Our online New Zealand.

Domain Name Commission Annual Report 2018-2019.

Chair's report

It is a pleasure to start this report by celebrating a year of change at the Domain Name Commission Limited (DNCL). 2018/19 has been Brent Carey's first full year in the role of Commissioner and my first as Chair.

It has been a successful year. Together with InternetNZ we hosted the Domain Name Abuse Forum, tabling some challenging issues for .nz to come to grips with. The independent review of the Commission largely found we are operating well. A new compliance strategy is under development. Our overall goal of playing our part in .nz being a safe and secure place for New Zealanders online is the constant focus in all we do.

The Board of Directors is pleased with the company's progress during the year. We also note and thank staff for their work in the aftermath of the Christchurch terrorist attacks on the Muslim community. Our MoU with DIA helped make sure we could play our part.

Thanks to the whole DNCL team and to my fellow Directors for this year's work. We begin 2019/20 in a solid position, with a clear role as part of the InternetNZ Group. Let's keep moving.

Jordan Carter
Chair, Domain Name Commission

Commissioner's report

Keeping .nz fair for everyone was our key focus in 2018/19.

Business as usual continued with 1,700 enquiries resolved, 24 disputes heard, more than 5,000 domain name suspensions and cancellations handled, and a range of awareness and education materials concluded. Staff are to be commended for their efforts.

Some of our key achievements included adding privacy features to the .nz domain name space, successful US litigation and local and international outreach work.

We initiated closer collaborations with law enforcement agencies and others from internet society to combat internet crime and ensure trust in the .nz domain name space.

The Commission has actively engaged in shifting community attitudes towards domain name suspensions for a range of online safety reasons. There have been many more requests for domain name suspensions and cancellations.

We took exceptional emergency steps in the case of the Christchurch event to deal with objectionable terrorism-related material linked to any .nz domain names.

The 2019/20 year will be a year of implementation of the findings from our David Pickens Independent Review and Deloitte Compliance Strategy work. There will also be new approaches to domain name disputes. We're excited to also support InternetNZ with its end to end .nz policy review and keeping .nz safe, trusted and secure.

Brent Carey
Domain Name Commissioner

Dispute resolution service case studies.

This year we received 24 complaints about who has the rights to a domain name. 10 of these were escalated to experts who decided the outcome. These are three high profile case studies.

Glossary

Complainant - the party making the complaint
Respondent - the party the complaint is made against

leafly.co.nz

Complainant: Leafly Holdings Inc

Respondent: Tricia Polkinghorne

Dismissed

Leafly is the world's largest and fastest growing cannabis technology company. It offers information and services through websites and social media platforms including the domain leafly.com which receives over 12 million visits monthly.

The complainant hadn't registered the trademark in New Zealand. The expert decided the complainant's US trademark didn't meet the policy requirements.

The complaint was dismissed.

manakaulodge.nz

Complainant: Neil Protheroe

Respondent: Odin Adventures, Brendon Harris

Transferred

The complainant operates a boutique luxury lodge called Manakau Lodge in Kaikoura, South Island.

The complaint stated that in November 2017, the respondent's lodge was renamed from Manukau Hotel to Manakau Lodge—the identical name to the complainant's business. The respondent was using the manakaulodge.nz domain name to advertise the business and take bookings.

The expert accepted that the complainant has rights over the Manakau Lodge name and that the identical names could confuse potential guests. The expert decided the domain name manakaulodge.nz should be transferred to the complainant.

wellington.ac.nz

Complainant:	Victoria University of Wellington
Respondent:	Fortune Sources Group Limited

