Domain Name Commission Limited

Financial Statements
For the year ended 31 March 2023

Domain Name Commission Limited

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Domain Name Commission Limited

Statement of Service Performance
For the year ended 31 March 2023

Who we are

The .nz domain name space has over 750,000 domain names in it. Domain names are key to having an effective digital presence. It is important to Aotearoa New Zealand that a trusted and secure scheme of registration and renewal is in place and that domain name holders can rely on the continued control of their domain names through a reliable domain name licensing system.

The Domain Name Commission Limited (DNCL) regulates the .nz domain namespace. We provide oversight of the .nz domain name space – keeping .nz fair for everyone. We help individuals, businesses and communities have an online presence that is unique to Aotearoa New Zealand and provide trusted oversight of the .nz domain name space and offer excellent dispute resolution options.

Why do we exist

We aim to keep .nz fair for everyone.

We are here to improve the trust, safety, and perception of .nz. As an impartial umpire in the .nz domain name market, we're responsible for ensuring that industry and consumers 'play by the rules'. When they don't, we step in.

Our purpose is to be a fair, independent, and accessible regulator who provides trusted oversight of the .nz domain name space and an excellent dispute resolution service. The DNCL's strategic intent is to promote and protect the rights of domain name holders by enforcing our contractual and policy framework.

The DNCL also has a role to develop and monitor a competitive registrar market.

What do we aim to do

- We offer assistance to people having difficulties managing and keeping their domain names.

- We foster fair, simple and contemporary forums for people to resolve complaints with their service providers and disputes with each other.

- We educate on, and enforce, the rules and policies that apply to .nz and ensure they're being followed to ensure the market for .nz domains and the space itself is equitable, safe, and trusted.

30 June 2023

- We also work to keep the .nz space free of malicious actors and produce key domain name statistics.

Domain Name Commission Limited

Statement of Service Performance
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What do we aim to do cont

• We ensure the best service possible for .nz domain name holders by authorising providers to join the namespace and offboarding providers.

• We offer a domain name lookup [WHOIS] query search.

• We drive DNCL's regulated population to tackle domain name abuse in line with cross-sector and jurisdictional commitments and contribute to minimising online harm for consumers.

• We work to future proof our organisation and operating model to deliver services and value that matter to our stakeholders and create a fun place to work.

Outputs

1. Output - Enquiry management

Resolving enquiries is core to the DNCL's role in promoting and protecting the rights of domain name holders who use .nz authorised registrar services. DNCL aims to resolve each enquiry in a fair and timely manner. The providers within the scheme we monitor can be very large global businesses and our advocacy significantly assists our largely New Zealand based domain name holders in understanding the services that they are entitled to expect and obtaining them. A small number of enquiries are escalated as formal complaints.

A large part of our role is the publication of a quality website and ensuring it is accessible to all. We invest significantly in our website and monitor its use continuously.

Measure of success

We run a well used and accessible customer service offering to respond to queries and requests for assistance about .nz that is well regarded by users.

Note: Comparative information in the SSP is unaudited, and is not required to be.

Results

1a.	Numbers of enquires manages through email	1,366 matters managed through email [Previous year 1,448.]

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Results cont:

1b.	Number of phone calls	2073 inbound calls 920 outbound phone calls [Comparable figures not held as we changed telephony services during the 2021/2022 year, but in the 8 months in that period -when we had the new telephony service- the calls (in and out) totalled 1,292.]
1c.	Number of enquiries made to the website DOT Chatbot	2,600 messages sent to our website DOT Chatbot [Previous year 4,600.]
1d.	Number of enquires answered by our website DOT Chatbot	987 messages answered by our website DOT Chatbot without human assistance The remaining 1612 messages include interactions with forms that allow parties to provide additional information, which is passed onto DNCL, and engaging in general conversation with DOT. [Previous year 1,400 messages were answered by our website DOT Chatbot without human assistance.]
1e.	Customer ratings on closing enquiries	Average rating of 3.7 out of 5 stars (124 surveys completed). 59 - 5 star reviews 22 - 4 star reviews 12 - 3 star reviews 11 - 2 star reviews 20 - 1 star reviews [Previous year 4.5 out of 5 stars (56 surveys completed)].
1f.	2022 Business & Consumer Insights Survey results. (Research conducted every two years by InternetNZ on public opinion.)	A survey of consumers conducted in April 2022 found that 81% of businesses who had used the DNCL's services were very satisfied or extremely satisfied with the service provided by the Domain Name Commission. [The last survey in 2020 showed 63% very satisfied or extremely satisfied.]

