

PC USERS GROUP (ACT) INCORPORATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

PC USERS GROUP (ACT) INCORPORATED

**REPORT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2003**

Your Committee members submit the financial report of PC Users Group (ACT) Incorporated for the financial year ended 30 June 2003.

Committee Members

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

Anne Greiner (not re-elected 30 th September 2002)	Allan Mikkelsen (not re-elected 30 th September 2002)
Julian Grodzicky (not re-elected 30 th September 2002)	Peter Ortner (not re-elected 30 th September 2002)
Wilga Hawkins (not re-elected 30 th September 2002)	Nathan Robertson (not re-elected 30 th September 2002)
Noel Matthews (appointed 13 th January 2003)	David Lewis
Mike Burke (not re-elected 30 th September 2002)	Ross Hamilton (not re-elected 30 th September 2002)
John Bienkiewicz (appointed 30 th September 2002)	Graeme Evans
Keith Sayers (appointed 7 th October 2002)	Rod Blackburn (appointed 7 th October 2002)
Allan Hepworth (appointed 9 th December 2002)	Lance Green (appointed 9 th December 2002)
Paul Free (appointed 21 st October 2002)	David Gray (appointed 9 th December 2002)
Eleanor Rayment	Ann Byrne (appointed 7 th October 2002)
Chess Krawczyk (appointed 7 th October 2002)	Paulette Montaigne (appointed 7 th October 2002)
(resigned 21 st October 2002)	(resigned 22 nd February 2003)

Principal Activities

The principal activities of the association during the financial year were:

- assisting members in solving problems with personal computers;
- provision of internet access;
- provision of training and other educational activities in relation to all aspects of personal computer use; and
- dissemination of information on all aspects of personal computer use.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The deficit from ordinary activities after providing for income tax amounted to \$15,704 (2002: \$37,400).

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

President



Treasurer

Canberra, 13 September 2003

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PC USERS GROUP (ACT) INCORPORATED

Scope

We have audited the financial report of PC Users Group (ACT) Incorporated for the financial year ended 30 June 2003 as set out on pages 3 to 14. The Committee is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and the Associations Incorporation Act 1991 (the Act) so as to present a view which is consistent with our understanding of the Association's financial position and performance as represented by the results of its operations and its cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Qualifications

The PC Users Group (ACT) Incorporated, in common with many other organisations of similar size and nature, derives a substantial portion of its income from member subscriptions and sales. As effective control over such transactions is not established until their initial entry into accounting records, we have been unable to establish whether amounts receivable from these sources have been completely accounted for.

Qualified Audit Opinion

In our opinion, subject to the effect, if any, of the above qualification on the financial report, the financial report of the Association is properly drawn up:

- (a) so as to give a true and fair view of its state of affairs at 30 June 2003 and the results of its operations and its cashflows for the financial year then ended and the other matters required by subsection 72(2) of the Act to be disclosed in the financial report;
- (b) in accordance with the provisions of the Act; and
- (c) in accordance with applicable Australian Accounting Standards and other mandatory professional requirements.

PC USERS GROUP (ACT) INCORPORATED
STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2003

In the opinion of the Committee the financial report as set out on pages 4 to 14:

- (a) present fairly the financial position of PC Users Group (ACT) Incorporated as at 30 June 2003 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
- (b) at the date of this statement, there are reasonable grounds to believe that PC Users Group (ACT) Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

President

A handwritten signature in black ink, appearing to read "Paul Matthews". The signature is written in a cursive, flowing style.

Treasurer

Canberra, 13 September 2003

PC USERS GROUP (ACT) INCORPORATED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
Revenues from ordinary activities	2	339,288	355,534
Employee expenses		(51,192)	(24,260)
Depreciation and amortisation expenses	3	(17,493)	(24,803)
Other expenses from ordinary activities		<u>(286,307)</u>	<u>(343,871)</u>
Net (deficit) from ordinary activities		<u>(15,704)</u>	<u>(37,400)</u>
Total changes in equity of the association		<u><u>(15,704)</u></u>	<u><u>(37,400)</u></u>

The accompanying notes form part of this financial report

PC USERS GROUP (ACT) INCORPORATED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003**

