Internet New Zealand Incorporated

Consolidated Financial Statements and
Statement of Service Performance
For the year ended 31 March 2023

Internet New Zealand Incorporated

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Internet New Zealand Incorporated

Statement of Service Performance
For the year ended 31 March 2023

Entity information

InternetNZ operates the .nz domain name space. We ensure that all domain names ending with .nz are available for people and businesses in Aotearoa to function and thrive online.

We're a membership organisation and a charity, and our profits from .nz are invested back into the community. As of 31 March 2023, we had 402 members.
We advocate for an Internet that benefits all of Aotearoa through our community funding, research, policy advocacy and partnerships.

Our whakataukī

In January 2017, Takawai Murphy from Ngāti Manawa, Ngāti Rangitihi and Ngāti Hinekura gifted us our whakataukī.

[Niho Taniwha — InternetNZ Strategy for 2022-2025]

The strategic outcomes below indicate the progress towards achieving the rei kura (the focus of our action and mahi) set out in Niho Taniwha — InternetNZ strategy 2022-2025.

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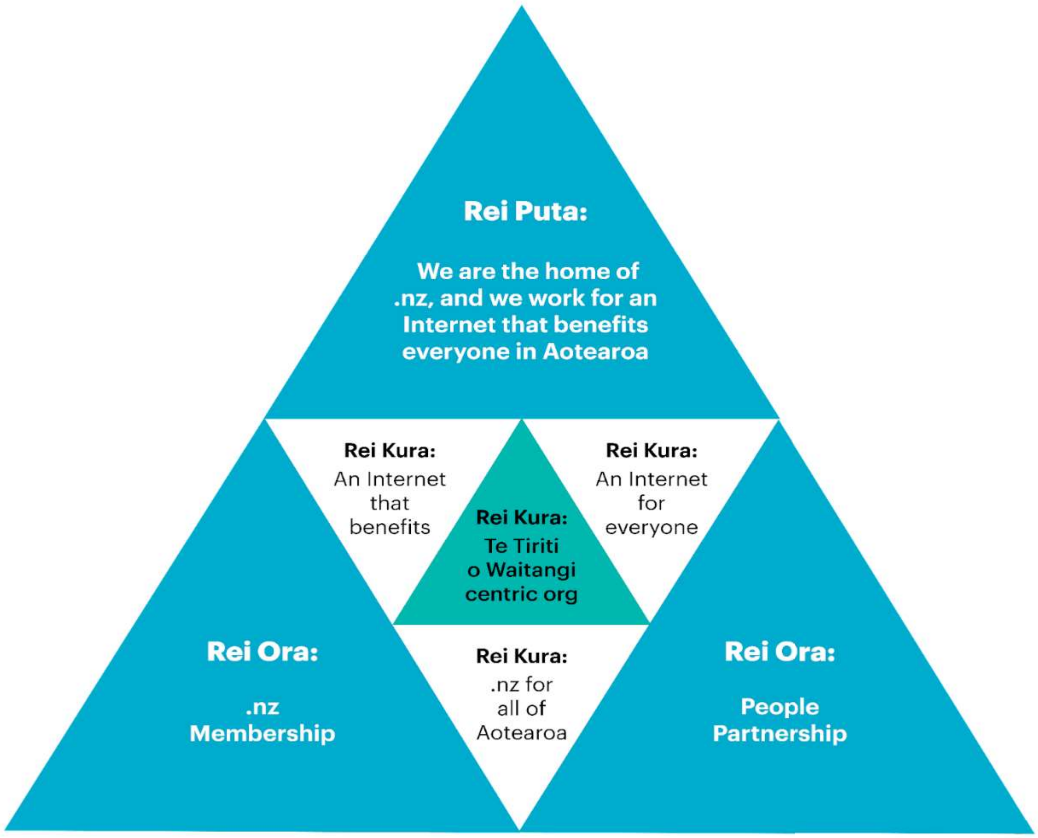

Our strategy utilises Niho Taniwha as a visual metaphor.

Niho Taniwha is a saw-edged pattern of tukutuku panels and in the tāniko weaving on the hems of cloaks. The principal motif represents the realm of mythology and a chief's lineage from the gods. It also symbolises family houses within the tribe.

Comparatives, benchmarks/targets or quantitative outputs

As the first InternetNZ Statement of Service Performance (SSP) Report, some outputs may not have all three criteria, comparatives, benchmarks/targets, or quantitative outputs.

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Statement of Service Performance
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Our strategic outcomes

1. Whainga: We are a Te Tiriti o Waitangi-centric organisation.

Te Tiriti o Waitangi is central to how we work, infusing our relationships with others and how we go about that work.

Expected outcomes

• To implement recommendations of the independent systemic racism review (SRR) by the end of 2024-25 Financial year.

• Year on year increase of 10% over the next 3 years' in funding to Māori partners.

Comparatives 2021-2022

Not available as initiative approved in April 2022.

Benchmarks/Targets 2022-2023

Distribute $165,000 to Māori partnerships and sponsorships.

Outputs in 2022-2023 Financial Year

• InternetNZ Council commissioned the SRR.

• The SRR was adopted unanimously by Council, and InternetNZ committed to implementing the review recommendations.

• Funding partnership distribution to Māori increased in 2022-2023.

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Statement of Service Performance
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1. Whainga: We are a Te Tiriti o Waitangi-centric organisation.

