

**INFORMATION SYSTEMS
AUDIT AND CONTROL ASSOCIATION
A.C.N. 002 407 276
(A company Limited by Guarantee)
Sydney Chapter**

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2010**

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DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2010.

Short and long term objectives of the company

The company's short term objectives are to provide education and training services to its members and non-members in areas such as IT governance, audit, risk and security, and ISACA certification offerings of Certified Information Systems Auditor (CISA), Certified Information security manager (CISM), Certified in the Governance of Enterprise Information Technology (CGEIT) and Certified Risk and Information Systems Control (CRISC). These are achieved through the professional development events, certification review sessions, and one-day summit. The company also seeks to keep members informed of publications, events and activities organised by ISACA regionally and internationally.

The company's long term strategy is to retain and grow its chapter membership.

Principle activities of the company

The Company's principal activities during the course of the year were to cultivate, promote and disseminate knowledge and information concerning Information Technology (IT) auditing and related subjects and no significant change in the nature of those activities has taken place during that period.

Performance measurement

Key risks to the company have been identified and are reviewed at each Board meeting. The company identifies strategies annually to ensure retention and growth, and alignment of education and other services with member needs and the parent Association's strategies. The Director's table a performance report at each Board meeting and key points are highlighted for discussion. This includes financial reports and education and certification portfolio reports.

Financial

During the year the Company received income from various sources including membership fees, one-day summit registrations, technical seminars, review sessions, CACS profit share and advertising. Outgoings were predominantly remittances for secretarial services, insurance, audit fees and the costs associated with holding seminars, conferences, and CISA, CISM and CGEIT training sessions.

Staffing

The Company has no employees.

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Directors

The directors in office during the year and since the end of the financial year to the date of this report are:-

- Michael Thompson *President CISA*
Mike was appointed Chapter President in April 2010 and was first appointed to the Board in April 2005. He is a Past President of ISACA Chapters in NZ and PNG. Mike is IT Audit Manager at ING Direct.
- David Roche *Vice President CGEIT*
David was appointed to the Board in April 2009. He has passed the CGEIT and CISM exams and has hosted IT governance review sessions for members since 2006.
- Garry Barnes *Immediate Past President, Treasurer Assoc. Dip (Bus) CISA, CISM, CGEIT*
Garry was first appointed to the Board in April 2003. Garry is a risk and assurance manager at the Commonwealth Bank. He is a member of the 2010-2011 ISACA CISM Certification Committee and 2010 Nominating Committee.
- Carmen Hawkins *Director BComm, FCPA, FIIA, CIA*
Carmen was appointed to the Board in 1996. Carmen is a past Sydney Chapter President, a member of the 2010 ISACA Relations Board and the Chair of the 2010-2011 ISACA Membership Growth & Retention Committee.
- Derek Matthews *Director BSc Computing, CISM, CISSP, MBCS*
Derek joined the Board filling a casual vacancy in February 2010. Derek is the Information Security Risk Manager at HSBC Sydney, and prior to that he was the Information Security Governance Officer - Royal Skandia Life Assurance Ltd on the . Isle of Man UK 7 years
- Gurvinder Pal Singh *Director Advanced Diploma in Systems Management, ISMS Lead Implementer and Lead Auditor, CISA, CISM, CRISC*
Gurvinder joined the Board filling a casual vacancy in February 2010. Gurvinder is a Senior Auditor, IT & Security at Roads and Traffic Authority.
- Barry Munns *Director*
Barry was elected to the Board in April 2010. Barry works in the audit and assurance field at ANSTO.
- Duncan Auty *Company Secretary MA, BA (Hons) CISA CRISC PRINCE2 Practitioner*
Duncan was elected to the Board in April 2010. Duncan is a Director at Deloitte Touche Tohmatsu and prior to that he was a Consultant and Manager at Deloitte UK.

