Our online New Zealand.

Domain Name Commission

Annual Report 2019-2020.

Chair's report

2019/20 has been a year that started and ended with crisis: the aftermath of the Christchurch mosques terrorist attacks saw a need to respond to online harm in a way the Commission has never done before, and the year's end saw the rise of the COVID-19 pandemic and disruptions to working life for everyone, including Brent and the team.

In both these situations and all the work of the year, the Board has appreciated the steady leadership Brent has shown, and the ability of the whole team to continue with DNCL's day to day work. This report showcases the year's achievements.

The 2020/21 year sees some big projects ahead. We will be working to implement a revised .nz policies framework arising from the review InternetNZ commenced last year. The replacement of the shared registry system will bring changes for the Commission as well.

My thanks as Chair to all our Board members, and in particular to Lucy Elwood who stepped down from a six year term, and to Adam Hunt whose term ends at the company's AGM in July. Both have played a significant role in the many changes at DNCL over the past few years, and their wisdom, skill and good humour around the board table will be missed. I am excited by the arrival of Mel Hewitson and Anita Killeen, who I know will bring a new set of perspectives and insight to the work that we do.

In all that we do, we are helping New Zealanders harness the power of the Internet. The Commission's role at the heart of making sure .nz is fair has never been more important. Thanks to everyone who has contributed to our work this year, and here's to the year ahead.

Jordan Carter
Chair, Domain Name Commission

Commissioner's report

The 2019/20 year, as the Chair has identified, has been challenging for DNCL staff—opening with the Commission getting new emergency domain name suspension powers following the Christchurch terrorist attack and closing with the powers being activated in response to the COVID-19 pandemic. While this power remains interim, I am incredibly proud of the Office's growing role in online harm minimisation work with other trusted stakeholders.

The year also saw growing merger and acquisition activity and the entry of a number of large international registrars into the New Zealand market. This necessitated much more detailed legal due diligence work to ensure the market remains fair and competitive for everyone.

The changes in the New Zealand domain name market reflect a growing and dynamic international and local market that makes for a challenging and exciting environment for all involved.

A key priority for DNCL this year was the value and effectiveness of self-regulation. Our focus throughout 2019 was mostly on the implementation work arising from the first independent review of our self-regulatory scheme (the Pickens report) and Deloitte compliance strategy. We have already implemented a number of recommendations and continue to discuss further important changes to the scheme with our stakeholders.

In the coming year, the role DNCL plays as an independent overseer of the system, in online harm minimisation, and as an agency for end-users to make complaints, will be seriously explored with the government, InternetNZ members, consumers and the public.

A large percentage of our enquiries this year were about customer service. Typical enquiries included consumers seeking help to switch providers and assistance with updates to their contact details. Consumers also sought help to lodge disputes against registrants and sought information as to how to get back their domain name after it had expired. More people this year reported domain names that had been associated with malicious or illegal activity.

Our work can only be a success with the help of those we work with. I thank .nz authorised registrars for working with us to resolve enquiries, and referral agencies for fielding initial enquiries about domain name abuse and referring unresolved enquiries to us.

Like the Chair, I wish to thank the Board, particularly former independent directors Lucy Elwood and Adam Hunt who both finished their terms this year, for their support, and welcome new independent directors Anita Killeen and Mel Hewitson. And finally, thank you to my four dedicated staff, the people who make it happen.

Brent Carey
Domain Name Commissioner

Dispute resolution service case studies.

This year we dealt with over 1400 enquiries and 24 disputes were handled under our alternative dispute resolution scheme. These are two high profile case studies.

Glossary

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

bupa.net.nz

Complainant:	The British United Provident Association Limited
Respondent:	Carl Taylor

Transferred

The complainant is an international healthcare company incorporated in 1947.

The respondent registered the name two days after a discussion between Bupa and another member of his group over the price Bupa would be prepared to pay to recover a domain name containing its own name.

Although ready to sell the domain name to Bupa, the respondent was not prepared to do so for the documented out-of-pocket expenses incurred in acquiring the domain.

The expert noted that the respondent could hardly have any reason to register the domain name, other than to sell it to Bupa at a profit. The expert found the registration unfair and decided the domain name bupa.net.nz should be transferred to the complainant.

purebreastcare.co.nz

Complainant:	Pure Breast Care
Respondent:	Medivex Health Care

Transferred

The complainant supports patients following mastectomy procedures and other breast-related operations. It offers advice, fittings and other related consultancy services, of which it is accredited with the Ministry of Health.

The disputed domain name originally redirected to the respondent's website, it was later replaced with a static landing page which stated "Exciting New Webshop Coming Soon."

The expert found that the domain name was registered to prevent the complainant from registering it, and its use could deceive or confuse members of the public. The expert found the registration unfair and ordered the domain name purebreastcare.co.nz to be transferred to the complainant.