	Note	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	4	129,861	149,826
Receivables	5	252	15,441
GST		-	7,756
Other	6	<u>6,140</u>	<u>7,934</u>
TOTAL CURRENT ASSETS		<u>136,253</u>	<u>180,957</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>11,403</u>	<u>23,079</u>
TOTAL NON-CURRENT ASSETS		<u>11,403</u>	<u>23,079</u>
TOTAL ASSETS		<u>147,656</u>	<u>204,036</u>
CURRENT LIABILITIES			
Payables	8	24,245	34,185
Fees received in advance	9	82,646	115,800
Provisions	10	<u>2,418</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>109,309</u>	<u>149,985</u>
TOTAL LIABILITIES		<u>109,309</u>	<u>149,985</u>
NET ASSETS		<u>38,347</u>	<u>54,051</u>
MEMBERS' FUNDS			
Accumulated surplus	11	<u>38,347</u>	<u>54,051</u>
TOTAL MEMBERS' FUNDS		<u>38,347</u>	<u>54,051</u>

The accompanying notes form part of this financial report

PC USERS GROUP (ACT) INCORPORATED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		348,112	359,153
Payments to suppliers and employees		(367,016)	(405,953)
Interest received		<u>4,756</u>	<u>5,778</u>
Net cash (used by) operating activities	15(b)	<u>(14,148)</u>	<u>(41,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		<u>(5,817)</u>	<u>(8,080)</u>
Net cash (used by) investing activities		<u>(5,817)</u>	<u>(8,080)</u>
Net (decrease) in cash held		(19,965)	(49,102)
Cash at the beginning of the financial year		<u>149,826</u>	<u>198,928</u>
Cash at the end of the financial year	15(a)	<u><u>129,861</u></u>	<u><u>149,826</u></u>

The accompanying notes form part of this financial report

PC USERS GROUP (ACT) INCORPORATED

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 1: Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act 1991.

The financial report covers the PC Users Group (ACT) Incorporated as an individual entity. PC Users Group (ACT) Incorporated is an association incorporated in the Australian Capital Territory under the Association Incorporation Act 1991.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Furniture and Fittings	33%
Computer equipment	33%
Leasehold improvements	20%
Computer software	100%

(b) Inventories

Inventories consist of training manuals and are measured at the lower of cost and net realisable value.

PC USERS GROUP (ACT) INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 1: Summary of Significant Accounting Policies (continued)

(c) Income Tax

The Association adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the surplus from ordinary activities before income tax adjusted for any permanent differences.

Income tax is payable only in respect of non-member income and as such the amount payable has been calculated and brought to account after adjusting for permanent differences only. No material timing differences exist and therefore no future income tax benefits or deferred tax liabilities have been brought to account.

(d) Revenue

Subscriptions to the Internet project by Group members have been recognised as income based on output in the form of user access hours. Internet income in advance relates to subscriptions for unused access time.

Revenue from sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(f) Employee Benefits

Provision is made for the Associations liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Association to employee superannuation funds and are charged as expenses when incurred.

PC USERS GROUP (ACT) INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)**

	2003	2002
	\$	\$
Note 2: Revenue		
Operating activities:		
– Membership fees	83,861	113,843
– Internet subscriptions	231,085	200,557
– Other Income	19,586	35,356
	<u>334,532</u>	<u>349,756</u>
Non-operating activities		
– Interest received	4,756	5,778
	<u>4,756</u>	<u>5,778</u>
Total Revenue	<u><u>339,288</u></u>	<u><u>355,534</u></u>

Note 3: Surplus from Ordinary Activities

Surplus from ordinary activities before income tax expense has been determined after:

a) Expenses:

Cost of sales		
(training manuals and computer products)	119	603
Depreciation of property, plant and equipment	17,493	24,803
Amortisation of leased plant and equipment	-	1,136
Remuneration of auditor		
– audit services	7,636	8,137
– other services	-	2,870
Total remuneration	<u>7,636</u>	<u>11,007</u>

b) Significant expenses

The following expense items are relevant in explaining the financial performance:

Cost of Internet service provider access	<u>169,822</u>	<u>172,185</u>
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Note 4: Cash assets

General PCUG Accounts -

Cash on hand	600	420
Cash at bank	27,332	24,293
Term deposit	101,929	125,113
	<u>129,861</u>	<u>149,826</u>

PC USERS GROUP (ACT) INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

	2003	2002
	\$	\$
Note 5: Receivables		
Trade debtors	<u>252</u>	<u>15,441</u>
Note 6: Other Assets		
Prepayments	<u>6,140</u>	<u>7,934</u>
Note 7: Property, Plant and Equipment		
Office equipment and furniture - at cost	13,326	13,326
Accumulated depreciation	<u>(12,405)</u>	<u>(12,317)</u>
	921	1,009
Computer hardware - at cost	85,009	85,009
Accumulated depreciation	<u>(80,255)</u>	<u>(77,755)</u>
	4,754	7,254
Computer hardware & equipment	197,163	191,346
Accumulated Depreciation	<u>(191,435)</u>	<u>(176,530)</u>
	<u>5,728</u>	<u>14,816</u>
	<u>11,403</u>	<u>23,079</u>