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1. Output - Enquiry management cont

Story

Snippets from our Customer Service Feedback include:

• The help I received exceeded my expectations. J was very helpful and had a lovely manner that was focused on giving information that proved to be highly useful.

• Raised a cyber issue with a domain name and it was quickly and professionally addressed. Wonderful service and thank you!

• Best customer service I have ever experienced. Super helpful and organised.

One of the themes of the lower scoring feedback is that DNCL could provide more clarity around reasons for contacting a domain name holder, minimise the use of technical language and better explain its processes.

2. Output - Dispute Resolution

Sometimes parties disagree about who has the rights to a .nz domain name, or about associated domains added to an existing domain name. These disagreements are called disputes.

With the assistance of a third party neutral mediator, parties are offered an opportunity to discuss wider issues including why they believe the domain name should belong to them, and can engage in our free Online Dispute Resolution (ODR) service using our ODR platform.

If mediation is unsuccessful parties are able to apply to have an Independent Expert make a determination (adjudicated decision) on who should have the domain name. The decisions are published at http://www.nzlii.org/nz/cases/NZDNC/

Measure of success

We offer alternative dispute services that achieves quality results. We process all qualifying requests for adjudication in a timely manner.

Domain Name Commission Limited

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2. Output - Dispute Resolution cont:

Note: Comparative information in the SSP is unaudited, and is not required to be.

Results

2a.	Domain Name Dispute resolution adjudication decisions issued.	7 dispute resolution decisions issued. [10 expert decisions released in the previous year].
2b.	Domain Name Dispute resolution adjudication decisions issued within 3 months of fees being paid.	100% [Previous year, 100%.]
2c.	Ratio of Domain Name Dispute Resolution matters that had mediators appointed during the financial year that resulted in settlement.	1 of 5. [Previous year, 0 of 6.]
2d.	The number of conflicted domain names that went to mediation in the reporting period and settled in the reporting period.	6 of 13. [1] [Previous year. There was no equivalent in-house mediation the year before.]

Story

Case study 1 - Conflicted names process mediation success

This year, in addition to our standard dispute resolution process, we promoted mediation of conflicted names. A conflicted domain name is a .nz domain name that is available but is unable to be registered until it is resolved, for example: If anyname.co.nz and anyname.org.nz were registered to 2 different registrants (domain name holders) when registrations became available at the 2nd level (registrations directly at .nz) then the domain name anyname.nz became a conflicted domain name. In order for a party to register anyname.nz they would need to obtain the consent of the 2nd registrant.

**Names and some information have been changed for anonymity purposes*

Background

As with most conflicted domain name disputes, the parties to this matter were not known to each other. One party was representing an international brand, and the other was an owner of a small New Zealand business. The conflicted domain name did not relate to the New Zealand business owner's brand.

[1] A seventh matter has now settled (after 1 April 2023).

Domain Name Commission Limited

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2. Output - Dispute Resolution cont:

Case study 1 - Conflicted names process mediation success cont:

Mediation

Prior to the joint mediation meeting, the mediator met with both parties individually to ascertain why they wanted the .nz version of the name, and what the name meant to them. Asking, rather than assuming, is an important part of the mediator's role and helps the parties clarify the value that they are placing on the issue before them.

Once the formalities were completed, the mediator brought the parties together in a joint mediation session. Mediation is a confidential and without-prejudice process, allowing for open dialogue. The New Zealand business owner disclosed that the string of letters (the domain name) meant a lot to her as it was the initials of her grandfather, who had since passed. The letters also coincidentally happened to be the acronym of the international brand. The mediator facilitated a conversation allowing an opportunity for the international brand owner to acknowledge the value the string had to the woman.

Agreement

Agreement was reached for New Zealand registrant to change their preference, and the international brand owner registrant to secure the .nz version of the name. A small sum of money was exchanged. Settlement agreements are completed and signed in a live conference on the ODR platform and may be enforced by the Commissioner.

Case study 2 - Dispute Resolution mediation success

Following a recent family separation, a couple had an issue as to who should have ownership of a domain name, which was critical to the continued operation of the couple's business that was being taken over by one of the parties. By using the DNCL's ODR platform, within weeks of raising their issue a settlement agreement had been signed and the domain name was transferred.