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- Johan Pelsler** *Company Secretary* MComm, HDip, CISA, CGEIT, RABQSA
Johan was appointed to the Board in April 2002 after filling a casual vacancy. Johan is a Director of the IAB Services. Johan retired from the Board in April 2010.
- Danny Ng** *Treasurer* BScI, MCom, CISA.
Danny is a Senior Manager, Technology Risk at Westpac Banking Corporation. He was elected to the Board in April 2006 and retired from the Board in April 2010.
- Daniel Rosa** *Director*
Daniel was appointed to the Board in April 2007. Daniel is also a Manager in the SEAAK Security Practice at Accenture. He is responsible for sales and delivery of IT Security, Risk Management and Business Continuity projects for the region. Daniel retired from the Board in February 2010.
- John Ferguson** *Director*
John was appointed to the Board in April 2008 as Membership Director. Johan retired from the Board in April 2010. John is an Executive Manager at Commonwealth Bank of Australia.
- Eric Leo** *Director*
Eric was appointed to the Board in April 2009. He is a Director with Deloitte Sydney's Risk Services division. Eric retired from the Board in April 2010.
- Rodd Hamilton** *Director*
Rodd was appointed to the Board in April 2009. Rodd is an Executive Director Advisory at Ernst and Young. Rodd retired from the Board in April 2010.
- Sudarsham Mandyam** *Director*
Sudarshan is the Global Program Manager for IT related Management System Certification and Lead Auditor training services of International Standards Certifications Pty Ltd. Sudarshan was instrumental in forming new chapters in Bangalore, Mumbai, Delhi, Kolkata, Riyadh and has served on the Board of several chapters. He resigned from the Board in February 2010.

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The number of Directors' meetings held and number of meetings attended by each of the Directors of the Company during the financial year are:-

Director	Meetings attended	Meetings eligible to attend
Mike Thompson	9	10
David Roche	9	10
Garry Barnes	7	10
Carmen Hawkins	9	10
Derek Matthews	5	9
Gurvinder Pal Singh	6	9
Duncan Auty	6	7
Barry Munns	3	7
Johan Pelsler	3	3
Danny Ng	3	3
John Ferguson	1	3
Eric Leo	1	3
Rodd Hamilton	0	3
Daniel Rosa	0	1
Sudarshan Mandayam	0	1

Member Contribution

For each class of membership in the company, the amount which a member of that class is liable to contribute if the company is wound up and the total amount that the members of the company are liable to contribute if the company is wound up is as follows:

Class of membership	Contribution per member in the event of winding up
Member	\$50
Total	\$50

Results and Dividends

The operating loss for the year was \$5,258 (2009 profit \$5,697). The Company is not permitted under its Memorandum and Articles of Association to pay dividends and the directors therefore do not recommend payment of any dividend. No dividends have been paid or declared since the end of the previous financial year.

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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 at page 7.

Signed for and on behalf of the Directors in accordance with a resolution of the board of Directors:


Garry Barnes
Director

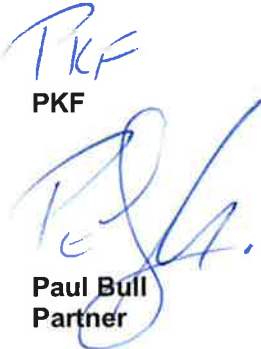
Dated this 28th day of March 2011

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Information Systems Audit and Control Association for the year ended 31 December 2010, 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 to Information Systems Audit and Control Association during the year.


PKF
Paul Bull
Partner

Sydney, 28 March 2011

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**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
Revenue	3	56,528	73,881
Cost of Sales		<u>(15,464)</u>	<u>(29,574)</u>
Gross Profit		41,065	44,307
Other Revenue	3	3,667	3,292
Administration Expenses		<u>(49,990)</u>	<u>(41,902)</u>
Profit/(Loss) Before Income Tax		(5,258)	5,697
Income Tax Expense	14	-	-
Profit/(Loss) for the Year		<u>(5,258)</u>	<u>5,697</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		<u>(5,258)</u>	<u>5,697</u>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	79,656	80,233
Trade and Other Receivables	6	11,403	10,572
Other Assets	7	130	-
TOTAL CURRENT ASSETS		<u>91,189</u>	<u>90,805</u>
NON-CURRENT ASSETS			
Property Plant and Equipment	8	<u>447</u>	-
TOTAL NON-CURRENT ASSETS		447	-
TOTAL ASSETS		<u>91,636</u>	<u>90,805</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	<u>25,546</u>	19,457
TOTAL CURRENT LIABILITIES		<u>25,546</u>	19,457
NET ASSETS		<u>66,090</u>	<u>71,348</u>
GUARANTORS' EQUITY			
Retained Earnings	10	<u>66,090</u>	71,348
TOTAL GUARANTORS' EQUITY		<u>66,090</u>	<u>71,348</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Surplus/(Loss)	Total
	\$	\$
Balance at 1 January 2009	65,651	65,651
Total Comprehensive Income for the Year	<u>5,697</u>	<u>5,697</u>
Balance at 31 December 2009	71,348	71,348
Total Comprehensive Income for the Year	<u>(5,258)</u>	<u>(5,258)</u>
Balance at 31 December 2010	<u>66,090</u>	<u>66,090</u>