PC USERS GROUP (ACT) INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)**

Note 7: Property, Plant and Equipment (continued)

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Computer Equipment \$	Leased Computer Equipment \$	Furniture and Fittings \$	Leasehold Improvements \$
Balance at the beginning of the year	7,254	-	1,009	-
Additions	-	-	-	-
Depreciation expense	(2,500)	-	(88)	-
Carrying amount at the end of the year	<u>4,754</u>	<u>-</u>	<u>921</u>	<u>-</u>

	Software \$	Computer Hardware & Equipment \$	Software \$	Total \$
Balance at the beginning of the year	-	14,816	-	23,079
Additions	-	5,817	-	5,817
Depreciation expense	-	(14,905)	-	(17,493)
Carrying amount at the end of the year	<u>-</u>	<u>5,728</u>	<u>-</u>	<u>11,403</u>

2003	2002
\$	\$

Note 8: Payables

Trade creditors	17,144	25,235
Accruals	<u>7,101</u>	<u>8,950</u>
	<u><u>24,245</u></u>	<u><u>34,185</u></u>

PC USERS GROUP (ACT) INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

Note 9: Fees Received in Advance

Internet income in advance is based on the unused access hours paid for by the Group's members as at 30 June 2003. As at that date, 148,224 (2002: 263,182) access hours were unused which is valued at \$65,219 (2002: \$115,800) based on standard rates charged to members.

Internet income in advance also includes unused access days for broadband used by members as at 30 June 2003. As at that date, 23,325 (2002: nil) days were unused which is valued at \$17,427 (2002: nil) based on standard rates charged to members.

Therefore the total Internet fees in advance is \$82,646 (2002: \$115,800).

	2003	2002
	\$	\$
Note 10: Provisions		
Annual leave	2,418	-

Note 11 Retained Surplus

Retained surplus at the beginning of the financial year	54,051	91,451
Net (deficit) attributable to the association	(15,704)	(37,400)
Retained surplus at the end of the financial year	38,347	54,051

Note 12 Related Parties

(a) The Committee members of the Association who held office during any part of the financial year are as follows:

Anne Greiner (not re-elected 30 th September 2002)	Allan Mikkelsen (not re-elected 30 th September 2002)
Julian Grodzicky (not re-elected 30 th September 2002)	Peter Ortner (not re-elected 30 th September 2002)
Wilga Hawkins (not re-elected 30 th September 2002)	Nathan Robertson (not re-elected 30 th September 2002)
Noel Matthews (appointed 13 th January 2003)	David Lewis
Mike Burke (not re-elected 30 th September 2002)	Ross Hamilton (not re-elected 30 th September 2002)
John Bienkiewicz (appointed 30 th September 2002)	Graeme Evans
Keith Sayers (appointed 7 th October 2002)	Rod Blackburn (appointed 7 th October 2002)
Allan Hepworth (appointed 9 th December 2002)	Lance Green (appointed 9 th December 2002)
Paul Free (appointed 21 st October 2002)	David Gray (appointed 9 th December 2002)
Eleanor Rayment	Ann Byrne (appointed 7 th October 2002)
Chess Krawczyk (appointed 7 th October 2002)	Paulette Montaigne (appointed 7 th October 2002)
(resigned 21 st October 2002)	(resigned 22 nd February 2003)

(b) The Committee members did not receive any remuneration in connection with services provided.

PC USERS GROUP (ACT) INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)**

	2003	2002
	\$	\$
Note 13 Leasing Commitments		
(a) Operating Leases		
- Not later than 1 year	46,264	44,918
- Later that 1 year but less than 5 years	19,515	65,779
Total lease liability	65,779	110,697

Note 14 Segment Reporting

The association operates in the electronics sector providing computer support and training to members of the association within Australia.

Note 15 Cash Flow Information

(a) Reconciliation of Cash

Cash on hand	600	420
Cash at bank	27,332	33,623
Cash on deposit	101,929	115,783
	129,861	149,826

For the purposes of the Statement of Cashflows, cash includes cash on hand, at banks and on deposit.

