Domain Name Commission Limited

Financial Statements and
Statement of Service Performance

For the year ended 31 March 2025

Contents

Domain Name Commission Limited
Statement of Service Performance

For the year ended 31 March 2025

Who we are

The Domain Name Commission Limited (DNC) regulates the .nz domain name space. Certain functions and powers are vested in us under the .nz Rules relating to the oversight and enforcement of the .nz Rules, the accreditation of registrars, and the provision of a dispute resolution service (among other things).

We have been appointed by InternetNZ | Ipurangi Aotearoa to manage aspects of the .nz domain name space. The terms and conditions under which those functions and powers are performed are set out in the Operating Agreement between the two parties.

As of 31 March 2025, the .nz domain name space had approximately 750,909 domain names and 74 registrars.

Our purpose

Domain names are essential for any individual or organisation seeking to maintain an effective digital presence. It is vital that Aotearoa New Zealand has a trusted and secure system for the registration and renewal of .nz domain names, that registrars have and maintain the requisite skills, resourcing, and capability to ensure the ongoing availability of services, and that abuse that exploits the domain name system for malicious purposes is disrupted.

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 DNC's core functions and capability:

Registration accreditation	Customer services	Dispute Resolution Service	Ensure a competitive .nz
Education & guidance	Monitoring & compliance	Investigations & enforcement	Reporting
People		Systems	
Te Tiriti o Waitangi centered throughout all we do			

Strategic priorities for FY 24/25

1. Centering Te Tiriti o Waitangi throughout all we do.
2. Strengthening the home of .nz to reflect the importance of the .nz critical infrastructure for Aotearoa.
3. Effectively regulating the .nz domain name space.

The proposed strategic priorities and key project goals for FY 24/25 are essentially geared to facilitate:

i) Building our internal people capability and minimise key person risk.

ii) Setting minimum standards and expectations of Registrars through a new licensing framework.

iii) Developing an understanding of the risk and issues across the .nz domain name space (including Registrar risks and DNS abuse issues).

iv) The development of systems and processes that are fit for purpose (record keeping, data analysis, outcomes reporting, compliance red flag reporting etc).

v) Developing a cultural thread to weave throughout our core functions.

Goals	Success Measures	Outcome
Goal 1 We revitalise the DNC through centering Te Tiriti o Waitangi throughout our systems and core functions	The DRS facilitates Māori cultural support for participants from Q3.	Achieved. Tikanga Cultural support is incorporated into new .nz Disputes Resolution Scheme Rules and funded by DNC.
	An organisation or panel is appointed as .iwi.nz Moderator to support the .iwi.nz communities.	Achieved. Tū Ātea Limited appointed as .iwi.nz Moderator.
	Te reo translations for DNC's organisational name and staff role titles.	Deferred to FY 25/26.
	A 5-year vision and strategy is developed that sets out the process to move DNC to become a Te Tiriti centric organisation.	Achieved. Initial strategy approved by the DNC Board.
Goal 2 The role of the Domain Name Commission is valued by market participants	A Registrar Licensing Guide & collateral is developed & staff training is completed for assessing applications.	Achieved. Licensing Guide, new Application Form and Welcome Pack developed. Training completed.
	Registrar Authorisation Agreement is reviewed and finalised.	Started and completion deferred to FY 25/26.
	DNC collaborates with INZ to deliver a successful Registrar Summit.	Achieved. Registrar Summit was held on 4 September 2024, at Tākina Events Centre in Wellington.

Goal 3 To ensure the DNC's systems and processes are fit for purpose and we understand the risk landscape across .nz	DNC develops an understanding of the DNS abuse (including use) landscape in the .nz space.	Achieved. Tested different vendor threat feeds for abuse reporting insights relevant to .nz. Joined the ICANN DAAR Project for DNS Abuse reporting on .nz — MOU signed.
	Outsource the administration of the .nz Dispute Resolution Service.	Achieved. Outsourced to the New Zealand Dispute Resolution Centre.
	Monitoring and compliance framework is scoped.	Deferred to FY 25/26.
	Proactive compliance activities are implemented.	Achieved. Data validation audits completed based on a sample obtained from the development of an automated registration check tool.
	DNC develops and implements a new Risk Register.	Achieved.