Year in review.

The Domain Name Commission is responsible for regulating the .nz domain name space—keeping .nz fair for everyone.

DNCL has an independent board of three and staff of five FTE.

April 2019

First interim policy change regarding Christchurch terror attack

Launch of public submission process for the **independent self-regulatory review**

May 2019

DNCL Strategic Plan for 2019-2021 released

First Transparency Report published

MoU with administrator of the .PG (Papua New Guinea) signed

June 2019

Review of the .nz Dispute Resolution Service launched

ICANN

International representation at **ICANN* meeting 65 Marrakech, Morocco**

Participation in **Internet and Jurisdiction policy meeting, Berlin, Germany**

July 2019

2019 Annual Report launched

US Litigation successes Ninth Circuit Appeal Court upholds order of preliminary injunction against Domain Tools.

Whois API removes .nz records **to settle US lawsuit.**

August 2019

Independent review findings published

DNCL's Expert Panel decisions are added to the NZ Legal Information Institute database

Arbitrators and Mediators Institute of New Zealand Conference sponsorship

September 2019

apTLD

Appointment to APTLD's* Working Group responsible for developing their Transparency and Accountability Framework

October 2019

Compliance sweep of the **ac.nz domain name space**

Cyber Security Awareness Month - **report .nz abuse campaign**

November 2019

Shop Safe NZ campaign launch

Annual Dispute Resolution experts meeting

iThreat

iThreat partnership formed for greater **.nz threat feed monitoring**

December 2019

ICANN

International representation at **ICANN 66 Montreal, Canada**

Consumer retail price for cost of .nz domain names published

Farewell to key DNCL contributors, panel of expert member Sir Ian Barker and DNCL independent Director Lucy Elwood

January 2020

Systemic investigation leads to almost 5000 domain names suspended or cancelled in joint work by registrars and DNCL

.health.nz domain names moved to the secure platform, used for government domain names

NZNOG

Passive DNS* workshop attended at annual **Network Operators Group conference,** Christchurch, NZ

February 2020

Two new experts appointed to dispute resolution Expert panel to determine .nz domain name disputes

International representation at APTLD 77, Melbourne, Australia **Domain Name Commissioner appointed to the APTLD Board for two year** term on behalf of .nz at Annual General Meeting

APRICOT 2020

Participation in **Apricot * 2020, Melbourne, Australia**

March 2020

Launch of Any chatbot to extend our customer service to 24/7 support hours

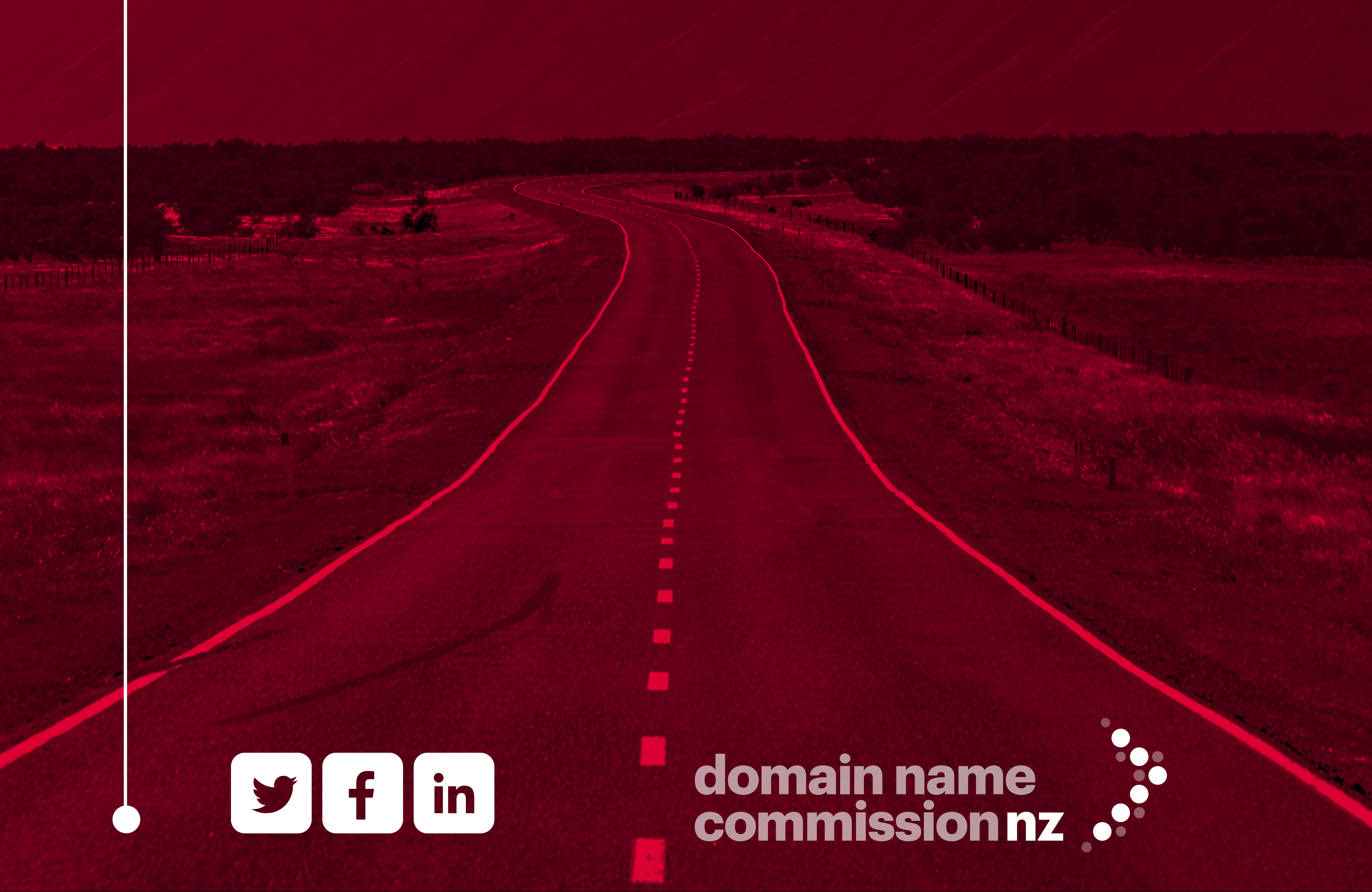
COVID-19 information hub created to keep .nz safe and secure