3. Output - Compliance and enforcement

Domain Name Holders must provide valid registration information when they register their domain name. As the regulator of the .nz domain namespace, the DNCL regularly performs validation checks to ensure that the contact information listed on the registration record is correct for .nz domain names.

We check to ensure that the Domain Name Holder is contactable at the details that they have provided on the .nz register and that they are either an identifiable individual over the age of 18 or a lawfully constituted entity.

Domain Name Commission Limited

Statement of Service Performance
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3. Output - Compliance and enforcement cont

We partner with the Internet Watch Foundation (IWF) working to eliminate Child Sexual Abuse Material (CSAM). Reported URLs are referred by the DNCL to the Department of Internal Affairs under our partnership arrangement for investigation and any necessary regulatory and criminal action.

Internet Watch Foundation (IWF)

Measure of success

We provide an accessible service validating registration data. The goal for resolution - cancellation for failed validation if managed under the urgent work stream - is 7 days. We contribute to falling Child Sexual Abuse Material referrals linked to .nz

Note: Comparative information in the SSP is unaudited, and is not required to be.

Results

3a.	Domain names entered into the data validation process.	289 [Previous year 249.]
3b.	Domain names cancelled for failed Data Validation during the financial year. [2]	186 [Previous year 178.]
3c.	Average time from referral to cancellation where a domain name fails validation (urgent work stream).	12 matters were deemed urgent and were suspended within (on average) 52 hours and 18 minutes. [44 matters were deemed urgent and suspended in the previous year. Data for time to suspension is not readily retrievable.]
3d.	The 2022 calendar year data on Child Sexual Abuse Material URLs associated with .nz that were managed through our referral system. [3]	584. [1,007 the year before].

[2] The count of 245 and 309 includes some domain names cancelled within the financial year that were initiated into the process in the year prior. It also includes some domain names that have been subsequently reinstated.

[3]. We partner with the Internet Watch Foundation (IWF) working to eliminate Child Sexual Abuse Material (CSAM). Reported URLs are referred by the Domain Name Commission to the Department of Internal Affairs under our partnership arrangement for investigation and any necessary regulatory and criminal action. (Data received from our Partner, The Internet Watch Foundation.)

Internet Watch Foundation (IWF)

Domain Name Commission Limited

Statement of Service Performance
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3. Output - Compliance and enforcement cont

Story

Data Validation case studies

An allegation was received by DNCL that a website associated with a specified .nz domain name was operating a scam. DNCL put the associated domain name through data validation. The domain name was cancelled as the domain name holder did not make contact with DNCL when the Commission reached out to the contacts listed.

An allegation was made that invoice fraud was being perpetrated on a website associated with a .nz domain name and was causing high harm. DNCL put the associated domain name through the urgent data validation process. Although the domain name holder made initial contact in response to enquiries, they did not provide identity verification and the name was cancelled.

4. Output - Authorise market participants and monitor health of the market

Registrars of domain names need to be authorised by DNCL through an authorisation process. We also de-authorise registrars leaving the market and ensure that their customers (domain name holders) are properly informed if their domain name management is transferred between registrars. DNCL publishes authorised registrars details and their respective offerings on the DNCL's website. There were 73 registrars in the .nz space at the end of the financial year (31 March 2023).

DNCL Registrars Details

DNCL monitors significant changes to the ownership and control of our registrars to ensure their continued suitability for authorisation and also scans for issues that might indicate failure of a registrar that needs managing.

- **Measure of success -** Ensure a healthy choice of providers is available to domain name holders. To ensure that, there is a low barrier to entry in the market and authorisations are efficiently and effectively processed. Ensure legacy registrars are exited.

Domain Name Commission Limited

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4. Output - Authorise market participants and monitor health of the market cont

Note: Comparative information in the SSP is unaudited, and is not required to be.

Results

4a.	New registrars (domain name providers) onboarded	4 [Previous year 3.]
4b.	Registrars (domain name providers) off-boarded	5 [Previous year 6.]
4c.	Generate and publish market information for stakeholders at least once a year. DNCL published in the annual report: • Market concentration data (HHI). • Retail pricing information. • Entrances and exits into the market.	Achieved. Annual report issued July 2022.