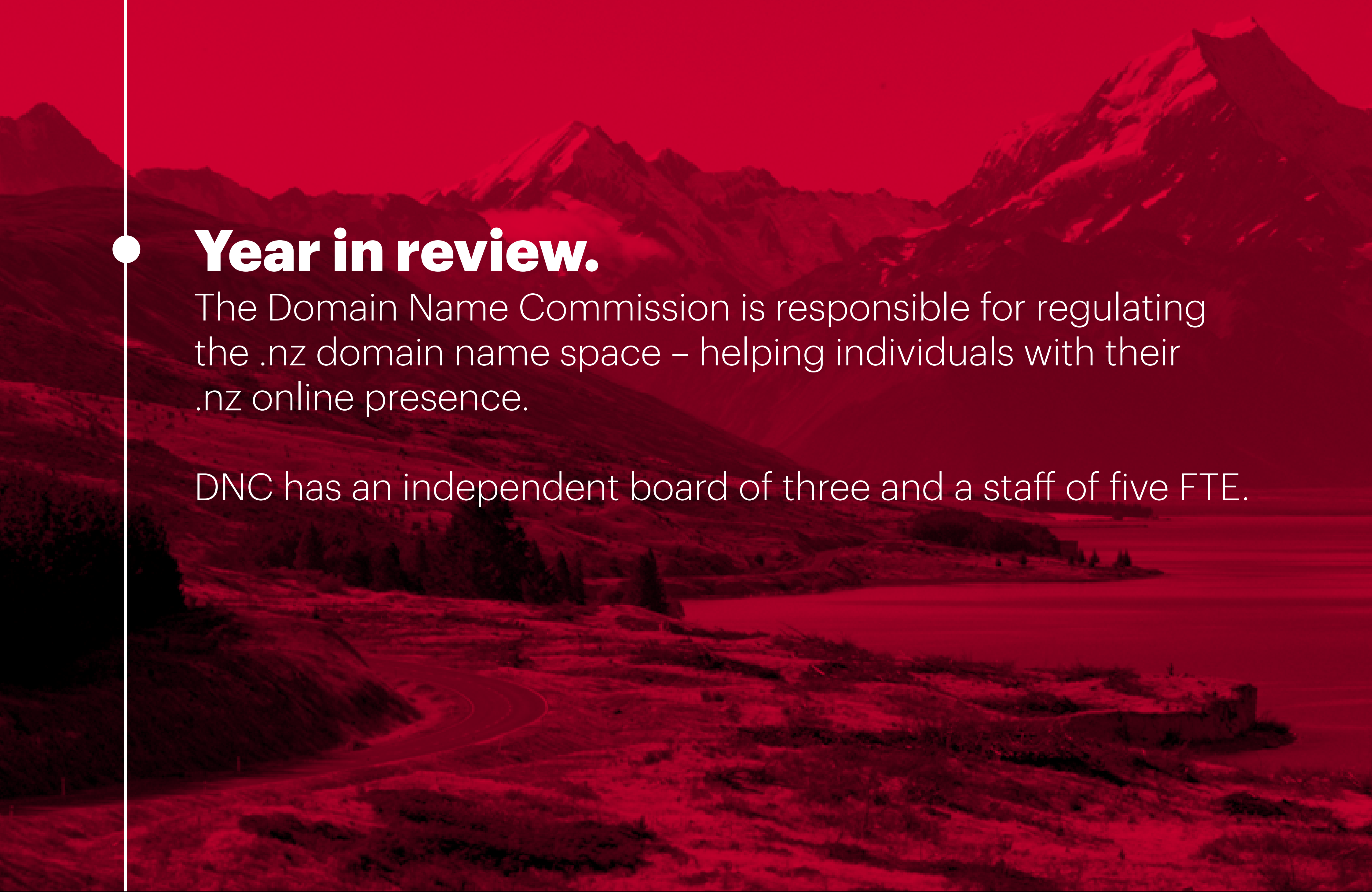
Dismissed

Victoria University of Wellington was founded in 1897 but used the name Victoria College until 1962. In 2018 the complainant considered a name change to 'University of Wellington,' applying to register this trademark in May 2018.

The complainant stated that .ac is intended for use by tertiary organisations, however, the .ac.nz namespace is unmoderated, meaning anyone is able to register a .ac.nz domain name.

The expert recognised the disputed domain name is similar to Victoria University of Wellington. However, Wellington is a geographical place name and the complainant doesn't have rights to the name Wellington.

The expert decided this is not an unfair registration. The complaint was dismissed.



Year in review.