US litigation success. United States Federal Court dismisses Domain Tools motion to dismiss DNCL's application. Preliminary Injunction remains in place.

69,212 domain names flagged with **individual registrant privacy.** 1576 **domain names suspended** by DNCL for invalid registration details.

Glossary

ICANN - Internet Corporation of Assigned Names and Numbers
APTLD - Asia Pacific Top Level Domain Name Association
DNS - Domain Name System
APRICOT - Asia Pacific Regional Internet Conference on Operational Technologies


domain name
commission nz

Domain Name Commission Limited

Financial Statements
For the year ended 31 March 2020

Domain Name Commission Limited

Contents

Domain Name Commission Limited

Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2020

	Notes	2020 $	2019 $
OPERATING ACTIVITIES			
Exchange revenue			
Authorisation fees		15,000	3,000
DRS complaint fees		18,000	26,000
Management fees		1,840,004	1,320,000
Sundry income		-	250
Total exchange revenue		1,873,004	1,349,250
Total operating revenue		1,873,004	1,349,250
Operating expenses			
Audit fees		4,500	4,500
Board expenses		6,586	6,138
Communications		16,614	21,391
Compliance		25,564	94,403
Depreciation	9	10,192	13,589
Amortisation	10	3,669	5,512
Directors fees	13	25,000	27,750
Dispute resolution service		60,102	76,031
DNC registrar activities		48,521	44,780
International memberships and conferences		88,635	157,976
Legal Expenses		268,333	562,104
Office and administration		282,735	272,520
Personnel and staff	12	601,179	650,615
Professional services		13,394	16,815
Total operating expenses		1,455,023	1,954,123
Surplus/(deficit) from operating activities		417,981	(604,873)
INVESTING ACTIVITIES			
Interest income on term deposits		12,359	18,203
Surplus/(deficit) from investing activity		12,359	18,203
SURPLUS/(DEFICIT) FOR THE YEAR		430,340	(586,670)
Other comprehensive revenue/ (expenses)		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		430,340	(586,670)

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

Director

30/06/2020
Date

Director

30th June 2020
Date

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

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Domain Name Commission Limited

Statement of Financial Position
As at 31 March 2020

	Notes	2020 $	2019 $
ASSETS			
Current			
Cash and cash equivalents	6	222,361	448,242
Other financial assets	7	729,461	366,075
Trade debtors and other receivables	8	75,583	42,115
Total current assets		1,027,404	856,431
Non-current			
Property, plant and equipment	9	9,697	9,727
Intangible assets	10	27,778	4,074
Total non-current assets		37,475	13,801
TOTAL ASSETS		1,064,879	870,232
LIABILITIES			
Current			
Trade creditors and other payables	11	197,763	433,455
Total current liabilities		197,763	433,455
TOTAL LIABILITIES		197,763	433,455
NET ASSETS		867,117	436,777
EQUITY			
Share Capital		580,000	580,000
Accumulated funds		287,117	(143,223)
TOTAL EQUITY		867,117	436,777

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

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Domain Name Commission Limited