Goals not met and explanatory disclosures

During the reporting period, we were unable to complete three deliverables as planned, although one was significantly progressed. This delay was primarily due to the de-prioritisation of the monitoring framework's scoping due to an emerging risk of increased domain name abuse, and the expansion of the Authorisation Agreement review to encompass a more holistic approach. All deliverables not met this year are in our plan for FY 25/26.

Customer services

Central to our mission of promoting and protecting the rights of domain name holders is a strong commitment to providing excellent customer service and efficient enquiry resolution.

We operate an accessible customer service function, responding to enquiries and requests for assistance across multiple channels: by email, phone, and our dedicated website, which includes a chatbot.

We receive a wide range of enquiries throughout the year, including requests for support managing domain name issues, questions relating to the rights of domain name holders, and enquiries about suspected malicious domain names.

We aim to resolve each enquiry in a fair and timely manner, prioritising those enquiries that may impact the ability to use a domain name.

Measure of success

We aim to have at least 80% of initial email enquiries responded to within 48 hours. This year, 86% of initial enquiries were responded to within 48 hours.

We seek to maintain or improve our average customer rating score year on year. This year, we saw a slight improvement on last year's average, increasing from 3.8 stars to 3.9 stars.

Results

Activity	FY 24/25	FY 23/24
Email enquiries received *Note: First year reporting on this.*	1,241 enquiries	n/a
Number responded to within 48 hours	1,067 (86%)	n/a
Inbound phone calls	1,393	1,546
Outbound phone calls	822	1,058
Enquiries made to the website chatbot	2,100	2,200
Enquiries answered by our website chatbot without human assistance	1,453	920
Conversations with chatbot	725	705
Customer ratings on closing email enquiries	Avg rating of 3.9/5 stars (95 surveys) 66% are 5 stars, 9% are 4 stars, 4% are 3 stars, 5% are 2 stars, and 16% are 1 star.	Avg rating of 3.8/5 stars (157 surveys).+ 55.5% are 5 stars, 15% are 4 stars, 6.5% are 3 stars, 8% are 2 stars, and 15% are 1.

Customer service feedback

To support continuous service improvement, all customers are invited to provide feedback once their enquiry is resolved. This feedback is collected via an automated email generated by our ticketing system.

Here are some examples:

Positive feedback	Constructive feedback
Thanks for keeping everyone including consumers of online businesses safe. Please keep on doing so.	Bit disappointing to find out that the DNC can do nothing about a fraudulent website pretending to be the real one for a charitable organisation, but did appreciate some links towards other options for getting it taken down.

Maintained appropriate communication with us through the process although the outcome was not what we hoped for the issue was outside of their ability to provide a positive outcome for us.	Funny your goal is to keep nz domains safe, but when you get alerted about a scam you wouldn't even consider closing or looking into it.

Note: At times, we receive enquiries for assistance that fall outside of our remit under the .nz Rules. This often frustrates complainants, leading to lower-scoring feedback. Examples include: takedown requests of domain names due to the use or the content posted on the website they resolve to.

Dispute Resolution Scheme (DRS)

Disagreements can sometimes arise over who has the right to hold a specific .nz domain name. Our DRS is a low-cost and quicker alternative to litigation, incorporating free mediation, self-funded expert determination, and the option for appeal.

As of 1 October, the New Zealand Dispute Resolution Centre (NZDRC) administers the DRS on our behalf. They were chosen based on their extensive experience and established presence in the market. They also have a proven track record in implementing a tikanga-based approach within other administered schemes, which is particularly significant to us as an organisation in Aotearoa.

NZDRC has established templates for experts to use for consistency of recording determinations and undertaking peer reviews.

In 2024, we reviewed our DRS rules, which have had minimal changes since they were introduced some 20 years ago. Following a public consultation on the proposed changes, we published new DRS rules which came into effect on 1 October 2024.

