

Internet New Zealand Incorporated

Consolidated Financial Statements and
Statement of Service Performance

For the year ended 31 March 2024

Internet New Zealand Incorporated

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Internet New Zealand Incorporated

Statement of Service Performance For the year ended 31 March 2024

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 are an incorporated society membership organisation and registered as a charity; profits from .nz are invested back into the community. As of 31 March 2024, we had 384 members.

We advocate for an Internet that benefits all of Aotearoa through our community funding, research, policy advocacy and partnerships.

Our whakataukī



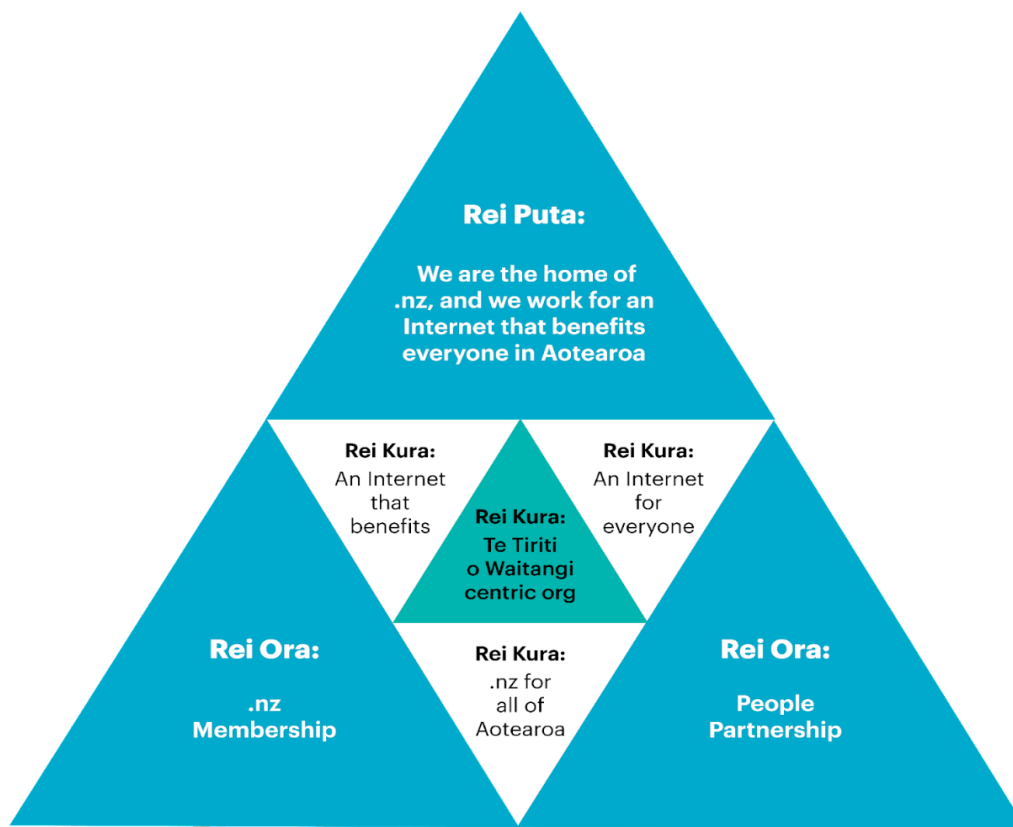
In January 2017, Takawai Murphy from Ngāti Manawa, Ngāti Rangitahi and Ngāti Hinekura gifted us our whakataukī.

[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

This Niho Taniwha was designed based on our commitment to centring Te Tiriti in our work. This design 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.

InternetNZ's journey to centring Te Tiriti o Waitangi in our organisation is a commitment we are working towards fulfilling.

Comparatives, benchmarks/targets or quantitative outputs

For InternetNZ Statement of Service Performance (SSP) Reports, the majority of outputs, report all three criteria: comparatives, benchmarks/targets, or quantitative outputs, **where available**.

Internet New Zealand Incorporated

Statement of Service Performance

Our strategic outcomes

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

Te Tiriti o Waitangi is central to how we work. Our journey to date has identified relationship-building, harnessing knowledge, developing an understanding of Te Ao Māori world views and embedding tikanga in our culture are all important elements.

Expected outcomes 2023-2024

- To implement recommendations of the independent systemic racism review (SRR) by the end of the 2024-25 Financial year.
- Year-on-year increase of 10% over the next three years in funding to Māori partners.

Benchmarks/Targets 2023-2024

Detailed reporting, including implementing progress of the recommendations regarding the independent systemic racism review, can now be found in the Annual report.

In 2023/24 we distributed a total of \$1,199,925.98 to a range of community organisations and people. We have continued to refine our approach to funding by reassessing existing funding streams such as moving away from sponsorship funding, enabling smaller grants that mean more projects get funded, and funding more longer term strategic partnerships.

Funds have been distributed against whainganga | goals as follows:

- | | |
|----------------------------------|-----------|
| • Te Tiriti centric organisation | \$431,645 |
| • An internet for everyone | \$344,693 |
| • An internet that benefits | \$423,588 |

We have continued to see an increase in Māori partnerships and projects supported with a 10% increase from 2022-2023. This year we are pleased to have distributed 35.97% or \$431,645 to Māori individuals or organisations up from around 25.02% the previous year.

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Statement of Service Performance For the year ended 31 March 2024

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

Outputs in 2023-2024 Financial Year

Comparative Outputs	2022-2023	2023-2024
Number of projects supported	8	20
Successful grants (\$)	\$125,000	\$176,645
Strategic partnerships (\$)	\$165,000	\$100,000
New funding streams (\$)	\$0	\$155,000
Total funding	\$290,000	\$431,645

Building Strategic relationships

In 2023/24 we have worked to build new strategic partners such as Te Ao Matihiko |Te Matarau. These relationships support our public impact and engagement work, and we use these channels to inform Māori tech communities of funding rounds. This approach has enabled us to prioritise and increase funding to 'by Māori, for Māori' individuals and organisations.