Story

Four new registrars were onboarded over the financial year. The registrar market concentration figure by reference to HHI (Herfindahl-Hirschman Index) is 997 as at 31 March 2023. This represents the concentration of domain names held by providers in the market. This year's result demonstrates a small increase from 956 (March 2022) and 803 (March 2021). [4]

4. Scores below 1,500 are considered low concentration. Scores above 1,500 are considered moderate and above 2,500 are considered high. The HHI is a commonly accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in a market and then summing the resulting numbers. It can range from close to 0 to 10,000. Comparative data shows that .nz compares well in comparison with other country code top level domain registries. An early 2022 survey of a subset of European country code registries showed an average score of 1305.

Domain Name Commission Limited

Statement of Service Performance
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5. Output - Outreach and engagement

We reach out in various ways to the Registrars that we authorise regularly to systematically respond to issues we observe and to resolve issues for individuals. We educate our community on expectations and obligations and recent expert decisions through our newsletter.

Our engagement includes participating in international domain name forums, to assist us benchmark that our offerings are fit for purpose and industry appropriate. The staff contribute actively in the Asia Pacific Top Level Domain Name Association (APTLD), the Association of European country code top-level domain name registries (CENTR) and The Internet Corporation for Assigned Names and Numbers (ICANN) activities.

• **Measure of success** - Increase stakeholder's understanding of domain name issues. Increase our ability to benchmark our services by engaging with our international counterparts.

Note: Comparative information in the SSP is unaudited, and is not required to be.

Results

5a.	Publish newsletters for stakeholders every month other than January.	Achieved (11 newsletters). [Previous year, 11 newsletters.]
5b.	Number of subscribers to our newsletter is maintained or increased	1,379 subscribers to the newsletter (1 April 2023). [1,345 subscribers to the newsletter (1 April 2022).]
5c.	Publish informative blogs.	Achieved (8). [Previous year 17.]
5d.	Participated in international Domain Name System forums.	Achieved. Attended ICANN75 in Kuala Lumpur in September 2022. The Domain Name Commissioner served as a director of the Asia Pacific Top Level Domain Name Association. The Head of Technical and Relationships presented to CENTR on 8 February 2023.

Domain Name Commission Limited

Statement of Service Performance
For the year ended 31 March 2023

Judgements

The decisions about what service performance information to present were made in consultation with the key management personnel and consultation with the entity's Board. Other regulator's reporting was referred to as a resource and for comparison - ie the Commerce Commission's annual report (statement of contribution and measures for remediating harmful behaviours).

The judgements about what to report on were significantly influenced by an analysis of the key activities of DNCL. These key activities correspond to DNCL's functions set out in the operating agreement with InternetNZ and in the .nz rules.

Operating Agreement .nz rules

This report focuses on the key services delivered and measures performance by quantitative measures - number of services provided and qualitative descriptions - feedback from people we provide services to.

Future reporting

This is the first year DNCL have reported on the nature of the key services provided. We intend to mature our reporting over time.

We also wish to develop other enquiry-related metrics to show how well we are meeting our customer's needs. We will explore the value of reporting on time to resolution of enquiries.

Domain Name Commission Limited

Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2023

	Notes	2023 $	2022 $
OPERATING ACTIVITIES			
Exchange revenue			
Authorisation Fees		9,000	15,000
DRS Complaint Fees		16,000	16,000
Management Fees		1,650,000	1,726,099
Other Income		59,526	119,048
Total Exchange Revenue		1,734,526	1,876,147
Total Operating Revenue		1,734,526	1,876,147
Operating expenses			
Audit Fees		9,100	5,240
Board Expenses		10,430	7,968
Communications		100,539	122,113
Compliance		50,820	48,078
Depreciation	**9**	7,518	10,654
Amortisation	**10**	46,037	55,925
Directors Fees	**13**	35,468	24,000
Disputes Resolution Service		61,140	57,409
DNC Registrar Activities		8,200	9,994
International Memberships and Conferences		25,864	(6,778)
Legal Expenses		28,829	5,276
Office and Administration		356,451	354,723
Personnel and Staff	**12**	1,060,959	1,010,981
Professional Services		5,921	11,794
Projects		2,000	118,705
Total Operating Expenses		1,809,276	1,836,082
Surplus/(Deficit) from Operating Activities		(74,750)	40,066
INVESTING ACTIVITIES			
Interest Income on Term Deposits		18,969	7,377
Surplus/(Deficit) from Investing Activity		18,969	7,377
SURPLUS/(DEFICIT) FOR THE YEAR		(55,781)	47,443
Other Comprehensive Revenue/(Expenses)		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		(55,781)	47,443

These financial statements have been authorised for issue by the Board.