Measure of success

This year, we had different success measures under the old and new DRS rules. Under the old DRS rules in place until 30 September, expert determinations were aimed to be issued within three months of fees being paid by the complainant. Under the new DRS rules, which took effect on 1 October, expert determinations are aimed to be issued on average within 45 days of the fees being paid by the complainant.

Results (DNC administered DRS 1 April 2024 to 30 September 2024)

Activity	FY 24/25	FY 23/24
Determinations filed	7	23
Appeals filed	0	1
Determinations issued within 3 months of fees being paid	7 (100%)	23 (100%)
Informal mediations commenced	3	10
Informal mediations commenced where a settlement was achieved	1 of 3	3 of 10

Results (NZDRC administered DRS 1 October 2024 to 31 March 2025)

Activity	FY 24/25	FY 23/24
Mediation claims filed	6	n/a
Mediators appointed	0	n/a
Mediation resulted in a settlement	n/a	n/a
Time to mediation resolved.	n/a	n/a
Expert claims filed	13	n/a
Expert appointed	7	n/a
Expert determination outcomes	7 transfers 0 dismissed	n/a
Average time from payment to determination issued	32 Days	n/a
Tikanga-based cultural support provided	0	n/a

The new DRS rules have a more streamlined process than the old DRS rules in respect of expert determination, which has reduced the timeframe for determinations to be issued. Under the old DRS rules, 100% of the expert determinations were issued within the 3-month timeframe. Under the new DRS rules, determinations were issued on average within 32 days, well within the 45-day timeframe.

Monitoring and compliance

Under the .nz Rules, domain name holders are required to ensure they are contactable and their registration details are accurate, complete, and kept up to date. In addition, they must meet the eligibility criteria (an identifiable individual over the age of 18 or a lawfully constituted entity). The latter can be demonstrated if they verify their identity or by providing evidence of incorporation, if a lawfully constituted entity.

In November 2024, we launched a new domain name registration check tool in order to select a sample of domain names to carry out proactive data validation audits and identify verification audits to ensure compliance with the .nz Rules.

We are also a member of the Internet Watch Foundation (IWF), which works to combat child sexual abuse material (CSAM) on the internet. We refer IWF-reported URLs to the Department of Internal Affairs (DIA) for investigation and any necessary regulatory action, such as requiring domain name holders to take down any illegal content on .nz domain names related to CSAM.

Measure of success

From November 2024, we are proactively monitoring a sample of domain names for data validation and, where we deem necessary, identity verification audits to assess compliance with registration requirements and the eligibility criteria in the .nz Rules.

Where we receive referrals or complaints about potentially suspicious domain names, and consider a response is necessary, we carry out data validation and/or identity verification audits to assess compliance with registration requirements and the eligibility criteria in the .nz Rules.

Urgent validations are required when the domain name is allegedly being used for high-level harm (such as CSAM or financial services-related phishing). We aim to complete 80% of all urgent validations within 48 hours. All other validations are treated as standard. We aim to complete 80% of the standard validations within 14 days of being commenced.

Results

Activity	FY 24/25	FY 23/24
Total audits performed (both proactive and reactive)	806	1,038
Domain names not validated and suspended	618	856
Number of urgent validations and average time taken from referral to suspension	81 46 hours	7 71:31 hrs
IWF URL reports actioned relating to CSAM on .nz domain names	454 (3 domain names)	607 (5 domain names)

This is a new table we will use going forward to demonstrate what proactive and reactive monitoring activities have been completed each year and the outcomes.

Activity	FY 24/25	FY 23/24
Proactive monitoring: **Number of data validation audits** Urgent validations Standard validations Outcome: number suspended	 **414** 55 359 353 (85%)	 n/a
Number of identity verification audits Outcome: number of suspensions	**40** 20 (50%)	
Reactive monitoring: **Number of data validation audits** Urgent validations Standard validations Outcome: number suspended	 **261** 26 235 228 (87%)	n/a
Number of identity verification audits	**91**	n/a
Outcome: number of suspensions	17 of 91 (19%)	n/a

We do not currently have a target number of audits to undertake each year, as the proactive monitoring tool has recently been developed. As we take a risk-based approach, a domain name is only included in the sample if it meets a number of certain indicators. We undertook an initial triage process of the identified sample as part of testing the new tool, and this delayed the commencement of the standard validation process for a number of audits. This contributed to the standard time frame only being met 65% of the time this year.

