Internet Association of Australia Inc

ABN 71 817 988 968

Annual Report - 30 June 2021

Internet Association of Australia Inc
Contents
30 June 2021

General information

The financial statements cover Internet Association of Australia Inc as an individual entity. The financial statements are presented in Australian dollars, which is Internet Association of Australia Inc's functional and presentation currency.

Internet Association of Australia Inc is a for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Level 25, 108 St Georges Terrace
Perth WA 6000
Australia

A description of the nature of the incorporated association's operations and its principal activities are included in the committee members' report, which is not part of the financial statements.

The financial statements were authorised for issue on 17 July 2021.

Internet Association of Australia Inc
Committee members' report
30 June 2021

The committee members present their report, together with the financial statements, on the incorporated association for the year ended 30 June 2021.

Committee Members
The following persons were committee members of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Committee Member	Position
David Hooton	Chairperson
Nathan Brookfield	Secretary and Board Member until 27 October 2020
Matthew Enger	Board Member, Secretary from 9 November 2020
Matthew Moyle-Croft	Board Member
Daryl Collins	Board Member
Brett O'Hara	Board Member
Nate Garr	Board Member from 27 October 2020
Richard Thompson	Board Member from 27 October 2020
Mathew McDonough	Board Member
Jay Binks	Board Member until 27 October 2020

Principal activities
During the financial year the principal continuing activities of the incorporated association were:
- To promote and support the internet industry
- To support common interests of carriers, carriage service providers and internet service provider members
- To operate peering exchange services and related infrastructure, networks and services for members
- To act on behalf of members on any other matters as determined by the members

Significant Changes
No significant changes in the nature of these activities occurred during the year.

On behalf of the committee members

17 July 2021

Internet Association of Australia Inc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue from contracts with customers	3	3,656,357	2,712,493
Government grants	4	50,000	50,000
Other income		10,655	17,416
Dividend income		84,728	-
Expenses			
Peering costs		(1,162,411)	(664,833)
Transit costs		(70,225)	(131,359)
Consultancy expense		(56,220)	(178,835)
Employee benefits expense		(1,046,417)	(777,188)
Depreciation and amortisation expense		(174,862)	(227,228)
Other expenses		(228,208)	(421,234)
Marketing		(30,239)	(98,436)
Administration		(62,102)	(37,227)
Surplus before income tax expense		971,056	243,569
Income tax expense	5	(50,008)	(3,796)
Surplus after income tax expense for the year attributable to the members of Internet Association of Australia Inc		921,048	239,773
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		208,829	-
Other comprehensive income for the year, net of tax		208,829	-
Total comprehensive income for the year attributable to the members of Internet Association of Australia Inc		1,129,877	239,773

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

Internet Association of Australia Inc
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	1,902,746	2,294,746
Trade and other receivables	7	306,734	242,281
Total current assets		2,209,480	2,537,027
Non-current assets			
Financial assets at fair value through other comprehensive income	8	1,631,329	-
Property, plant and equipment	9	414,862	437,532
Right-of-use assets	10	39,144	-
Intangibles	11	22,994	9,077
Total non-current assets		2,108,329	446,609
Total assets		4,317,809	2,983,636
Liabilities			
Current liabilities			
Trade and other payables	12	156,968	96,590
Lease liabilities	13	28,940	-
Provisions		67,627	35,990
Revenue received in advance	14	415,788	342,752
Total current liabilities		669,323	475,332
Non-current liabilities			
Lease liabilities	15	10,305	-
Total non-current liabilities		10,305	-
Total liabilities		679,628	475,332
Net assets		3,638,181	2,508,304
Equity			
Reserves	16	208,829	-
Retained surplus	17	3,429,352	2,508,304
Total equity		3,638,181	2,508,304

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

Internet Association of Australia Inc
Statement of changes in equity
For the year ended 30 June 2021

	Reserves $	Retained surplus $	Total equity $
Balance at 1 July 2019	-	2,268,531	2,268,531
Surplus after income tax expense for the year	-	239,773	239,773
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	239,773	239,773
Balance at 30 June 2020	-	2,508,304	2,508,304

	Reserves $	Retained surplus $	Total equity $
Balance at 1 July 2020	-	2,508,304	2,508,304
Surplus after income tax expense for the year	-	921,048	921,048
Other comprehensive income for the year, net of tax	208,829	-	208,829
Total comprehensive income for the year	208,829	921,048	1,129,877
Balance at 30 June 2021	208,829	3,429,352	3,638,181