(b) Reconciliation of Net Cash provided by Operating Activities to Surplus/(Deficit) from Ordinary Activities after Income Tax

(Deficit) from ordinary activities after income tax	(15,704)	(37,400)
Non-cashflows in (deficit) from ordinary activities:		
Depreciation and amortisation expense	17,493	24,803
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	15,189	(20,865)
Decrease in GST receivable	7,756	-
Decrease in inventories	-	2,236
Decrease in prepayments	1,794	45
(Decrease)/Increase in payables	(9,940)	6,218
Increase in provisions	2,418	-
(Decrease) in fees in advance	(33,154)	(16,059)
Net cash (used in) operating activities	(14,148)	(41,022)

(c) The association has no credit stand-by or financing facilities in place.

PC USERS GROUP (ACT) INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)**

Note 16 Financial Instruments

(a) Interest rate risk exposure

The association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing 1 to 5 Years		Non Interest Bearing	
	2003	2002	2003	2002	2003	2002	2003	2002
Financial Assets								
Cash	4.15%	3.5%	27,332	33,623	101,929	115,783	600	420
Receivables	N/a	N/a	-	-	-	-	252	15,441
Total Financial Assets			27,332	33,623	101,929	115,783	852	15,861
Financial Liabilities								
Payables	N/a	N/a	-	-	-	-	24,245	34,185
Total Financial Liabilities			-	-	-	-	24,245	34,185

(b) Credit risk exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

(c) Net fair values

Methods and assumptions used in determining fair value.

The Association's financial assets and financial liabilities are carried at amounts that approximate their net fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The carrying value of all financial assets and financial liabilities are reviewed to ensure they are not in excess of their fair value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 17 Association Details

The principal place of business of the association is:

PC Users Group (ACT) Incorporated
Ground Floor
Northpoint Plaza
BELCONNEN ACT 2615

ACCOUNTANT'S DISCLAIMER

We have prepared the accompanying detailed Income and Expenditure statements for the year ended 30 June 2003 ("the Statements") from the books and records and other information provided to us and at the request of and exclusively for the use and benefit of our Client.

Under the terms of our engagement we have not verified all accounting records that support the attached Statements. Accordingly, we express no opinion on whether they present a true and fair view of the position or of the year's activities and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than our Client) in respect of the Statements, including any errors or omissions therein however caused.

A B Papps, CA
Registered Company Auditor

Canberra
September 2003

PC USERS GROUP (ACT) INCORPORATED

**DETAILED INCOME AND EXPENDITURE STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

	2003	2002
	\$	\$
Income		
Domain hosting	1,805	-
GST overpayment refunded	5,454	-
Hire of training room	2,500	23,271
Interest	4,756	5,778
Internet income	231,085	200,778
Magazine advertising	4,660	6,880
PCUG members fees	83,860	113,843
Training course fees	2,620	3,368
Sales	178	375
Gain on disposal of assets	-	1,241
Other income	2,370	-
Total Income	339,288	355,534
Expenditure		
Accounting fees	500	2,870
Administration expenses	-	6,759
ADSL interact	336	-
Annual leave	2,418	-
Audit	6,781	8,136
Bank charges	5,639	5,523
Bad debts	-	1,792
Centre telephone lines	5,330	4,364
Cleaning	3,212	1,802
Commission paid	-	817
Cost of Sales	119	603
Depreciation	17,493	24,803
Discount on advertising	-	1,345
Electricity	4,416	4,615
Hiring expenses	1,474	-
Insurance	5,011	4,464
Interest	-	218
Internet service provider	169,822	172,185
Loss on write-off of inventory	-	2,236
Legal fees	-	115
Magazine expenses	30,837	48,774
Motor vehicle reimbursements	644	391
Members amenities	458	382
Meeting expenses	819	1,921
Minor equipment	1,610	117
Printing, postage and stationery	5,731	4,428
Publicity	124	638
Refunds	-	212
Rent	40,899	43,296
Repairs and maintenance	413	81
Security	1,082	1,266
Service agreement	-	5,343
Superannuation	4,059	1,169
Secretarial	302	132
Software	455	-
Telephone lines	-	28,907

PC USERS GROUP (ACT) INCORPORATED

**DETAILED INCOME AND EXPENDITURE STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)**

	2003	2002
	\$	\$
Expenditure (continued)		
Training	250	541
Wages and salaries	44,715	11,722
Miscellaneous expenses	43	967
	<u>354,992</u>	<u>392,934</u>
Total Expenditure	354,992	392,934
Net operating (deficit)	<u>(15,704)</u>	<u>(37,400)</u>