The urgent data validation audits did, however, meet the time frame 90% of the time.

For the reactive data validation audits, the urgent and standard timeframes were only met 56% and 38% of the time, respectively. This was largely due to a significant number running over a weekend and some process changes implemented during the period, which delayed completion.

Investigations and enforcement

During the year, we developed our investigations and enforcement capability so that we can continue to effectively enforce the .nz Rules in a fair and transparent way. An investigation will generally only be initiated where our enquiries indicate possible serious or deliberate non-compliance with the .nz Rules or Authorisation Agreement, and/or possible serious wrongdoing on the part of the regulated party.

Measure of success

We are able to demonstrate that we are enforcing the .nz Rules through our investigations and enforcement activities when likely breaches are identified either from our own proactive activities or through complaints received from other parties.

Results

This is the first year we are reporting on our investigation activities and where sanctions are imposed. This year, we commenced 12 investigations, closed three and issued two sanctions. One investigation was closed as we determined there was no breach of the .nz Rules. Nine investigations are on-going as of 31 March 2025.

Ensuring a competitive .nz market

One of our core functions is to authorise and remove registrar authorisations. An incorporated body can apply to become a registrar, and if the relevant criteria are met, we will grant that application. This year we completed a review of our licensing framework for authorising registrars. A licensing guide, new application form and welcome pack for newly authorised registrars was developed as part of this work.

We publish a list of all registrars, their contact details, and information about some of their service offerings on our website so prospective domain name holders can select a registrar that offers the services they require.

We may remove a registrar‘s authorisation in certain circumstances, including when they leave the .nz market or if they have materially breached their obligations. We will ensure that a registrar’s domain name holders are adequately informed if the management of their domain name is transferring to another registrar.

There were 74 registrars in the .nz domain namespace as of 31 March 2025.

We also monitor significant changes to the ownership and control of registrars to ensure that there is still competition in the .nz market and that any change of control is notified to us for consent to the Authorisation Agreement continuing.

Measure of success

A competitive .nz market can be demonstrated using the Herfindahl-Hirschman Index (HHI). The HHI measures the size of registrars' portfolios relative to the size of the .nz domains under management. A market with an HHI of less than 1,500 is considered a competitive marketplace.

Results

Note: We will discontinue reporting on the row three metric as the HHI calculation outcome is set out in row 4.

Activity	FY 24/25	FY 23/24
Number of new registrars authorised	2	3
Number of registrars de-registered	2	2
We publish market data in our annual report	n/a	Annual Report July 2024
The market HHI is less than 1,500	1,032	1,028

The market HHI has remained reasonably consistent with last year and continues to indicate a competitive .nz market.

Outreach and engagement

We participate in national and international conferences, representing the DNC and engaging with registrars, vendors, and peer ccTLDs to share knowledge and skills so we can identify current or emerging risks.

In 2024, we co-hosted the .nz Registrar Summit in Wellington — our first opportunity to bring .nz registrars together since 2019. The event provided a valuable platform to reconnect; share the work we've been doing and discuss what's on the horizon for the .nz domain namespace. 13 registrar companies attended the summit, in person and online, collectively representing 83% of the .nz domain namespace.

Our team actively contributes to the activities of 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).

We also educate and inform our community about our work through our newsletters.

Measure of success

We continue to benchmark our regulatory activities by engaging with our international counterparts. We actively participate in working groups, plan and present at conference sessions, and meet with other country code top-level domain (ccTLD) peers. This allows us to share knowledge and discuss current and emerging risks while at international conferences.

We engage with the public by publishing at least four (one each quarter) newsletters and two blogs each year, sharing information about DNC's activities, events, conference outcomes and industry issues.