Outputs in 2022-2023 Financial Year (continued)

Note: Comparative information in the Statement of Service Performance is unaudited and was not required to be.

Outputs	2021-2022	Target for 2022-2023	Outputs in 2022-2023
Te Kohanga Reo funding	n/a	$100,000	• $50,000 in sponsorship, • $50,000 in strategic partnership
Te Matarau - Māori Tech Association funding	n/a	$65,000	• $65,000 in strategic partnership

Story: funding distribution to Māori

Kohanga Reo: InternetNZ entered a strategic alliance sponsorship in November 2022 with Te Kohanga Reo National Trust in support of the event Te Hokokura 40 years celebration of the kohanga reo. This established an introductory meeting between InternetNZ and Te Kohanga Reo National Trust to explore future engagement opportunities.

Te Matarau: InternetNZ entered into an initial relationship development and potential future partnership in March 2023 with Te Matarau — Māori Tech Association. This initial phase will look towards jointly providing leadership, on a national basis, to significantly work on digital issues relating to Māori in Aotearoa and introduce and connect kaupapa Māori organisations to engagement opportunities with InternetNZ.

2. Whainga: .nz for all of Aotearoa

The .nz domain is Aotearoa's home online, and the .nz infrastructure is critical to Aotearoa's Internet and to the performance of the modern Aotearoa economy and the well-being of New Zealanders and our communities.

We work to increase the availability, utility, security, and trustworthiness of .nz and the domain name system so that eventually, everyone in or connected with Aotearoa has, uses and values .nz.

Expected outcome

.nz and the .nz infrastructure are trusted as reliable, compatible and capable of their intended uses and applications.

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2. Whainga: .nz for all of Aotearoa

Expected outcome (continued)

Note: Comparative information in the Statement of Service Performance is unaudited and was not required to be.

Outputs	2021-2022	Target for 2022-2023	Outputs in 2022-2023
DNS availability	100%	100%	100%
EPP availability	100%	99.90%	99.99%
WHOIS availability	100%	99.90%	99.98%
Registry replacement implementation is on time (%)	n/a	100% on time	85% on time
Registry replacement implementation is on budget (%)	n/a	100% of budget	97.26% of budget

Story: InternetNZ Registry System (IRS) project

The .nz registry, together with the .nz domain name system (DNS) is the core technology for the critical national infrastructure — .nz domains.

The legacy Shared Registry System (SRS) was initially developed in 2002. By 2019, the mix of technologies involved in the system were becoming difficult to maintain, and the costs and risks of continuing with it were rising.

The replacement of the SRS was the largest project undertaken by InternetNZ in 20 years at a multi-million dollar cost to the organisation and took more than 3 years to achieve.

New system successfully went live on 1 November 2022 and now is at the heart of .nz.

Story: .nz is a domain of choice in Aotearoa

Our consumer and businesses research shows that .nz is a domain of choice for consumers and businesses in Aotearoa.

- 44% of all businesses and 15% of consumers in Aotearoa own or manage a .nz domain in 2022.

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2. Whainga: .nz for all of Aotearoa

Story: .nz is a domain of choice in Aotearoa (continued)

- In 2022, 6 out of 10 businesses and just over half of consumers agreed that .nz domain names are more valuable than other domain names.

- 71% of New Zealand businesses and 67% of consumers agree that the .nz domain is more trustworthy than other domain names.

3. Whainga: An internet that benefits

InternetNZ stands for an Internet that benefits all the people of Aotearoa.

We work towards the empowerment of all New Zealanders to use, create and innovate on the Internet in a way that keeps them and others safe. We work to shape developments affecting the Internet domestically and internationally to make the Internet better for people.

Expected outcome (short-medium term, 2022-2024)

To empower organisations and individuals to work alongside InternetNZ on making the Internet better for people by funding distribution and active advocacy.

Note: Comparative information in the Statement of Service Performance is unaudited and was not required to be.

Outputs	2021-2022	Target for 2022-2023	Outputs in 2022-2023
Number of projects supported	11	17	22
Successful grants ($)	$109,400	$170,500	$207,291
Strategic partnerships ($)	$279,500	$305,000	$390,000

Other outputs 2022-2023 Financial Year

- InternetNZ provided written input to two government processes, presented orally at one select committee, and provided input through participation in six meetings or roundtables as a result of government agency invitation. We were also part of the ITU Plenipotentiary Aotearoa delegation (by invitation of the lead agency Ministry of Business, Innovatrion, and Employment (MBIE).

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3. Whainga: An internet that benefits

Other outputs 2022-2023 Financial Year (continued)

• InternetNZ convened or hosted 15 forums, roundtables, or hui with the Aotearoa Internet Community and our grantees, discussing different aspects of Internet that benefits people of Aotearoa.

Story: Internet Insights research

• Our annual Internet Insights research (link above) was undertaken by Kantar Public. It surveys New Zealanders on their use, perceived benefits, and concerns about the Internet. The research is a clear indicator of how New Zealanders think about the Internet and what their concerns are. We use it throughout the year to help us plan and execute our work to ensure we focus on topics that are important in creating an Internet that benefits all of Aotearoa. The research was mentioned in 27 unique media stories, spreading the valuable data far and wide. It was also used and amplified by stakeholders including TUANZ, The Privacy Commissioner and the TCF.