Type text here

Director

30 June 2023

Date

Director

30 June 2023

Date

These financial statements should be read in conjunction with the notes to the financial statements.

Domain Name Commission Limited

Statement of Financial Position
As at 31 March 2023

	Notes	2023 $	2022 $
ASSETS			
Current			
Cash and Cash Equivalents	**6**	210,499	237,867
Other Financial Assets	**7**	686,376	671,024
Trade Debtors and Other Receivables	**8**	43,968	75,097
Total Current Assets		940,843	983,988
Non-current			
Property, Plant and Equipment	**9**	6,358	10,311
Intangible Assets	**10**	184,967	185,835
Total Non-Current Assets		191,325	196,146
TOTAL ASSETS		1,132,168	1,180,134
LIABILITIES			
Current			
Trade Creditors and Other Payables	**11**	181,456	158,788
Employee Entitlements		79,888	94,742
Total Current Liabilities		261,344	253,530
TOTAL LIABILITIES		261,344	253,530
NET ASSETS		870,824	926,604
EQUITY			
Share Capital		580,000	580,000
Accumulated Funds		290,824	346,604
TOTAL EQUITY		870,824	926,604

These financial statements should be read in conjunction with the notes to the financial statements.

Domain Name Commission Limited

Statement of Changes in Net Assets
For the year ended 31 March 2023

	2023 $	2022 $
SHARE CAPITAL		
Opening Balance	580,000	580,000
CLOSING BALANCE SHARE CAPITAL	580,000	580,000
ACCUMULATED FUNDS		
Opening Balance	346,604	299,161
Surplus/(Deficit) for the Year	(55,781)	47,443
Other Comprehensive Revenue and Expense	-	-
Total Comprehensive Revenue and Expense	(55,781)	47,443
CLOSING BALANCE ACCUMULATED FUNDS	290,824	346,604
TOTAL EQUITY	870,824	926,604

These financial statements should be read in conjunction with the notes to the financial statements.

Domain Name Commission Limited

Statement of Cash Flows
For the year ended 31 March 2023

	Notes	2023 $	2022 $
Cash Flows from Operating Activities			
Cash was Provided from/(Applied to):			
Receipts from Customers		1,738,151	1,876,147
Interest Received		15,634	6,839
Payments to Suppliers and Employees		(1,703,387)	(1,889,925)
Net GST Received (Paid)		(13,680)	34,900
Net Cash From/(Used In) Operating Activities	**15**	36,717	27,960
Cash Flows from Investing Activities			
Cash was Provided from/(Applied to):			
Purchase of Property, Plant and Equipment		(3,565)	(3,586)
Purchase of Intangible Assets		(45,168)	(36,513)
Net Movement in Short-Term Deposits		(15,352)	107,981
Net Cash From/(Used In) Investing Activities		(64,085)	67,882
Net Increase/(Decrease) in Cash and Cash Equivalents		(27,368)	95,842
Cash and Cash Equivalents at the Beginning of the Year		237,867	142,025
Cash and Cash Equivalents At End of the Year	**6**	210,499	237,867

These financial statements should be read in conjunction with the notes to the financial statements.

1 Reporting entity

These financial statements comprise the financial statements of Domain Name Commission Limited (the 'Company') for the year ended 31 March 2023

The principal activity of the Company is to manage the .nz domain name space and to protect the interests and rights of everyone involved in using it.

The Company is a Public Benefit Entity (PBE) as its primary objective is to provide goods or services to the community for social benefit rather than for a financial return.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with public benefit entity international public sector accounting standards (PBE IPSAS) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for public sector entities. For the Purpose of complying with NZ GAAP, the board is a public benefit public sector entity and is eligible to Tier 2 public sector PBE IPSAS on the basis that it does not have public accountability and is not defined as large.

The Board has elected to report in accordance with Tier 2 public sector PBE accounting standards apart from note 15 and, in doing so, has taken advantage of all applicable reduced disclosure regime (RDR) disclosure concessions.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars.

All numbers are rounded to the nearest dollar ($), except when otherwise stated.

(d) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

3 Summary of significant accounting policies

The accounting policies of the Company been applied consistently to all years presented in these financial statements.