Results

Activity	FY 24/25	FY 23/24
Newsletters published.	6	6

Subscribers to our newsletter are maintained or increased. Note: Up 3.1% on last year.	1484	1,422
Informative blogs/announcements published.	3 *Note: this includes a podcast about fake online shops.*	4 *Note: this includes a podcast about Online Dispute Resolution.*
Conferences or forums attended in person	7	4
Conferences or forums attended online	3	4

We have achieved our success measures in respect of engagement with peers and actively participating in industry events and conferences. In particular, the Commissioner is an active member of the ccNSO Domain Name Abuse Standing Committee (DASC), which is established under the ICANN umbrella. This year, the Commissioner was a member of a subcommittee of the DASC (with peer ccTLDs) who planned a session to be held at the ICANN82 conference in Seattle. The Commissioner was also part of the panel session presenting at the conference on how DNC's data validation and identity verification audits assist to disrupt malicious use of .nz domain names. The Commissioner also met separately with peers from Sweden, the UK, Australia and Canada to share knowledge and intelligence regarding monitoring and compliance activities, which will assist with the development and refinement of DNC's own systems and initiatives.

We have slightly exceeded our measures for publishing two blogs and four newsletters, which included two ad hoc notifications related to consultations on .nz Rules changes.

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 regulators' reporting was referred to as a resource and for comparison — i.e. the Commerce Commission's annual report (statement of contribution and measures for remediating harmful behaviours).

An analysis of our key activities significantly influenced the judgements about what to report on. These key activities correspond to our functions set out in the Operating Agreement with InternetNZ and the .nz Rules.

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

This report includes new items not reported on in the previous financial year as we continue to review and refine our regulatory processes and reporting capabilities.

Domain Name Commission Limited
Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2025

	Notes	2025 $	2024 $
OPERATING ACTIVITIES			
Exchange revenue			
Authorisation Fees		12,000	15,000
DRS Complaint Fees		16,000	56,400
Management Fees		1,650,000	1,635,000
Other Income		800	-
Total Exchange Revenue		1,678,800	1,706,400
Total Operating Revenue		1,678,800	1,706,400
Operating expenses			
Audit Fees		12,450	10,200
Board Expenses		9,532	10,478
Communications		56,915	75,175
Compliance		101,091	55,092
Depreciation	9	3,253	4,199
Amortisation	10	61,824	54,386
Directors Fees	13	35,436	35,470
Disputes Resolution Service		71,775	94,400
Moderators		15,861	7,130
DNC Registrar Activities		9,175	9,491
International Memberships and Conferences		74,332	52,490
Legal Expenses	17	105,734	26,714
Office and Administration		365,841	349,142
Personnel and Staff	12	785,271	858,717
Professional Services		-	2,847
Projects		9,900	4,125
Total Operating Expenses		1,718,390	1,650,056
Surplus/(Deficit) from Operating Activities		(39,590)	56,344
INVESTING ACTIVITIES			
Interest Income on Term Deposits		39,830	38,679
Surplus/(Deficit) from Investing Activity		39,830	38,679
SURPLUS/(DEFICIT) FOR THE YEAR		240	95,023
Other Comprehensive Revenue/(Expenses)		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		240	95,023

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 2025

	Notes	2025 $	2024 $
ASSETS			
Current			
Cash and Cash Equivalents	6	303,186	170,362
Other Financial Assets	7	751,674	708,985
Trade Debtors and Other Receivables	8	40,982	56,930
Total Current Assets		1,095,842	936,277
Non-Current			
Property, Plant and Equipment	9	5,385	7,770
Intangible Assets	10	90,216	152,039
Total Non-Current Assets		95,601	159,808
TOTAL ASSETS		1,191,443	1,096,085
LIABILITIES			
Current			
Trade Creditors and Other Payables	11	184,322	89,437
Employee Entitlements		41,032	40,802
Total Current Liabilities		225,354	130,239
TOTAL LIABILITIES		225,354	130,239
NET ASSETS		966,089	965,846
EQUITY			
Share Capital		580,000	580,000
Accumulated Funds		386,089	385,846
TOTAL EQUITY		966,089	965,846

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 2025

	2025 $	2024 $
SHARE CAPITAL		
Opening Balance	580,000	580,000
CLOSING BALANCE SHARE CAPITAL	580,000	580,000
ACCUMULATED FUNDS		
Opening Balance	385,846	290,824
Surplus/(Deficit) for the Year	240	95,023
Rounding Adjustment	3	-
Other Comprehensive Revenue and Expense	-	-
Total Comprehensive Revenue and Expense	243	95,023
CLOSING BALANCE ACCUMULATED FUNDS	386,089	385,846
TOTAL EQUITY	966,089	965,846

A rounding adjustment has been included in the statement of changes in equity to reconcile the total equity with the net assets reported in the statement of financial position. The adjustment reflects a minor rounding difference arising from the aggregation of individual components of equity and does not affect the financial position or performance of the entity.