4. Whainga: An internet for everyone

Everyone in Aotearoa should be empowered to make the most of an increasingly digital world in a way that works for them.

InternetNZ works to enable all the people of Aotearoa to access and effectively use the Internet to equitably participate in and benefit from our society, democracy and economy.

Internet New Zealand Incorporated

Statement of Service Performance
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4. Whainga: An internet for everyone (continued)

Expected outcome

To empower organisations and individuals to work on digital equity in Aotearoa by funding.

Note: Comparative information in the Statement of Service Performance is unaudited and was not required to be.

Outputs	2021-2022	Target for 2022-2023	Outputs in 2022-2023
Number of project supported	18	18	17
Successful grants ($)	$291,730	$182,500	$146,876
Strategic partnership ($)	$400,000	$335,000	$295,000

In 2022-2023 Financial Year, some funds were reallocated from An Internet for everyone to An Internet that benefits strategic goal. The reallocation of funds didn't decrease the overall funding.

Story

We provided $100,000 in funding, ongoing structural and operational support and advice for the setting up and mahi undertaken by the Digital Equity Coalition Aotearoa (DECA). We continued to work with and through DECA to support and strengthen their operating ability, as part of our strategic support for this collaborative community vehicle. DECA was able to set up a number of constellations to support communities and enhance community voice in the affordable connectivity and digital device ecosystems as well as working to start relationships with Māori and Pasifika communities.

Judgements

The decisions about what service performance information to present were made in consultation with the key management personnel, Te Kāhui Tumu | Executive Leadership team, the Audit Finance and Investment Committee and Council.

An analysis of the key activities of InternetNZ significantly influenced the judgments about what to report. These key activities correspond to the InternetNZ strategic plan and the constitution.

Internet New Zealand Incorporated

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

	Notes	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
OPERATING ACTIVITIES					
Exchange Revenue					
Registry Fees		13,408,921	12,635,308	13,408,921	12,635,308
Other Income		214,966	264,484	379,961	361,168
Total Exchange Revenue		13,623,887	12,899,792	13,788,882	12,996,476
Total Operating Revenue		13,623,887	12,899,792	13,788,882	12,996,476
Operating Expenses					
Domain Name Commission		1,559,756	1,589,350	-	-
Community Funding	**24**	1,341,565	1,092,688	1,341,565	1,092,688
Te Puni Raupa (Organisation Performance)	**24**	4,141,293	3,764,884	4,141,293	3,764,884
Te Puni Whiria (Public Impact)	**24**	1,687,408	2,354,758	1,687,408	2,354,758
Te Puni Whakawhanake Rawa (Customer & Product)	**7(b) & 24**	3,861,497	3,884,609	5,511,497	5,610,709
Te Puni Māori	**24**	759,660	369,049	759,660	369,049
Total Operating Expenses	**7 (a) & 24**	13,351,179	13,055,338	13,441,423	13,192,088
Surplus/(Deficit) From Operating Activities		272,708	(155,546)	347,459	(195,612)
INVESTING ACTIVITIES					
Interest Income		287,659	107,610	268,690	100,233
Fair Value Gains/(Losses) on Managed Funds		(41,842)	217,789	(41,842)	217,789
Surplus/(Deficit) From Investing Activities		245,817	325,399	226,848	318,022
SURPLUS/(DEFICIT) FOR THE YEAR		518,525	169,853	574,307	122,410
Other Comprehensive Revenue and Expense		-	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		518,525	169,853	574,307	122,410

These financial statements have been authorised for issue by the Council on 4th July 2023

President — Date 4/7/2023

Councillor — Date 4/7/2023

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

Internet New Zealand Incorporated

Statement of Financial Position
As at 31 March 2023

	Notes	Group		Parent	
		2023	2022	2023	2022
		$	$	$	$
ASSETS					
Current					
Cash and Cash Equivalents	**8**	2,461,208	3,038,160	2,250,710	2,800,291
Trade Debtors and Other Receivables	**9**	1,568,729	1,515,082	1,574,579	1,544,007
Prepayments		686,087	550,703	651,167	484,943
Investments	**12**	10,054,938	8,835,097	9,368,562	8,164,073
Total Current Assets		14,770,962	13,939,042	13,845,018	12,993,314
Non-current					
Property, Plant and Equipment	**10**	1,536,178	1,657,402	1,529,821	1,647,093
Intangible Assets	**11**	3,708,568	702,344	3,523,602	516,509
Intangible assets under construction	**11**	-	2,225,331	-	2,225,331
Investment in Subsidiary	**6**	-	-	580,000	580,000
Investments	**12**	4,986,578	5,043,711	4,986,578	5,043,711
Total Non-Current Assets		10,231,324	9,628,788	10,620,001	10,012,644
TOTAL ASSETS		25,002,286	23,567,830	24,465,019	23,005,958
LIABILITIES					
Current					
Trade Creditors and Other Payables	**14**	1,688,597	1,694,251	1,522,040	1,573,725
Employee Entitlements	**16**	458,904	472,492	384,519	386,211
Deferred Revenue - Current	**15**	8,334,870	7,239,943	8,334,870	7,239,943
Other current liabilities	**19**	413,906	411,402	413,906	411,402
Total Current-Liabilities		10,896,277	9,818,088	10,655,335	9,611,281
Non-Current					
Deferred Revenue - Non Current	**15**	3,520,568	3,669,242	3,520,568	3,669,242
Employee Entitlements	**16**	46,314	53,400	40,811	44,939
Provisions		-	6,500	-	6,500
Total Non-Current Liabilities		3,566,882	3,729,142	3,561,379	3,720,681
TOTAL LIABILITIES		14,463,159	13,547,230	14,216,714	13,331,962
NET ASSETS		10,539,125	10,020,600	10,248,304	9,673,997
EQUITY					
Accumulated Funds		10,539,125	10,020,600	10,248,304	9,673,997
TOTAL EQUITY		10,539,125	10,020,600	10,248,304	9,673,997