(a) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost of replacing part of an item of property, plant and equipment are recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals

A item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use. When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a straight line (SL) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied:

Office equipment	13.0% - 67%	SL

The residual value, useful life, and depreciation methods of property, plant and equipment are reassessed annually.

(b) Intangible assets

Intangible assets acquired separately are initially recognised at cost.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Intangible assets acquired by the Company, that have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Intangible assets are amortised using the straight line method of amortisation using the following amortisation rates:

Software	48% - 50%	SL

Residual values and useful lives are assessed at each reporting date.

Disposals

Gains or losses on derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus or deficit for the year.

(c) Leased assets

Leases, where the Company assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Lease payments on finance leases are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest (the effective interest rate) on the remaining balance of the liability. Finance charges are charged directly against the surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(d) Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain, when there is a present legal or constructive obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(e) Employee entitlements

Employee benefits, previously earned from past services, that the Company expects to be settled within 12 months of the reporting date, are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken, at the reporting date.

(f) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset’s or CGU’s recoverable amount is the higher of an asset’s or CGU‘s fair value less costs of disposal and its value in use.

Where the carrying amount of an asset or the CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised immediately in surplus or deficit.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

(g) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

The Company derecognises a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either;

- the Company has transferred substantially all the risks and rewards of the asset; or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets

Financial assets within the scope of the PBE IPSAS 41 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, fair value through other comprehensive revenue and expenses or amortised cost. The classifications of the financial assets are determined at initial recognition.

The Company classifies its financial assets as financial assets at amortised cost.

Amortised cost

Financial assets are classified in this category if they are held in order to collect their contractual cash flows, and their contractual cash flows are solely payments of principal and interest.

The Company's financial assets carried at amortised cost are cash and cash equivalents, short term investments, investments and receivables from exchange transactions.

Financial assets carried at amortised cost are initially recognised at fair value plus directly attributable transaction costs and are thereafter carried at amortised cost using the effective interest method, less provision for impairment.

Impairment of financial assets

The provision for impairment of receivables is determined by applying a simplified approach to measuring expected credit losses, which calculates a lifetime expected loss allowance. To measure expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. An expected loss rate is then applied to each of these groups; these loss rates are based on historical loss rates, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of counterparties to settle receivables. Impairment on receivables is recognised in a separate provision account, with the loss being recognised in surplus or deficit. On confirmation that a receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The entity assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model.

The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those financial assets where the credit risk has not increased significantly since initial recognition, twelve month expected credit losses, along with gross interest income, are recognised. For those financial assets for which credit risk has increased significantly, lifetime expected credit losses, along with gross interest income, are recognised. For those financial assets that are determined to be credit impaired, lifetime expected credit losses, along with interest income on a net basis, are recognised.

Financial Liabilities

The Company's financial liabilities include trade and other creditors (excluding GST and PAYE) and employee entitlements.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method. The entity holds no financial liabilities at fair value through surplus or deficit.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship, only the portion of revenue earned on the Company's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

Rendering of services

Revenue from services rendered is recognised in the accounting periods in which the services are provided.

Interest income

Interest income is recognised as it is earned.

(i) Expenses

Expenses are recognised in the accounting period in which the services or goods are received.

(j) Income tax

Due to its charitable status, the Company is exempt from income tax.

(k) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the Statement of Financial Position.

(l) Changes in Accounting Policies

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted by the Company on 1 April 2022.

PBE IPSAS 41 has had no material impact on the Group measurement and recognition of financial Instruments.

PBE FRS 48 Service Performance Reporting is effective from 1 January 2022 and was adopted by the Company on 1 April 2022.

PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the statement of service performance.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with PBE standard requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

5 Capital management policy

The Company's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the Company's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Company manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for external borrowings.

6 Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	210,499	237,867
Cash and cash equivalents	210,499	237,867

The carrying amount of cash and cash equivalents approximates their fair value.

Cash at bank earns interest at floating rates on daily deposit balances.

7 Other financial assets

	2023 $	2022 $
Term deposits	686,376	671,024
Total other financial assets	686,376	671,024

All the term deposits for the year are between 6 and 12 months and interest rates varies between .95% and 2.95%.