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 2025

	Notes	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Surplus/ Deficit		240	95,023
Add Back Non-Cash Expenses			
Depreciation & Amortisation		65,077	58,584
Gain/Loss on Sale of Non-Current Assets		-	-
Adjust for Movement in Working Capital			
Increase/Decrease in Inventory		-	-
Increase/Decrease in Trade and other Receivables		15,949	(12,962)
Increase/Decrease in Trade and other Payables		95,115	(131,104)
Net Cash Inflow/(Outflow) from Operating Activities		176,380	9,541
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(869)	(5,609)
Purchase of Intangible Assets		-	(21,459)
Cash Receipts from Sale of Investments/Long Term Assets		(42,688)	(22,610)
Net Cash Inflow/(Outflow) from Investing Activities		(43,556)	(49,678)
Net Increase/(Decrease) in Cash		132,824	(40,137)
Opening Cash as at the Beginning of the Year	6	170,362	210,499
Closing Cash as at the end of the Year		303,186	170,362
Net Increase/(Decrease) in Cash		132,824	(40,137)

These financial statements have be ... issue by the Board:

Vivien Maidaborn | 26 Jun 2025

Director | Date

26 June 2025

Director | Date

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

Domain Name Commission Limited
Notes to the Financial Statements

For the year ended 31 March 2025

1. Reporting Entity

These financial statements comprise the financial statements of Domain Name Commission Limited (the 'Company') for the year ended 31 March 2025.

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 state.

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 are 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% - 41%	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% - 100%	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 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.

Authorisation Fees

Revenue from authorisation fees is recognised when the authorised service has been provided and the associated performance obligation is satisfied.

DRS Complaint Fees

Revenue from DRS complaint fees is recognised when the complainant decides to proceed with experts' determination, which is the point at which the service is considered delivered.

Management Fees

Management fees are set for the year but recognised monthly as the management services are performed as per the Service Level Agreement between Domain Name Commission and Internet New Zealand Incorporate, reflecting the continuous transfer of benefit to the customer.

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.

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

	2025 $	2024 $
Cash at bank and on hand	303,186	170,362
Cash and cash equivalents	303,186	170,362

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 asset

	2025 $	2024 $
Term deposits	751,673	708,985
Total other financial assets	751,673	708,985

All the term deposits for the year are between 6 and 12 months and interest rates varies between 2.50% and 6.10%.

8. Trade debtors and other receivables

	2025 $	2024 $
Accounts Receivable	62	6,400
Prepayments	23,195	29,373
Interest receivable	17,725	21,157
Total trade and other receivables	40,982	56,930

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:

2025	Office Equipment $	Total $
Gross carrying amount	-	-
Opening balance	74,817	74,817
Additions	869	869
Disposals	-	-
Closing balance	75,686	75,686
Accumulated depreciation and impairment		
Opening balance	67,048	67,048
Depreciation for the year	3,253	3,253
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	70,301	70,301
Carrying amount 31 March 2025	5,385	5,385

2024	Office Equipment $	Total $
Gross carrying amount		
Opening balance	69,208	69,208
Additions	5,609	5,609
Disposals	-	-
Closing balance	74,817	74,817
Accumulated depreciation and impairment		
Opening balance	62,849	62,849
Depreciation for the year	4,199	4,199
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	67,048	67,048
Carrying amount 31 March 2024	7,770	7,770

Capital commitments

As at balance date the Company had no capital commitments (2024: None).