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

Internet Association of Australia Inc
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,758,416	2,892,485
Payments to suppliers and employees (inclusive of GST)		(2,600,016)	(2,095,727)
Interest received		1,907	11,286
Grants		50,000	50,000
Net cash from operating activities		1,210,307	858,044
Cash flows from investing activities			
Payments for investments		(1,422,500)	-
Payments for property, plant and equipment	9	(143,458)	(51,955)
Payments for intangibles	11	(36,349)	-
Loan receivables provided		-	(50,000)
Net cash used in investing activities		(1,602,307)	(101,955)
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(392,000)	756,089
Cash and cash equivalents at the beginning of the financial year		2,294,746	1,538,657
Cash and cash equivalents at the end of the financial year	6	1,902,746	2,294,746

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Associations Incorporation Act 2015 and associated regulations, as appropriate for not-for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition
The incorporated association recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 1. Significant accounting policies (continued)

Rendering of services
Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated, then revenue is recognised to the extent of expenses recognised that are recoverable.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

1. Revenue is recognised by applying a five-step model as follows:
2. Identify the contract with the customer
3. Identify the performance obligations
4. Determine the transaction price
5. Allocate the transaction price to the performance obligations

Recognise revenue as and when control of the performance obligations is transferred

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
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.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The incorporated association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the incorporated association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the incorporated association intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. The entity has applied this policy to the investments held at the end of the year.

Impairment of financial assets
The incorporated association recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the incorporated association's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the incorporated association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The incorporated association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website
Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incorporated association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 30 June 2021. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the incorporated association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the incorporated association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the incorporated association is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy
The incorporated association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The incorporated association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of property, plant and equipment
The incorporated association assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the incorporated association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The incorporated association is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The incorporated association recognises liabilities for anticipated tax audit issues based on the incorporated association's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue from contracts with customers

	2021 $	2020 $
Membership	147,246	90,448
Services	3,509,111	2,622,045
Revenue from contracts with customers	3,656,357	2,712,493

Note 4. Government grants

	2021 $	2020 $
Government grants	50,000	50,000

Government grants include the ATO Cashflow Boost provided to the entity in the year.

Note 5. Income tax expense

	2021 $	2020 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Surplus before income tax expense	971,056	243,569
Tax at the statutory tax rate of 26% (2020: 27.5%)	252,475	66,981
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-taxable dividends	(3,643)	-
Non-taxable income for services provided to members	(198,824)	(63,185)
Income tax expense	50,008	3,796

Non-taxable income for services provided to members

Note 5. Income tax expense (continued)

The funds received by the incorporated association for services provided to the members have been determined to be non-taxable. The Australian Tax Office may challenge this tax treatment. In the context of applying AASB 112, the uncertain tax treatment may affect both the current and prior periods.

The payments by members for services provided to members have been assessed to be mutual receipts based on the mutuality principle as noted in case law within Australia. It is based on the proposition that an organisation cannot derive income from itself. The principle provides that where any surplus arising from the use of funds for the common purpose of the members as a whole is not taxable income. The incorporated association has accessed the mutuality principle as it is carrying on these activities for the common purpose of its members. There is uncertainty around the tax treatment of the revenue from members and the association is in the process of confirming the treatment with the ATO

The association is unaware of any further uncertain tax treatments.

In the event the ATO does not accept the tax treatment and deems the payments by members for services provided to members are taxable there will need to be an assessment by the association. The assessment will be required to quantify the applicable income tax expense during current and preceding periods.

Note 6. Current assets - cash and cash equivalents

	2021 $	2020 $
Cash at bank	739,179	552,009
Cash on deposit	1,163,567	1,742,737
	1,902,746	2,294,746

Note 7. Current assets - trade and other receivables

	2021 $	2020 $
Trade receivables	221,926	189,396
Other receivables	80	52,885
Dividends receivable from financial assets at fair value through other comprehensive income	84,728	-
	84,808	52,885
	306,734	242,281

Allowance for expected credit losses
The incorporated association has determined that there is no expected credit loss to be recognised in the year ended 30 June 2021 (30 June 2020: nil) as all receivables are expected to be received.

Note 8. Non-current assets - financial assets at fair value through other comprehensive income

	2021 $	2020 $
Managed investments	1,631,329	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	1,422,500	-
Revaluation increments	208,829	-
Closing fair value	1,631,329	-

Refer to note 19 for further information on fair value measurement.