8 Trade debtors and other receivables

	2023 $	2022 $
Accounts Receivable	3,298	6,922
Prepayments	34,920	65,760
Interest receivable	5,750	2,415
Total trade and other receivables	43,968	75,097

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

9 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

2023	Office equipment $	Total $
Gross carrying amount		
Opening balance	65,643	65,643
Additions	3,565	3,565
Disposals	-	-
Closing balance	69,208	69,208
Accumulated depreciation and impairment		
Opening balance	55,331	55,331
Depreciation for the year	7,518	7,518
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	62,849	62,849
Carrying amount 31 March 2023	6,358	6,358

2022	Office equipment $	Total $
Gross carrying amount		
Opening balance	62,057	62,057
Additions	3,586	3,586
Disposals	-	-
Closing balance	65,643	65,643
Accumulated depreciation and impairment		
Opening balance	44,677	44,677
Current year depreciation	10,654	10,654
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	55,331	55,331
Carrying amount 31 March 2022	10,311	10,311

Capital commitments

As at balance date the Company had no capital commitments (2022: None).

10 Intangible assets

Movements for each class of intangible assets are as follows:

2023	Software $	Total $
Gross carrying amount		
Opening balance	273,960	273,960
Additions	45,168	45,168
Disposals	-	-
Closing balance	319,128	319,128
Accumulated amortisation and impairment		
Opening balance	88,124	88,124
Current year amortisation	46,037	46,037
Closing balance	134,161	134,161
Carrying amount 31 March 2023	184,967	184,967

2022	Software $	Total $
Gross carrying amount		
Opening balance	237,446	237,446
Additions	36,514	36,514
Disposals	-	-
Closing balance	273,960	273,960
Accumulated amortisation and impairment		
Opening balance	32,199	32,199
Current year amortisation	55,925	55,925
Closing balance	88,124	88,124
Carrying amount 31 March 2022	185,836	185,836

11 Trade creditors and other payables

	2023 $	2022 $
Accounts payable	156,874	120,526
GST payable	24,582	38,262
Total trade and other payables	181,456	158,788

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

12 Personnel and staff expenses

	2023 $	2022 $
Salaries and wages	976,863	875,089
Other employment expenses	69,242	112,239
Increase (decrease) in personnel and staff expenses	14,854	23,653
Total employee remuneration and expenses	1,060,959	1,010,981

During the year there was four employees received remuneration greater than $100,000 (2022:Three Employees).

13 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Company.

The Company has a related party relationship with any company under common control and its Key Management Personnel.

The Company received management fees of $1,650,000 (2022: $1,726,099) from InternetNZ.

The Company paid administration fees of $249,581 (2022: $246,732) to InternetNZ.

The Company has trade debtors of $3,298 (2022: $6,922) owing from InternetNZ.

The Company has trade creditors of $16,619 (2022: $5,325) owing to InternetNZ.

The Company paid directors fees of $35,468 (2022: $24,000).

Key management compensation

The Company have a related party relationship with its key management personnel. Key management personnel include directors and executive officers.

Key management personnel compensation includes the following expenses:

	2023 $	2022 $
Directors fees, key management salaries and other short term benefits	260,687	258,726
Total remuneration	260,687	258,726
Number of persons recognised as key management personnel	3	3

14 Financial instruments

(a) Carrying value of financial instruments

The carrying amounts of all material financial assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the Company classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method.

	2023 $	2022 $
Financial assets (amortised cost)		
Cash and cash equivalents	210,499	237,867
Term deposits	686,376	671,024
Trade debtors	43,968	75,097
Total financial assets	940,843	983,988
Financial liabilities (amortised cost)		
Trade creditors	181,456	158,788
Employee entitlement	79,888	94,742
Total financial liabilities	261,344	253,530

15 Reconciliation of cash flows from operating activities

	2023 $	2022 $
Surplus/(deficit) for the year	(55,781)	47,443
Add/(deduct) non-cash items		
Depreciation, amortisation and impairment	53,555	66,579
Add/(deduct) movements in working capital		
(Increase)/decrease in trade debtors and other receivables	290	48,989
(Increase)/decrease in prepayments	30,840	6,628
Increase/(decrease) in trade creditors and other payables	22,668	(165,332)
Increase/(decrease) in employee entitlements	(14,854)	23,653
Net cash flows from/ (used in) operating activities	36,717	27,960

16 Contingent assets and contingent liabilities

The Company has no contingent assets or continent liabilities (2022: None).

17 Events after the reporting period

There were no significant events after the balance date (2022: None).