The Domain Name Commission is responsible for regulating the .nz domain name space – helping individuals with their .nz online presence.

DNC has an independent board of three and a staff of five FTE.

April 2018

Changes to registrant personal information **availability through a domain name lookup**

May 2018

Annual Registrar Conference in Wellington

.geek.nz campaign launch

Joint campaign with Office of the Privacy Commission: privacy and domain names

European General Data Protection Requirements become mandatory **and a feature of the .nz contracts and agreements**

June 2018

certnz Memorandum of Understanding signed with **Computer Emergency Response Team (CERT) to enhance cyber security**

ICANN **international representation**

July 2018

Contact centre opens

ICANN **international representation**

August 2018

Asia Pacific Regional Internet Governance Forum international representation

September 2018

Win preliminary injunction in United States against Domain Tools

International representation at **APTLD 74**

Celebration of **te wiki o te Reo Māori**

October 2018

Memorandum of Understanding signed with **Department of Internal Affairs**

Being cyber smart with your domain name campaign launched

Webinar with New Zealand Law Society held on dispute resolution service

Shortlisted for **Plain English Awards** for 2017/18 annual report

ICANN **international representation**

November 2018

Wex.nz domain name suspension for fake registration details

Held first **Domain Name Abuse Forum**

Launch of **safer online shopping campaign**

December 2018

Filters added to registrar table to enable buyers of a .nz domain name greater choices with selecting a .nz authorised registrar

January 2019

DNS FLAG DAY

DNS Flag Day joint communications saves 1,000 .nz domains from breaking

Systemic investigation leads to more than 2,000 domain names suspended or cancelled by registrars

February 2019

International representation at **APTLD 74**

March 2019

ICANN **international representation**

Emergency response to Christchurch terrorism event

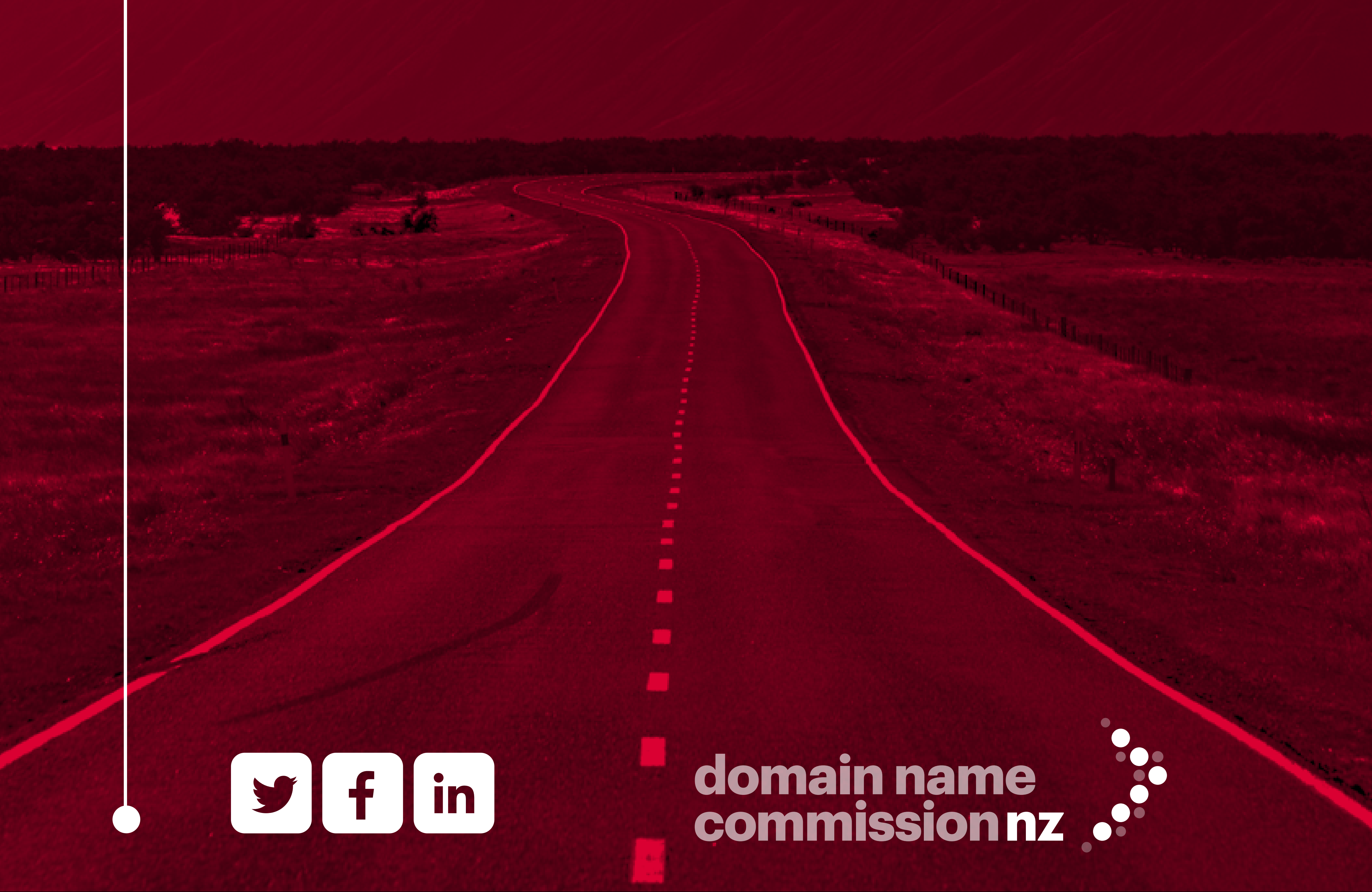
First independent review of the Commission's operations released