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

Internet New Zealand Incorporated

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

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
ACCUMULATED FUNDS				
Opening Balance	10,020,600	9,850,747	9,673,997	9,551,587
Surplus/(Deficit) for the Year	518,525	169,853	574,307	122,410
Other Comprehensive Revenue and Expense	-	-	-	-
Total Comprehensive Revenue and Expense	518,525	169,853	574,307	122,410
CLOSING BALANCE ACCUMULATED FUNDS	10,539,126	10,020,600	10,248,304	9,673,997
TOTAL EQUITY	10,539,125	10,020,600	10,248,304	9,673,997

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

Internet New Zealand Incorporated

Statement of Cash Flows
For the year ended 31 March 2023

	Notes	Group		Parent	
		2023	2022	2023	2022
		$	$	$	$
Cash flows from operating activities					
Cash was provided from/(applied to):					
Receipts from customers		16,758,532	14,069,800	15,020,381	14,116,957
Interest received		231,569	119,572	215,935	112,734
Payments to suppliers and employees		(15,094,674)	(12,677,942)	(13,391,285)	(12,711,321)
GST		56,852	(18,692)	70,532	(53,592)
Net cash from operating activities	**21**	1,952,279	1,492,738	1,915,563	1,464,778
Cash flows from investing activities					
Cash was provided from/(applied to):					
Net proceeds from sale (purchase) of investments		(1,204,548)	2,650,665	(1,189,196)	2,542,684
Purchase of property, plant and equipment		(159,586)	(1,382,812)	(156,021)	(1,379,226)
Purchase of intangible assets		(1,165,095)	(1,606,366)	(1,119,927)	(1,569,853)
Net cash used in investing activities		(2,529,229)	(338,513)	(2,465,144)	(406,395)
Net increase in cash and cash equivalents		(576,952)	1,154,227	(549,581)	1,058,383
Cash and cash equivalents, beginning of the year		3,038,160	1,883,933	2,800,291	1,741,908
Cash and cash equivalents at end of the year	**8**	2,461,208	3,038,160	2,250,710	2,800,291

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

1 Reporting entity

These financial statements comprise the consolidated financial statements of Internet New Zealand Incorporated ('InternetNZ') for the year ended 31 March 2023

The primary activity of InternetNZ | Ipurangi Aotearoa is the home and guardian for the .nz domain, and it's our mission to create an Internet for all New Zealanders that is safe, accessible and a place for good.

Separate Financial statements for InternetNZ (the "Parent") and consolidated financial statements comprising the Parent and its subsidiary (the "Group") are presented.

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 the Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to PBEs. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not large as defined by the financial reporting framework.

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

The Parent and Group is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

The Council has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards apart from note 21 and in doing so has taken advantage of most of the applicable Reduced Disclosure Regime (RDR) disclosure regime.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for investments measured at fair value.

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

In the Financial Position and associated notes for the previous year (2022) we have made an adjustment of $160,683 to the Trade Debtors and Creditors to reflect a duplication of accounting of Trade Debtors with Credit balances.

(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

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

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

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

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

3 Summary of significant accounting policies

The accounting policies of the Parent and Group have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries").

Controlled entities are those entities over which the Parent has the power to govern the financial and operating activities so as to obtain benefits from their activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiaries have a 31 March balance date and consistent accounting policies are applied.

The consolidation of the Parent and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of the Group financial position, performance and cash flows.

In the Parent financial statements, investments in subsidiaries are stated at cost less any impairment losses.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the Parent and Group will not be able to collect all amounts due according to the original terms of the receivable.

(d) Creditors and other payables

Trade creditors and other payables are stated at cost.

(e) 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.

(e) Property, plant and equipment (continued)

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 Parent and Group 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
An 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:

Building Fitout	Term of the lease	Straight Line
Furniture and Fittings	2.00 - 11.76 Years	Straight Line
Office equipment	2.50 - 9.80 Years	Straight Line
Computer hardware	1.49 - 8.00 years	Straight Line

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

(f) Intangible assets
Intangible assets acquired separately are initially recognised at cost.

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

The following amortisation rates have been applied to each class of intangible assets:

Software	2.5 - 8 Years	Straight Line

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.

Internally generated intangible assets

Expenditure on research activities is recognised in surplus or deficit as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the process is technically and commercially feasible, future economic benefits are probable and the Parent and Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in surplus or deficit as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(g) Leased assets
Leases, where the Parent and Group 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 Group 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.

(h) 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 expenditures 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.

The Parent currently has an obligation to make good any alterations to the premises, remove any fixtures and fittings installed and restore the building to the condition it was in at the commencement of their current lease.