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**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers (inclusive of Goods & Services Tax)		57,516	92,401
Payments to Suppliers (inclusive of Goods & Services Tax)		(60,937)	(85,931)
Interest Received		3,412	3,292
NET CASH FLOWS (USED IN)/PROVIDED BY OPERATING ACTIVITIES		<u>(8)</u>	<u>9,762</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(569)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(569)</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH HELD		(577)	9,762
Cash at Beginning of the Year		80,233	70,471
Cash at End of the Year		<u>79,656</u>	<u>80,233</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. Organisation

The Sydney Chapter of the Information Systems Audit and Control Association (the Company) is a company limited by guarantee with each member liable to a maximum of \$50 in the event that the Company is wound up and the assets are exceeded by liabilities. Members of the Company are members of the Information Systems Audit and Control Association Inc, an international body with its headquarters in the USA. The Association was formed in 1969 to provide professional education for Information Systems auditors.

The company is an individual entity, incorporated and domiciled in Australia.

2. Summary of Significant Accounting Policies

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

In preparing the financial report the company has taken the exemptions available to non profit entities.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the Information Systems Audit and Control Association comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on historical costs. It 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.

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Sales Revenue

The company accounts for member's subscription on an accrual basis. Function income and sponsorship are recognised in the year in which it relates. Interest income is recognised as it accrues, using the effective rate method.

Expenditure Carried Forward

Significant items of expenditure having a benefit or relationship to more than one period are written off over the periods to which such expenditure relates.

Income Tax

The Company is subject to the Income Tax Assessment Act, 1997 (amended) which provides that under the concept of mutuality under which the entity is, it is only liable for income tax on income derived from non-members and from outside entities.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the association will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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Translation of Foreign Currency Transactions

Transactions in foreign currencies of the Company are converted to local currency at the rate of exchange ruling at the date of the transaction. Amounts payable to and by the Company that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using estimation at the end of the financial year. All resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit or loss for the financial year.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand and at bank.

Impairment of Assets

At each reporting date, the entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Trade and Other Receivables

Trade and other receivables represent the principal amounts due at the reporting date.

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Financial Assets

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. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

Property, Plant and Equipment

All 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 assets' 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. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated using the straight line/diminishing value methods to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Computer equipment	3 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

Trade and Other Payables

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

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 Taxation 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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as a current asset or liability in the Statement of Financial Position. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained by both externally and within the company.

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New or Amended Accounting Standards

Adoption of New Accounting Standards

Early adoption of standards

The entity has elected to apply the following pronouncements to the annual reporting period beginning 1 January 2010:

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The early adoption of AASB 1053 enables the entity to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The entity is eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements and has adopted the requirements of the standard effective from the financial year ended 31 December 2010.

CACS Conference Share of Profit

Each year a different Oceania Chapter hosts a conference usually in September/October named Oceania CACS. Every five years the Sydney Chapter applies to host the conference. Once the profit generated from the conference has been determined, it is split between the Oceania Region of Australia, NZ and PNG. 50% goes to the host and the remaining 50% is distributed between the Oceania Region. CACS2010 was hosted by Melbourne Chapter.

The financial statements were authorised for issue by the Directors on 28th March 2011.

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3. Revenue

	2010	2009
	\$	\$
<i>Operating activities</i>		
Sales revenue:		
Member Subscriptions	27,716	29,736
Education (Workshops and One Day Summit)	16,332	15,750
Certification	3,495	-
Marketing (Sponsorship and Advertising)	5,123	21,591
CACS 2009 – share of profit / (loss)	3,862	1805
CACS 2010 – share of profit / (loss)*	-	-
Other revenue	-	4,999
	56,528	73,881
<i>Other Revenue</i>		
Interest - other persons / corporations	3,412	3,292
Other income - recovery of ACSP expenses	255	-
	60,195	77,173

*value not known at time of report

4. Profit from Ordinary Activities

	2010	2009
	\$	\$
Profit from ordinary activities before income tax expense has been determined after;		
<u>Expenses</u>		
Remuneration of Auditor		
- Audit of financial report in the current year	4,725	4,500
- Additional fees charged for 2009 audit	1,400	-
	6,125	4,500

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5. Cash and Cash Equivalents