Launch of Individual Registrant Privacy Option campaign (IRPO)

Where are .school.nz registrations coming from?

Launch of **schools.nz campaign**

DNCL Dispute Resolution Cases indexed as part of New Zealand Legal Information Institute database



domain name commission nz

domain name commission nz

Domain Name Commission Limited

Financial Statements

For the year ended 31 March 2019

Domain Name Commission Limited

Financial Statements
For the year ended 31 March 2019

Domain Name Commission Limited

Contents

Domain Name Commission Limited

Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2019

	Notes	2019 $	2018 $
OPERATING ACTIVITIES			
Exchange revenue			
Authorisation fees		3,000	6,000
DRS complaint fees		26,000	26,000
Management fees		1,320,000	1,869,840
Sundry income		250	1,256
Total exchange revenue		1,349,250	1,903,096
Total operating revenue		1,349,250	1,903,096
Operating expenses			
Audit fees		4,500	3,900
Board expenses		6,138	13,972
Communications		21,391	31,389
Compliance		94,403	-
Depreciation	9	13,589	11,848
Amortisation	10	5,512	29,964
Directors fees	13	27,750	123,500
Dispute resolution service		76,031	82,461
DNC registrar activities		44,780	18,786
International memberships and conferences		157,976	242,931
Legal Expenses		562,104	58,934
Office and administration		272,520	237,785
Personnel and staff	12	650,615	1,099,813
Professional services		16,815	16,555
Total operating expenses		1,954,123	1,971,836
Surplus/(deficit) from operating activities		(604,873)	(68,740)
INVESTING ACTIVITIES			
Interest income on term deposits		18,203	25,782
Surplus/(deficit) from investing activity		18,203	25,782
SURPLUS/(DEFICIT) FOR THE YEAR		(586,670)	(42,958)
Other comprehensive revenue/ (expenses)		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		(586,670)	(42,958)

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

Director _PJ Elwood_ Date 26/6/19

Director _C Fenwick_ Date 26/6/19

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

CROWE HORWATH NEW ZEALAND

Domain Name Commission Limited

Statement of Financial Position
As at 31 March 2019

	Notes	2019 $	2018 $
ASSETS			
Current			
Cash and cash equivalents	**6**	448,242	475,102
Other financial assets	**7**	366,075	768,500
Trade debtors and other receivables	**8**	42,115	42,337
Total current assets		856,431	1,285,940
Non-current			
Property, plant and equipment	**9**	9,727	20,244
Intangible assets	**10**	4,074	9,586
Total non-current assets		13,801	29,830
TOTAL ASSETS		870,232	1,315,770
LIABILITIES			
Current			
Trade creditors and other payables	**11**	433,455	292,323
Total current liabilities		433,455	292,323
TOTAL LIABILITIES		433,455	292,323
NET ASSETS		436,777	1,023,447
EQUITY			
Share Capital		580,000	580,000
Accumulated funds		(143,223)	443,447
TOTAL EQUITY		436,777	1,023,447