(i) Employee entitlements
Employee benefits, previously earned from past services, that the Parent and Group expect to be settled within 12 months of 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.

(j) Impairment of non-financial assets
At each reporting date, the Parent and Group 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 Parent and Group 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 the 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 cash-generating unit (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 an indication exists, the Group 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.

(k) Financial instruments

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

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

(k) Financial instruments (continued)

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 Group 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 Group'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 Group'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.

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

The Parent and Group assess 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 Parent and Group'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.

The Group recognises revenue from rendering services in proportion to the stage of completion of a transaction at the reporting date.
The stage of completion is assessed based on surveys of work performed.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Interest income
Interest income is recognised as it is earned.

(m) Foreign currency translation
Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from then settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(n) Income tax
Due to its charitable status, the Parent and Group is exempt from income tax.

(o) 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.

(p) Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria for the grant. They are recognised as expense when the application has been received. The Parent and Group's non-discretionary grants have no substantive conditions (i.e. use for restricted purposes or repay).

Discretionary grants are those grants where the Parent and Group has no obligation to award a grant on receipt of a grant application. For discretionary grants without substantive conditions, the total committed funding is recognised as expense when the grant is approved and the approval has been communicated to an applicant.

Discretionary grants with substantive conditions are recognised as an expense at the earlier of the grant payment or when the grant conditions have been satisfied.

Grant expenses are disclosed as part of community funds.

(q) Changes in Accounting Policies

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

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

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

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

4 Significant accounting judgements, estimates and assumptions
The preparation of financial statements in conformity with PBE standards 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 Parent and Group capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the Parent and Group's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Parent and Group 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 Subsidiaries
The consolidated financial statements of the Group include the following subsidiary of the Parent:

All subsidiaries are incorporated in New Zealand under the Companies Act 1993 and registered as charities under the Charities Act 2005.

Name of subsidiary	Principal activity
Domain Name Commission Limited	Regulating and managing the .nz domain name space and protecting the interests and rights of everyone involved in using it.

7(a) Operating expenses

	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Amortisation of intangibles	429,899	275,636	383,862	219,711
Audit fees	42,125	31,239	33,025	25,999
Depreciation of property, plant and equipment	268,458	198,999	260,941	188,345
Loss on disposal of property, plant and equipment	12,307	55,713	12,307	55,713
Operating lease payments	276,447	430,992	276,447	430,992
Wages, salaries and other employee costs	7,132,542	7,260,762	6,086,021	6,249,781
Other overheads and administration costs	5,189,401	4,801,996	6,388,821	6,021,547
Total Operating Expenses	13,351,179	13,055,337	13,441,423	13,192,088

7(b) IT operations

The Group Te Puni Whakawhanake Rawa (Customer & Product) Operations expenses are $1,650,000 less than the Parent Te Puni Whakawhanake Operations due to the elimination of the management fee paid to Domain Name Commission Limited (2022: $1,726,100).

8 Cash and cash equivalents

	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Cash at bank and in hand	2,461,208	3,038,160	2,250,710	2,800,291
Cash and cash equivalents at end of the year	2,461,208	3,038,160	2,250,710	2,800,291

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

9 Trade debtors and other receivables

	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Trade receivables	1,492,884	1,448,159	1,489,586	1,441,237
Accrued interest	75,845	19,755	70,095	17,340
GST receivable	-	47,168	14,898	85,430
Impairment allowance	-	-	-	-
Total trade debtors and other receivables	1,568,729	1,515,082	1,574,579	1,544,007

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.

As at 31 March 2022 and 2023 , all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

10 Property, plant and equipment

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

Group 2023	Leasehold Improvements $	Furniture and fittings $	Building fitout $	Computer hardware $	Computer in WIP $	Office equipment $	Total $
Gross carrying amount							
Opening balance	1,498	371,998	866,831	2,094,642	425,955	65,639	3,826,563
Additions	-	23,218	-	125,929	5,959	3,565	158,671
Transferred from WIP	-	-	-	431,914	(431,914)	-	-
Disposals of fully amortised assets	(1,498)	(36,610)	-	(617,415)	-	-	(655,523)
Closing balance	-	358,606	866,831	2,035,070	-	69,204	3,329,711
Accumulated depreciation and impairment							
Opening balance	600	131,754	31,600	1,949,877	-	55,330	2,169,161
Current year depreciation	25	77,772	69,530	113,614	-	7,517	268,458
Depreciation written back on disposal	(625)	(26,047)	-	(617,415)	-	-	(644,087)
Closing balance	-	183,479	101,130	1,446,076	-	62,847	1,793,532
Carrying amount 31 March 2023	0	175,127	765,701	588,994	0	6,357	1,536,178

Group 2022 **Opening balance**	Leasehold Improvements $	Furniture and fittings $	Building fitout $	Computer hardware $	Computer in WIP $	Office equipment $	Total $
Current year depreciation							
Gross carrying amount							
Opening balance	1,498	442,680	-	1,993,233		62,053	2,499,464
Additions	-	201,090	866,831	115,043	425,955	3,586	1,612,505
Disposals in current year	-	(271,772)	-	(13,634)		-	(285,406)
Closing balance	1,498	371,998	866,831	2,094,642	425,955	65,639	3,826,563
Accumulated depreciation and impairment							
Opening balance	495	221,782	-	1,857,000		44,676	2,123,953
Current year depreciation	105	52,059	31,600	104,581		10,654	198,999
Depreciation written back on disposal	-	(142,087)	-	(11,704)		-	(153,791)
Closing balance	600	131,754	31,600	1,949,877		55,330	2,169,161
Carrying amount 31 March 2022	898	240,244	835,231	144,765	425,955	10,309	1,657,402