Statement of Changes in Net Assets
For the year ended 31 March 2020

	2020 $	2019 $
SHARE CAPITAL		
Opening balance	580,000	580,000
CLOSING BALANCE SHARE CAPITAL	580,000	580,000
ACCUMULATED FUNDS		
Opening balance	(143,223)	443,447
Surplus/(deficit) for the year	430,340	(586,670)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	430,340	(586,670)
CLOSING BALANCE ACCUMULATED FUNDS	287,117	(143,223)
TOTAL EQUITY	867,117	436,777

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Domain Name Commission Limited

Statement of Cash Flows
For the year ended 31 March 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Cash was provided from/(applied to):			
Receipts from customers		1,873,004	1,349,250
Interest received		13,748	18,453
Payments to suppliers and employees		(1,718,656)	(1,771,262)
Net GST received (paid)		6,945	(22,653)
Net cash from/(used in) operating activities	**15**	175,040	(426,214)
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		(10,162)	(3,072)
Purchase of intangible assets		(27,373)	0
Net movement in short-term deposits		(363,386)	402,425
Net cash from/(used in) investing activities		(400,921)	399,353
Net increase/(decrease) in cash and cash equivalents		(225,881)	(26,861)
Cash and cash equivalents, beginning of the year		448,242	475,102
Cash and cash equivalents at end of the year	**6**	222,361	448,242

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

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 2020.

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.

Shortly before and after balance date a global pandemic impacted the business. Revenue has not been impacted in the current year but may be lower due to decreased renewals of domain names in the 2021 year. (2019: None).

(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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Notes to the financial statements

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.

Notes to the financial statements

(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.

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(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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Notes to the financial statements

6 Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	186,877	412,905
Term deposits with maturities with 90 days or less	35,484	35,337
Cash and cash equivalents	222,361	448,242

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

	2020 $	2019 $
Term deposits	729,461	366,075
Total other financial assets	729,461	366,075

8 Trade debtors and other receivables

	2020 $	2019 $
Accounts receivable	657	856
Prepayments	74,026	38,970
Interest receivable	900	2,289
Total trade and other receivables	75,583	42,115

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:

2020	Office equipment $	Total $
Gross carrying amount		
Opening balance	85,899	85,899
Additions	10,162	10,162
Disposals	-	-
Closing balance	96,061	96,061
Accumulated depreciation and impairment		
Opening balance	76,172	76,172
Depreciation for the year	10,192	10,192
Impairment charge for the year	-	-
Depreciation written back on disposal	-	-
Closing balance	86,364	86,364
Carrying amount 31 March 2020	9,697	9,697

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
Current year depreciation	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

Capital commitments

As at balance date the Company had no capital commitments (2019 $Nil).

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10 Intangible assets

Movements for each class of intangible assets are as follows:

2020	Software $	Total $
Gross carrying amount		
Opening balance	122,005	122,005
Additions	27,373	27,373
Disposals	-	-
Closing balance	149,378	149,378
Accumulated amortisation and impairment		
Opening balance	117,931	117,931
Current year amortisation	3,669	3,669
Closing balance	121,600	121,600
Carrying amount 31 March 2020	27,778	27,778

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

11 Trade creditors and other payables

	2020 $	2019 $
Accounts payable	147,658	387,349
Annual leave owing	38,877	41,823
GST payable	11,228	4,283
Total trade and other payables	197,763	433,455

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

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12 Employee entitlements

	2020 $	2019 $
Salaries and wages	515,720	594,807
Other employment expenses	88,405	42,208
Increase (decrease) in employee entitlements	(2,946)	13,600
Total employee remuneration and expenses	601,179	650,615

During the year there was one employee who received remuneration greater than $100,000 (2019: one employee).

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 $1,840,004 (2019: $1,320,000) from InternetNZ.

The Company paid administration fees of $230,500 (2019: $227,232) 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:

	2020 $	2019 $
Directors fees, key management salaries and other short term benefits	229,527	212,750
Total remuneration	229,527	212,750
Number of persons recognised as key management personnel	4	3

14 Financial instruments

(a) Carrying value of financial instruments

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

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

(b) Classification of financial instruments

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

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

15 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Surplus/(deficit) for the year	430,340	(586,670)
Add/(deduct) non-cash items		
Depreciation, amortisation and impairment	13,861	19,101
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	-	-
Add/(deduct) movements in working capital		
(Increase)/decrease in trade debtors and other receivables	1,588	221
(Increase)/decrease in prepayments	(35,057)	2
Increase/(decrease) in trade creditors and other payables	(232,746)	127,533
Increase/(decrease) in employee entitlements	(2,946)	13,600
Net cash flows from/ (used in) operating activities	175,040	(426,214)

16 Contingent assets and contingent liabilities

The Company has no contingent assets or continent liabilities (2019: None).

17 Events after the reporting period

There were no significant events after the balance date (2019: None).

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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 2020, 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 2020, 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.

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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Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

30 June 2020