ltd

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of APNIC Pty Ltd (the company), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we 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 judgement, 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 directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the financial report of APNIC Pty Ltd is in accordance with the *Corporations Act 2001*, including:

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*.

As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of APNIC Pty Ltd and should not be distributed to or used by parties other than APNIC Pty Ltd and the members.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Andrew Weeden'.

Andrew Weeden
Partner

Brisbane
4 February 2016

APNIC Pty Ltd
Operating statement
For the year ended 31 December 2015

	2015 \$	2014 \$
Revenue		
Membership fees	16,933,413	15,903,111
Non-membership fees	243,049	254,706
Sign-up fees	437,625	1,323,250
Member reactivation fees	34,000	64,800
Non-member reactivation fees	3,600	3,000
Grant income	811,862	933,351
Interest income	124,455	165,710
Investment distribution income	667,586	588,853
Sundry income	303,523	292,873
Net foreign exchange gains	27,185	26,629
	<u>19,586,298</u>	<u>19,556,283</u>
Less expenses		
Administration expenses (refer schedule)	<u>(17,617,357)</u>	<u>(16,501,782)</u>
Profit before income tax	<u>1,968,941</u>	<u>3,054,501</u>

The above operating statement does not form part of the audited financial report.

APNIC Pty Ltd
Operating statement
For the year ended 31 December 2015
(continued)

	2015 \$	2014 \$
Schedule of administration expenses		
Salaries and wages	(7,800,119)	(7,129,664)
Travel	(1,961,551)	(1,955,471)
Professional fees - consulting	(848,337)	(809,547)
Depreciation	(764,145)	(765,548)
Superannuation contributions - employees	(753,244)	(705,397)
Communication expenses	(591,885)	(483,803)
Computer costs - other	(520,784)	(572,528)
Employee entitlements	(471,479)	(395,217)
Payroll tax	(430,301)	(394,612)
ISIF grant expense	(401,384)	(485,708)
Donations	(337,818)	(219,251)
ICANN	(284,161)	(260,333)
Meeting expenses	(225,028)	(192,212)
FIRE grant expense	(221,150)	(218,446)
Professional fees - legal	(212,593)	(133,330)
FRIDA grant expense	(189,328)	(206,136)
Staff training	(169,122)	(135,996)
Sponsorship fees	(163,893)	(63,988)
Office expenses	(159,887)	(151,855)
Bank charges - general	(156,496)	(145,823)
Insurance	(131,550)	(129,971)
Recruitment	(119,077)	(144,423)
Deductible entertainment	(92,494)	(135,266)
Professional fees - accountancy/management	(77,419)	(63,130)
Staff amenities	(64,503)	(55,971)
Training workshop fees	(57,145)	(46,750)
Fringe benefits tax	(56,111)	(39,376)
Postage	(51,029)	(22,071)
Electricity	(50,564)	(57,429)
Membership fees	(47,755)	(55,375)
Printing and stationery	(46,350)	(59,638)
Repairs and maintenance	(42,894)	(36,850)
Cleaning	(42,356)	(39,820)
Gifts and promotions	(41,892)	(48,681)
Equipment hire	(32,792)	(47,373)
Advertising expense	(32,172)	(9,027)
Worker's compensation	(10,819)	(10,927)
Books and periodicals	(6,401)	(3,723)
Translation expenses	(2,883)	(1,623)
Administration fees	(1,777)	(236)
Loss on sale of fixed assets	(962)	(11,937)
IDRC grant expense	-	(23,061)
Doubtful debts	54,293	(34,259)
Total expenses	(17,617,357)	(16,501,782)

The above operating statement does not form part of the audited financial report.