Note 9. Non-current assets - property, plant and equipment

	2021 $	2020 $
Leasehold improvements - at cost	36,964	36,964
Less: Accumulated depreciation	(7,575)	(6,650)
	29,389	30,314
Plant and equipment - at cost	2,314,270	2,167,236
Less: Accumulated depreciation	(1,928,797)	(1,763,594)
	385,473	403,642
Motor vehicles - at cost	-	24,991
Less: Accumulated depreciation	-	(21,415)
	-	3,576
	414,862	437,532

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and Equipment $	Leasehold Improvements $	Motor Vehicle $	Total $
Balance at 1 July 2019	568,868	31,237	5,108	605,213
Additions	50,874	-	-	50,874
Depreciation expense	(216,100)	(923)	(1,532)	(218,555)
Balance at 30 June 2020	403,642	30,314	3,576	437,532
Additions	147,034	-	-	147,034
Disposals	-	-	(3,576)	(3,576)
Depreciation expense	(165,203)	(925)	-	(166,128)
Balance at 30 June 2021	385,473	29,389	-	414,862

Note 10. Non-current assets - right-of-use assets

	2021 $	2020 $
Office Premises - right-of-use	41,591	-
Less: Accumulated depreciation	(2,447)	-
	39,144	-

Additions to the right-of-use assets during the year were $41,159 for the office at Suite 105, 150 Pacific Highway, North Sydney 2060.

The incorporated association leases office premises for its offices. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. Leases with a duration of not more than a year have not been capitalised into the right-of-use asset in line with the exemption allowed in AASB 16.

Note 11. Non-current assets - intangibles

	2021 $	2020 $
Website - at cost	41,283	21,937
Less: Accumulated amortisation	(21,144)	(19,794)
	20,139	2,143
Software - at cost	13,334	12,475
Less: Accumulated amortisation	(11,714)	(6,776)
	1,620	5,699
Other intangible assets - at cost	6,175	6,175
Less: Accumulated amortisation	(4,940)	(4,940)
	1,235	1,235
	22,994	9,077

Note 12. Current liabilities - trade and other payables

	2021 $	2020 $
Trade payables	45,628	8,946
PAYG and income tax payable	69,418	3,390
GST payable	41,922	84,254
	156,968	96,590

Refer to note 18 for further information on financial instruments.

Note 13. Current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	28,940	-

Refer to note 18 for further information on financial instruments.

Lease liabilities have been discounted at the incremental borrowing rate that is applicable to the incorporated association (4.53% in the current year).

Note 14. Current liabilities - Revenue received in advance

	2021 $	2020 $
Revenue received in advance	415,788	342,752

Note 15. Non-current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	10,305	-

Refer to note 18 for further information on financial instruments.

Note 16. Equity - reserves

	2021 $	2020 $
Financial assets at fair value through other comprehensive income reserve	208,829	-

Note 17. Equity - retained surplus

	2021 $	2020 $
Retained surplus at the beginning of the financial year	2,508,304	2,268,531
Surplus after income tax expense for the year	921,048	239,773
Retained surplus at the end of the financial year	3,429,352	2,508,304

Note 18. Financial instruments

Financial risk management objectives
The incorporated association's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The incorporated association's overall risk management program seeks to minimise potential adverse effects on the financial performance of the incorporated association. The incorporated association uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Committee members ('the Board'). These policies include identification and analysis of the risk exposure of the incorporated association and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the incorporated association's operating units. Finance reports to the Board on a monthly basis.

Note 18. Financial instruments (continued)

	Basis points increase			Basis points decrease		
2021	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Interest bearing cash and cash equivalents	10	1,834	1,834	10	(1,834)	(1,834)

	Basis points increase			Basis points decrease		
2020	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Interest bearing cash and cash equivalents	10	2,295	2,295	10	(2,295)	(2,295)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the incorporated association. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The incorporated association does not hold any collateral.

The incorporated association has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the incorporated association based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the incorporated association to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The incorporated association manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 18. Financial instruments (continued)

Fair value of financial instruments
The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the incorporated association are as follows:

	2021 Carrying amount $	2021 Fair value $	2020 Carrying amount $	2020 Fair value $
Assets				
Cash at bank	1,834,029	1,834,029	2,294,746	2,294,746
Financial asset at fair value through other comprehensive income	1,711,398	1,711,398	-	-
Trade receivables	211,154	211,154	242,281	242,281
	3,756,581	3,756,581	2,537,027	2,537,027
Liabilities				
Trade payables	(156,380)	(156,380)	(96,590)	(96,590)
Lease liability	(39,245)	(39,245)	-	-
	(195,625)	(195,625)	(96,590)	(96,590)

Note 19. Fair value measurement

Fair value hierarchy
The following tables detail the incorporated association's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Management investments	1,711,398	-	-	1,711,398
Total assets	1,711,398	-	-	1,711,398

There were no transfers between levels during the financial year.

Note 20. Related party transactions

Parent entity
Internet Association of Australia Inc is the parent entity.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Internet Association of Australia Inc
Committee members' declaration
30 June 2021

In the committee members' opinion:

- the attached financial statements and notes comply with the Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and Western Australian legislation the Associations Incorporation Act 2015 and associated regulations;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the committee members

17 July 2021

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Steve Wai
Steve Wai (Oct 28, 2021 08:56 GMT+8)