Internet New Zealand Incorporated

Notes to the financial statements

Property, Plant and Equipment (continued)

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

Parent 2023	Leasehold Improvements $	Furniture and fittings $	Building fitout $	Computer hardware $	Computer in WIP $	Total $
Gross carrying amount						
Opening balance	1,498	371,997	866,831	2,094,642	425,955	3,760,923
Additions	-	23,218	-	125,929	5,959	155,106
Transferred from WIP				431,914	(431,914)	-
Disposals	(1,498)	(36,610)	-	(617,415)	-	(655,523)
Closing balance	-	358,605	866,831	2,035,070	-	3,260,506
Accumulated depreciation and impairment						
Opening balance	600	131,753	31,600	1,949,877	-	2,113,830
Current year depreciation	25	77,772	69,530	113,614	-	260,941
Depreciation written back on disposal	(625)	(26,047)	-	(617,414)	-	(644,086)
Closing balance	-	183,478	101,130	1,446,077	-	1,730,685
Carrying amount 31 March 2023	-	175,127	765,701	588,993	-	1,529,821

Parent 2022	Leasehold Improvements $	Furniture and fittings $	Building fitout $	Computer hardware $	Computer in WIP $	Total $
Gross carrying amount						
Opening balance	1,498	442,679	-	1,993,233	-	2,437,410
Additions	-	201,090	866,831	115,043	425,955	1,608,919
Disposals	-	(271,772)	-	(13,634)	0	(285,406)
Closing balance	1,498	371,997	866,831	2,094,642	425,955	3,760,923
Accumulated depreciation and impairment						
Opening balance	495	221,781	-	1,857,000	-	2,079,276
Current year depreciation	105	52,059	31,600	104,581	-	188,345
Depreciation written back on disposal	-	(142,087)	-	(11,704)	-	(153,791)
Closing balance	600	131,753	31,600	1,949,877	-	2,113,830
Carrying amount 31 March 2022	898	240,244	835,231	144,765	425,955	1,647,093

As at 31 March 2023 the Parent and Group have no contractual commitments to acquire property, plant and equipment (2022 : none)

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Notes to the financial statements

11 Intangible assets

Movements for each class of intangible assets are as follows:

Group 2023	Software $	Intangibles under construction $	Total $
Gross carrying amount			
Opening balance	1,348,396	2,225,331	3,573,727
Additions	1,272,031	-	1,272,031
Transferred from WIP	2,225,331	(2,225,331)	
Disposals in current year	(251,117)	-	(251,117)
Closing balance	4,594,641	-	4,594,641
Accumulated amortisation and impairment			
Opening balance	646,052	-	646,052
Current year amortisation	429,899	-	429,899
Amortisation written back on disposal	(189,878)	-	(189,878)
Closing balance	886,073	-	886,073
Carrying amount 31 March 2023	3,708,568	0	3,708,568

Group 2022 **Opening balance**	Software $	Intangibles under construction $	Total $
Current year amortisation			
Gross carrying amount			
Opening balance	1,315,479	651,884	1,967,363
Additions	36,514	1,573,447	1,609,961
Disposals in current year	(3,597)	-	(3,597)
Closing balance	1,348,396	2,225,331	3,573,727
Accumulated amortisation and impairment			
Opening balance	374,013	-	374,013
Current year amortisation	275,636	-	275,636
Amortisation written back on disposal	(3,597)	-	(3,597)
Closing balance	646,052	-	646,052
Carrying amount 31 March 2022	702,344	2,225,331	2,927,675

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Notes to the financial statements

Intangible assets (continued)

Movements for each class of intangible assets are as follows:

Parent 2023	Software $	Intangibles under construction $	Total $
Gross carrying amount			
Opening balance	1,074,436	2,225,331	3,299,767
Additions	1,226,863	-	1,226,863
Transferred from WIP	2,225,331	(2,225,331)	-
Disposals	(251,117)	-	(251,117)
Closing balance	4,275,513	-	4,275,513
Accumulated amortisation and impairment			
Opening balance	557,927	-	557,927
Current year amortisation	383,862	-	383,862
Amortisation written back on disposal	(189,878)	-	(189,878)
Closing balance	751,911	-	751,911
Carrying amount 31 March 2023	3,523,602	-	3,523,602

Parent 2022	Software $	Intangibles under construction $	Total $
Gross carrying amount			
Opening balance	1,078,033	651,884	1,729,917
Additions	-	1,573,447	1,573,447
Disposals	(3,597)	-	(3,597)
Closing balance	1,074,436	2,225,331	3,299,767
Accumulated amortisation and impairment			
Opening balance	341,813	-	341,813
Current year amortisation	219,711	-	219,711
Amortisation written back on disposal	(3,597)	-	(3,597)
Closing balance	557,927	-	557,927
Carrying amount 31 March 2022	516,509	2,225,331	2,741,840

2022: The Parent constructed a new database system to replace the current SRS go live was November 2022.