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 2019

	2019 $	2018 $
SHARE CAPITAL		
Opening balance	580,000	580,000
CLOSING BALANCE SHARE CAPITAL	580,000	580,000
ACCUMULATED FUNDS		
Opening balance	443,447	486,405
Surplus/(deficit) for the year	(586,670)	(42,958)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	(586,670)	(42,958)
CLOSING BALANCE ACCUMULATED FUNDS	(143,223)	443,447
TOTAL EQUITY	436,777	1,023,447

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Domain Name Commission Limited

Statement of Cash Flows
For the year ended 31 March 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Cash was provided from/(applied to):			
Receipts from customers		1,349,250	1,903,096
Interest received		18,453	26,905
Payments to suppliers and employees		(1,771,262)	(1,862,652)
Net GST received (paid)		(22,653)	416
Net cash from/(used in) operating activities	15	(426,214)	67,766
Cash flows from financing activity			
Cash was applied to:			
Dividend paid		-	-
Net cash from/(used in) financing activity		-	-
Cash flows from investing activities			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment		(3,072)	(16,142)
Purchase of intangible assets		-	(11,343)
Net movement in short-term deposits		402,425	(26,054)
Net cash from/(used in) investing activities		399,353	(53,539)
Net increase/(decrease) in cash and cash equivalents		(26,861)	14,226
Cash and cash equivalents, beginning of the year		475,102	460,876
Cash and cash equivalents at end of the year	6	448,242	475,102

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

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Domain Name Commission Limited

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 2019.

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 Tier 2 PBE Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to PBEs.

The Company is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure of the Company does not exceed $30 million.

(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.

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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

(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.

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(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise trade debtors and other receivables, cash and cash equivalents, short term deposits and trade creditors and other payables.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Parent or Company transfers the financial asset to another party without retaining control or all substantial risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

All financial assets except for those classified as fair value through surplus or deficit are subject to review for impairment at minimum at each reporting date.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. The Company has classified its financial assets as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company's cash and cash equivalents, trade debtors and most other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Companys, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified Company.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

CROWE HORWATH NEW ZEALAND

(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.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS 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.

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6 Cash and cash equivalents

	2019	2018
	$	$
Cash at bank and on hand	412,905	439,942
Term deposits with maturities of three months or less	35,337	35,160
Cash and cash equivalents at end of the year	448,242	475,102

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

	2019	2018
	$	$
Term deposits	366,075	768,500
Total other financial assets	366,075	768,500

8 Trade debtors and other receivables

	2019	2018
	$	$
Accounts receivable	856	828
Prepayments	38,970	38,971
Interest receivable	2,289	2,538
Total trade and other receivables	42,115	42,337

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.

CROWE HORWATH NEW ZEALAND

9 Property, plant and equipment

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

2019	Office equipment $	Total $
Gross carrying amount		
Opening balance	82,827	82,827
Additions	3,072	3,072
Disposals	-	-
Closing balance	85,899	85,899
Accumulated depreciation and impairment		
Opening balance	62,583	62,583
Depreciation for the year	13,589	13,589
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	76,172	76,172
Carrying amount 31 March 2019	9,727	9,727

2018	Office equipment $	Total $
Gross carrying amount		
Opening balance	73,316	73,316
Additions	16,142	16,142
Disposals	(6,631)	(6,631)
Closing balance	82,827	82,827
Accumulated depreciation and impairment		
Opening balance	54,030	54,030
Current year depreciation	11,848	11,848
Impairment charge for the year	-	-
Depreciation written back on disposal	(3,295)	(3,295)
Closing balance	62,583	62,583
Carrying amount 31 March 2018	20,244	20,244

Capital commitments

As at balance date the Company had no capital commitments (2018 $Nil).