10. Intangible assets

Movements for each class of intangible assets are as follows:

2025	Software $	Total $
Gross carrying amount		
Opening balance	296,112	296,112
Additions	-	-
Disposals	-	-
Closing balance	296,112	296,112
Accumulated amortisation and impairment		
Opening balance	144,072	144,072
Amortisation for the year	61,824	61,824
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	205,896	205,896
Carrying amount 31 March 2025	90,217	90,217

2024	Software $	Total $
Gross carrying amount		
Opening balance	319,128	319,128
Additions	21,459	21,459
Disposals	(44,475)	(44,475)
Closing balance	296,112	296,112

Accumulated amortisation and impairment		
Opening balance	134,161	134,161
Depreciation for the year	54,386	54,386
Impairment charge for the year	(44,475)	(44,475)
Depreciation written back on disposal	-	-
Closing balance	144,072	144,072
Carrying amount 31 March 2024	152,040	152,040

11. Trade creditors and other payables

	2025 $	2024 $
Accounts payable	180,087	63,985
GST payable	4,235	25,452
Total trade and other payables	184,322	89,437

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

	2025 $	2024 $
Salaries and wages	750,185	863,509
Other employment expenses	34,856	34,294
Increase (decrease) in personnel and staff expenses	230	(39,086)
Total employee remuneration and expenses	785,271	858,717

During the year there were three employees received remuneration greater than $100,000 (2024: Three Employees).

13. Related party transactions

Domain Name Commission Limited is a wholly owned (100%) subsidiary of Internet New Zealand Incorporated.

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 (2024: $1,635,000) from InternetNZ.

The Company paid administration fees of $311,886 (2024: $276,527) to InternetNZ.

The Company has trade creditors of $2,956.58 (2024: $1,987.46) owing to InternetNZ.

The Company paid directors fees of $35,436 (2024: $35,470).

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:

	2025 $	2024 $
Directors' fees, key management salaries and other short-term benefits	257,010	294,014
Total remuneration	257,010	294,014
Number of persons recognised as key management personnel	4	4

14. Financial instruments

a. 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. 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.

	2025 $	2024 $
Financial assets (amortised cost)		
Cash and cash equivalents	303,186	170,362
Term deposits	751,674	708,985
Trade debtors	40,982	56,930
Total financial assets	1,095,842	936,277
Financial liabilities (amortised cost)		
Trade creditors	184,322	89,437
Employee entitlement	41,032	40,802
Total financial liabilities	225,354	130,239

15. Contingent assets and contingent liabilities

The Company has no contingent assets or continent liabilities (2024: None).

16. Events after the reporting period

There were no significant events after the balance date (2024: None).

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17. Legal Fees

The increase in legal fees is due to system reviews and improvements that were implemented throughout the year.

Independent Auditor's Report

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To the Shareholders of the Domain Name Commission Limited

Report on the Audit of the Performance Report

Opinion

We have audited the performance report of the Domain Name Commission Limited (the "Company") which comprise the financial statements on pages 13 to 27 and the statement of service performance on pages 3 to 12. The complete set of financial statements comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive revenue and expense, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying performance report presents fairly, in all material respects:

- the financial position of the Company as at 31 March 2025 and its financial performance and its cash flows for the year then ended; and
- the service performance for the year ended 31 March 2025 in that the service performance information is appropriate and meaningful and prepared in accordance with the Company's measurement bases or evaluation methods

in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) Reduced Disclosure Regime, issued by the New Zealand Accounting Standards Board ("applicable financial reporting framework").

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 (Revised) *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company.

Other information Other than the Performance Report and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report and any external links included in the statement of service performance but does not include the performance report and our auditor's report thereon.

Our opinion on the performance report does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the performance report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Performance Report

The Directors are responsible on behalf of the Company for:

- the preparation, and fair presentation of the performance report in accordance with applicable financial reporting framework.
- the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with the applicable financial reporting framework.
- the preparation and fair presentation of service performance information in accordance with the Company's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework.
- the overall presentation, structure, and content of the service performance information in accordance with the applicable financial reporting framework; and
- such internal control as the Directors determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

A further description of the auditor's responsibilities for the audit of the performance report is located at the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14-1/

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to them those matters which we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

Z Zuber
Director
Wellington

30 June 2025