Internet New Zealand Incorporated

Notes to the financial statements

12 Investments

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Loans and receivables				
Term deposits	10,054,938	8,835,097	9,368,562	8,164,073
Financial assets at fair value through surplus or deficit				
Managed Funds	4,986,578	5,043,711	4,986,578	5,043,711
Total Financial Assets	15,041,516	13,878,808	14,355,140	13,207,784

All the term deposits for the year are between 6 and 12 months and interest rates varies between .80% and 2.95%.

There is no impairment provision for investments.

Managed funds

InternetNZ holds managed funds with Kiwi Wealth and Milford Asset Management. Managed funds are held with the aim to deliver long term capital growth with moderate risk.

The fair value of the Parent and Group investments have been determined by reference to their quoted prices at the reporting date.

Funds invested in Kiwi Wealth are under their Growth plan which is up to 90% in shares and other growth assets, with the remainder invested in cash and fixed interest assets.
Milford Asset Management funds are invested in a Balanced Plan which is a diversification fund primarily invested in equities, with an allocation to fixed interest securities.

13 Total unspent funds held

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Total unspent funds held:				
Cash and cash Equivalents	2,461,208	3,038,157	2,250,709	2,800,291
Investments	15,041,516	13,878,810	14,355,140	13,207,786
Total unspent funds held	17,502,724	16,916,967	16,605,849	16,008,077
The total unspent funds are held by:				
Internet New Zealand Incorporated	16,605,849	16,008,077	16,605,849	16,008,077
Domain Name Commission Limited	896,875	908,890	-	-
Total unspent funds held	17,502,724	16,916,967	16,605,849	16,008,077
Represented by:				
Funds held but not yet spent	5,647,286	6,007,783	4,750,411	5,098,893
	11,855,438	10,909,184	11,855,438	10,909,184
Deferred revenue				
Total unspent funds held	17,502,724	16,916,967	16,605,849	16,008,077

14 Trade creditors and other payables

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Trade creditors	1,047,387	1,070,330	968,202	986,511
Other accruals	364,487	487,254	286,799	450,547
Grant committed	267,039	136,667	267,039	136,667
GST Payable	9,684			
Total trade creditors and other payables	1,688,597	1,694,251	1,522,040	1,573,725

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

15 Deferred revenue

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Current	8,334,870	7,239,943	8,334,870	7,239,943
Non-current	3,520,568	3,669,242	3,520,568	3,669,242
Total deferred revenue	11,855,438	10,909,185	11,855,438	10,909,185

Registry fees received by InternetNZ Limited are recognised as revenue on a straight line basis over the period of registration which ranges from 1 to 10 years. Registry fee receipts received for periods subsequent to balance date are treated as deferred revenue.

16 Employee entitlements

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Annual leave entitlements (current)	458,904	472,492	384,519	386,211
Liability for long-service leave (non-current)	46,314	53,400	40,811	44,939
Total employee entitlements	505,218	525,892	425,330	431,150

Short–term employee entitlements represent the Parent and Group's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

Long–term employee entitlements represent the Parent and Group's obligation to its current and former employees for services provided up to reporting date which settlement will be beyond 12 months of reporting date. These mainly consist of long-service leave entitlements at the reporting date.

During the year the number of employees who received remuneration greater than $100,000 is 22 (2022 : 20)

17 Operating leases

Operating leases are held for premises used for office space.

	Group		Parent	
	2023	2022	2023	2022
Non-cancellable operating leases are payable as follows:	$	$	$	$
Less than one year	325,161	325,196	325,161	325,196
Between one and five years	908,669	1,233,970	908,669	1,233,970
More than five years	-	-	-	-
Total operating lease commitment	1,233,830	1,559,166	1,233,830	1,559,166

18 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 Parent or Group.

The Parent and Group has a related party relationship with its Subsidiaries, Executive Officers and other Key Management Personnel.

Transactions between Parent and subsidiaries

Internet New Zealand Incorporated (InternetNZ) owns 100% of the share capital in its subsidiaries:

2023

- Domain Name Commission Limited (DNCL).

2022

- Domain Name Commission Limited.

DNCL paid administration fees to InternetNZ during the year of $249,581 (2022 : DNCL $246,732).

InternetNZ paid a management fee to DNCL during the year of $1,650.000 (2022: DNCL $1,726,099)

InternetNZ has trade debtors owing from DNCL of $16,619 (2022: $5,325).

InternetNZ has trade creditors owing to DNCL of $3,298 (2022: $6,922)

Other related party transactions

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

Tohatoha Aotearoa Commons Incorporated is a Strategic Partner of InternetNZ, Councillor Brenda Wallace was on the Board of Tohatoha when elected to the InternetNZ Council in July 2022 until stepping down at the Tohatoha AGM in September 2022. Funding of $110,000 was paid to Tohatoha in April 2022 before Councillor Wallace was elected

Digital Natives Academy Charitable Trust T/A Digital Natives Academy (DNA) received $60,000 during the 2022/23 financial year, $50,000 in a Funding Round and $10,000 in Sponsorship, as a fundholder for another project. Councillor Potaua Biasiny-Tule and his partner are Trustees of DNA. Funding and sponsorship decisions and approval are made at an Operations level, Councillors have no involvement in the process.