	2010	2009
	\$	\$
Cash at Bank	79,656	80,233
	79,656	80,233

6. Trade and Other Receivables

	2010	2009
	\$	\$
CACS 2009 Profit Share	1,805	1,805
CACS 2010 Profit Share*	-	-
Trade Receivables	7,261	7,100
GST Receivable	2,337	1,667
	11,403	10,572

* Not known at time of report

7. Other Assets

	2010	2009
	\$	\$
Membership prepayment (Frank Burton 2011 membership)	130	-
	130	-

8. Plant, Property and Equipment

	2010	2009
	\$	\$
Computer Equipment	569	-
Accumulated Depreciation	(122)	-
	477	-

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Reconciliation

	2010	2009
	\$	\$
Computer Equipment		
Carrying Amount at Beginning of Year	0	-
Additions	569	-
Depreciation	(122)	-
Carrying Amount at End of Year	<u>477</u>	<u>-</u>

9. Trade and Other Payables

	2010	2009
	\$	\$
Membership Subscriptions in Advance	11,456	13,349
Sundry Payables	14,090	6,108
	<u>25,546</u>	<u>19,457</u>

10. Retained Earnings

	2010	2009
	\$	\$
Retained Earnings at the Beginning of the Financial Year	71,348	65,651
Profit / Loss Attributable to Members of the Company	(5,258)	5,697
Retained Earnings at the End of the Financial Year	<u>66,090</u>	<u>71,348</u>

11. Remuneration of Directors

In accordance with the Memorandum and Articles of Association, directors' remuneration is not permitted and none was paid.

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12. Related Party Disclosure

(a) The directors of the Information Systems Audit and Control Association during the financial year were :

Director	Appointed	Retired
Mr Garry Barnes	April 2003	
Mr Mike Thompson	April 2005	
Mr David Roche	February 2009	
Mr Johan Pelsler	April 2002	April 2010
Mr Danny Ng	April 2006	April 2010
Miss Carmen Hawkins	July 1996	
Mr Barry Munns	April 2010	
Mr Gurvinder Pal Singh	March 2010	
Mr Derek Matthews	March 2010	
Mr Duncan Auty	April 2010	
Mr John Ferguson	April 2008	April 2010
Mr Daniel Rosa	April 2007	February 2010
Mr Sudarshan Mandayam	April 2009	February 2010
Mr Eric Leo	April 2009	April 2010
Mr Rodd Hamilton	April 2009	April 2010

(b) Transactions with director-related services :

During the year the Company paid for training services given by a number of director-related organisations. These services were provided in the ordinary course of business and on normal commercial terms and conditions.

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13. Company Details

The registered office of the Company is:

10 Clovelly Cct
Kellyville
NSW 2155

The principal place of business is:

10 Clovelly Cct
Kellyville
NSW 2155

The principal activity of the Company is the promotion and dissemination of knowledge and information concerning Information Technology auditing and related subjects.

14. Income Tax Expense

	2010	2009
a) the components of tax expense comprise:		
current tax	-	-
b) the prima facie tax on loss from ordinary activities before income tax at 30% (2009 30%)	(1,577)	
less: tax effect of		
• non-taxable member income arising from the principle of mutuality	-	-
• deferred tax asset not brought to account	1,577	-
• the prima facie tax payable from ordinary activities before income tax at 30% (2009: 30%)	-	1,334
• less previously unrecognised tax losses used to reduce current tax expense	-	(1,334)
Income tax attributable to entity	-	-

**INFORMATION SYSTEMS AUDIT AND CONTROL ASSOCIATION
SYDNEY CHAPTER**


(A company Limited by Guarantee)
A.C.N. 002 407 276

DIRECTOR'S DECLARATION

The directors of the Information Systems Audit and Control Association declare that, in the Director's opinion:

1. the financial statements and notes set out on pages 8-22, are in accordance with the *Corporations Act 2001*:
 - (a) giving a true and fair view of the company's financial position as at 31 December 2010 and of the performance for the year ended on that date; and
 - (b) complying with Australian Accounting Standards – Reduced Disclosure and Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.


Garry Barnes
Director

Dated this 28th day of March 2011

INDEPENDENT AUDITOR'S REPORT

To the members of Information Systems Audit and Control Association

Report on the Financial Report

We have audited the accompanying financial report of Information Systems Audit and Control Association, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of recognised income and expenditure and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 about 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 of the financial report that gives a true and fair view 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*.

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Opinion

In our opinion:

- (a) the financial report of Information Systems Audit and Control Association is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



PKF
PKF
Paul Bull
Partner

Sydney, 28 March 2011