Domain Name Commission Limited

Notes to the financial statements

10 Intangible assets

Movements for each class of intangible assets are as follows:

2019	Software $	Total $
Gross carrying amount		
Opening balance	122,005	122,005
Additions	-	-
Disposals	-	-
Closing balance	122,005	122,005
Accumulated amortisation and impairment		
Opening balance	112,419	112,419
Current year amortisation	5,512	5,512
Closing balance	117,931	117,931
Carrying amount 31 March 2019	4,074	4,074

2018	Software $	Total $
Gross carrying amount		
Opening balance	110,662	110,662
Additions	11,343	11,343
Disposals	-	-
Closing balance	122,005	122,005
Accumulated amortisation and impairment		
Opening balance	82,455	82,455
Current year amortisation	29,964	29,964
Closing balance	112,419	112,419
Carrying amount 31 March 2018	9,586	9,586

11 Trade creditors and other payables

	2019 $	2018 $
Accounts payable	387,349	237,163
Annual leave owing	41,823	28,224
GST payable	4,283	26,936
Total trade and other payables	433,455	292,323

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

CROWE HORWATH NEW ZEALAND

12 Employee entitlements

	2019 $	2018 $
Salaries and wages	594,807	1,044,485
Other employment expenses	42,208	74,516
Increase (decrease) in employee entitlements	13,600	(19,188)
Total employee remuneration and expenses	650,615	1,099,813

During the year there were one employee who received remuneration greater than $100,000 (2018: two 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 $1,320,000 (2018: $1,869,840) from InternetNZ.

The Company paid administration fees of $227,232 (2018: $187,235) to InternetNZ.

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:

	2019 $	2018 $
Directors fees, key management salaries and other short term benefits	212,750	814,343
Total remuneration	212,750	814,343
Number of persons recognised as key management personnel	3	9

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.

15 Reconciliation of cash flows from operating activities

	2019 $	2018 $
Surplus/(deficit) for the year	(586,670)	(42,958)
Add/(deduct) non-cash items		
Depreciation, amortisation and impairment	19,101	41,812
Fair value movements on financial instruments through surplus or deficit	-	-
Bad and doubtful debt expenses	-	-
Other non-cash items	-	-
Add/(deduct) movements classified as investing activities		
(Gain)/loss on disposal of property, plant and equipment	-	3,336
Add/(deduct) movements in working capital		
(Increase)/decrease in trade debtors and other receivables	221	395
(Increase)/decrease in prepayments	2	(34,571)
Increase/(decrease) in trade creditors and other payables	127,533	118,871
Increase/(decrease) in employee entitlements	13,600	(19,118)
Net cash flows from/ (used in) operating activities	(426,214)	67,766

16 Contingent assets and contingent liabilities

The Company has no contingent assets or continent liabilities (2018: None).

17 Events after the reporting period

There were no significant events after the balance date (2018: None).

Crowe Horwath
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Crowe Horwath
New Zealand Audit Partnership
Member Crowe Horwath International

Level 1, Crowe Horwath House
57 Willis St, Wellington 6011
PO Box 11976
Manners St, Wellington 6142
New Zealand

Tel +64 4 471 0006
Fax +64 4 566 6077

www.crowehorwath.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Domain Name Commission Limited

Opinion

We have audited the financial statements of Domain Name Commission Limited on pages 1 to 14, which comprise the statement of financial position as at 31 March 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Domain Name Commission Limited as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Domain Name Commission Limited in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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 interests in, Domain Name Commission Limited.

Responsibilities of Directors for the Financial Statements

Those charged with governance are responsible on behalf of Domain Name Commission Limited for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing Domain Name Commission Limited'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 those charged with governance either intend to liquidate Domain Name Commission Limited or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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) 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Domain Name Commission Limited's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Domain Name Commission Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Domain Name Commission Limited to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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CHARTERED ACCOUNTANTS

1 July 2019