Shama Ethnic Women's Trust is the fundholder for (IACT) Inclusive Aotearoa Collective Tahono was a beneficiary of $10,000 sponsorship from InternetNZ in Feb 2022, this transaction took place before Councillor Anjum Rahman was elected to InternetNZ Council in July 2022

Shama Ethnic Woman's Trust is the fundholder for (IACT) Inclusive Aotearoa Collective Tahono - Christchurch Call Advisory Network (CCAN) value $1,150 for airfares to attend a CCAN conference, this was funded by CCAN and processed via InternetNZ's system.

Brenwick PT Two Limited T/A Pack Send Wellington City is owned by Catherine Fenwick's InternetNZ's Tumutaumatua | General Manager Organisational Performance husband. This company was used to courier packages for the registry project around NZ value $3,336.79.

Key management compensation

The Parent and Group have a related party relationship with its key management personnel. Key management personnel include the Parent's Council Members, Subsidiary Directors and the Senior Management.

Key management personnel compensation includes the following expenses:	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Governance fees, salaries and other short-term employee benefits	1,739,856	1,900,201	1,489,986	1,466,475
Total remuneration	1,739,856	1,900,201	1,489,986	1,466,475
Number of persons recognised as key management personnel	19	20	16	16

19 Other current liabilities

These liabilities represent an obligation to pay cash to Christchurch Call Advisory Network (CCAN) and DECA. The Group is performing secretarial duties for these entities and receives cash and pays expenses on their behalf. There are no restriction on the use of this cash and it is recognised in cash and cash equivalents. The liability is the outstanding amount due to CCAN and DECA.

20 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 Parent and Group classified as "loans and receivables" are carried at cost less accumulated impairment losses. Investments in managed funds are classified as "Financial assets at fair value through surplus or deficit" as disclosed in Note 12.

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

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Financial assets (loans and receivables)				
Cash and cash equivalents	2,461,208	3,038,157	2,250,710	2,800,291
Term deposits	10,054,938	8,835,098	9,368,562	8,164,075
Trade debtors	1,331,126	1,628,597	1,559,681	1,619,260
Financial assets (fair value through surplus and deficit)				
Managed funds	4,986,578	5,043,711	9,368,562	8,164,075
Total financial assets	18,833,850	18,545,563	22,547,515	20,747,701
Financial liabilities (amortised cost)				
Trade creditors	1,450,996	1,854,934	1,522,040	1,734,408
Deferred revenue	11,855,438	10,909,184	11,855,438	10,909,184
Employee entitlements	458,904	472,492	384,519	386,211
Other current liabilities	413,906	411,402	413,906	411,402
Total financial liabilities	14,179,244	13,648,012	14,175,903	13,441,205

21 Reconciliation of cash flows from operating activities

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Surplus/(deficit) for the year	518,525	169,853	574,306	122,410
Add/(deduct) non-cash items				
Depreciation, amortisation and impairment	652,708	317,247	599,153	250,668
Add/(deduct) movements classified as investing activities				
(Gain)/loss on disposal of property, plant and equipment	12,307	55,713	12,307	55,713
Add/(deduct) movements in working capital				
(Increase)/decrease in trade debtors and other receivables	121,881	109,278	121,593	60,290
(Increase)/decrease in GST receivable	56,852	(18,692)	70,532	(53,592)
(Increase)/decrease in prepayments	(135,385)	87,693	(166,224)	81,065
Increase/(decrease) in trade creditors and other payables	(244,533)	(506,625)	(280,881)	(306,395)
Increase/(decrease) in employee entitlements	(20,674)	11,967	(5,820)	(11,686)
Increase/(decrease) in managed funds	41,841	(217,789)	41,841	(217,789)
Increase/(decrease) in deferred revenue	946,253	1,072,691	946,253	1,072,692
Increase/(decrease) in other current liabilities	2,504	411,402	2,504	411,402
Net cash flows from/ (used in) operating activities	1,952,279	1,492,738	1,915,563	1,464,778

22 Contingent assets and contingent liabilities

The Parent and Group have no contingent assets or continent liabilities (2022 : None).

23 Events after the reporting period

There were no events that have occurred after balance date that would have a material impact on these financial statements. (2022: None).

24 Reporting restructure

Realignment of 2022 Operating Expenses was done to be consistent with the current years new reporting classifications of operating expenses.

Parent Alignment Mapping to New Reporting Classifications	2022	Community Funding	Te Puni Raupa (Organisation Performance)	Te Puni Whiria (Public Impact)	Te Puni Whakawhanake Rawa (Customer & Product)	Te Puni Māori	Total Operating Expenses
Community Funding	1,615,201	1,092,688	110,687	411,826			1,615,201
Community Engagement	658,350			289,301		369,049	658,350
Communications/Outreach	737,571		110,687	626,884			737,571
Governance	332,066		332,066				332,066
International Engagements	266,634			266,634			266,634
IT Operations	3,981,482		310,687		3,670,795		3,981,482
Policy	981,490		221,377	760,113			981,490
Technical Research	582,854				582,854		582,854
Technology Strategy	449,600		449,600				449,600
Commercial Marketing	1,663,719		306,658		1,357,061		1,663,719
Organisational Services	1,501,712		1,501,712				1,501,712
Security	421,410		421,410				421,410
Total Operating Expenses	13,192,089	1,092,688	3,764,884	2,354,758	5,610,710	369,049	13,192,089