During 2023/24 we have developed more flexible funding mechanisms that support tino rangatiratanga and lead to better outcomes for Māori and other groups disproportionately targeted online or experiencing online harm. Our process has involved kōrero, whanaungatanga, and sharing whakaaro. Recipients have said they appreciate our relationship and people-centred approach. The changes have allowed us to fund more Māori-led groups and individuals resulting in the following funding streams:

- **Whakawhanake | Relationship Development**

We are constantly developing and fostering relationships across the Aotearoa Internet community. This funding gives us greater flexibility to add financial support to organisations that we already know who are doing valuable kaupapa that aligns with our strategic goals. It enables us to mutually nurture the relationship between our two organisations and wider groups within the ecosystem.

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Statement of Service Performance For the year ended 31 March 2024

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

- **Hōtaka | Programmes**

Supporting education programmes is essential in the effort towards digital equity and creating a safer Internet that is better for Aotearoa. This funding can include:

- groups running educational sessions to develop resources that are shared back into the community
- bringing expert facilitators to deliver in schools, community groups or not-for-profits.
- working to connect groups together for a more collaborative systems-based approach.

- **Hāpai te Ipurangi - Supporting Internet Technologies**

Broad-based funding that enables us to flex into current demands or one-off support during the year.

2. Whaingā: .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

Outputs	2022-2023	Target for 2023-2024	Outputs in 2023-2024
¹ DNS availability	100%	100%	100%*
² EPP availability	99.99%	99.90%	99.997%
³ WHOIS availability	99.98%	99.90%	99.998%

1 Domain Name Server (DNS)

2 Extensible Provisioning Protocol (EPP)

3 WHOIS - A public database that is updated when a domain name is registered or when DNS are updated.

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Statement of Service Performance For the year ended 31 March 2024

2. Whaingā: .nz for all of Aotearoa cont:

Story: DNSSEC incident and lessons learned

The [DNSSEC incident](#) occurred on 29 May 2023. It caused access issues for some internet users who weren't able to reach some .nz websites for approximately 13 hours. We estimate that the incident affected less than 2% of users across this timespan.

After full access to .nz domains was restored, InternetNZ conducted an [internal](#) and independent [external](#) review of the incident. Following the incident, new validation capabilities are being implemented to allow additional testing and peer review of the changes needed for production systems.

Additionally, the InternetNZ team has made three presentations at industry events: NZNOG 2024 (Nelson, NZ), DNS-OARC 41 (Danang, Vietnam), and Centr R&D and Tech Workshop (Paris, France), to share what we learned and help the global community avoid the same issue in the future. During these events, we made new contacts and connections to strengthen our capabilities going forward.

*The current reporting metric for DNS Availability cannot detect this type of issue, hence the 100% in the Outputs table. We are currently developing new enhanced monitoring capabilities in the DNS system to spot such issues in the future.

Story: new .nz product strategy

In November 2023, InternetNZ's Council approved a new three-year strategy for our core product, the .nz domain. The strategy aims to achieve a thriving .nz operation that is resilient and sustainable. It clearly defines our vision for the products, services we offer, and markets we focus on.

Outputs 2023-2024 Financial Year Continued

Outputs	2023-2024	Expected Outputs 2024-2025
Registrar channel growth	74 registrars	5% new registrars
Registrar Lock (Lite) product launch	Not offered	Offered to the market
Number of domains under management	745,623	1% growth

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Statement of Service Performance For the year ended 31 March 2024

2. Whaingā: .nz for all of Aotearoa cont:

Story: Domain name price sensitivity research

In October-November 2023, we commissioned consumer and business research to understand behaviours, beliefs and attitudes regarding domain name purchases and pricing. The research findings showed a significant segment of businesses and consumers are considering buying a domain name in the future. These findings will inform our marketing activities over the next three years.

Key findings

- .nz remains a trusted domain of choice: 75% of New Zealand businesses have a domain name, and out of those, 7 of 10 businesses prefer .nz to represent their business online.
- 43% of consumers and 32% of businesses who currently don't have a domain say they would definitely consider setting one up in the future.
- While businesses tend to have a higher accepted range of domain name prices, the optimal retail price for a single domain is similar for New Zealand businesses and consumers and sits around the \$50 mark.

3. Whaingā: An Internet that benefits

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

We work towards empowering 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.

Outputs	2022-2023	Output in 2023-2024
Number of projects supported	22	30
Successful grants (\$)	\$207,291	\$104,693
Strategic partnerships (\$)	\$390,000	\$175,000
New funding streams (\$)	\$0	\$65,000
Total funding	\$597,291	\$344,693

Internet New Zealand Incorporated

Statement of Service Performance For the year ended 31 March 2024

3. Whaingā: An Internet that benefits cont:

Safer Online Services & Media Platforms

Part of our public impact work is to provide advocacy on issues that are important to, and benefit, all New Zealanders. The Department of Internal Affairs released a discussion document called Safer Online Services and Media Platforms (SOSMP). The document proposed reforms to how media and online platforms could be regulated in Aotearoa to reduce online harm. Leveraging our community relationships enable [our submission](#) to include the kōrero shared with us by communities and stakeholders.

One-off fund to build resilience to disinformation

We partnered with The Department of the Prime Minister and Cabinet | Te Tari o te Pirimāi me te Komiti Matua to establish a one-off fund to build resilience against the harms of mis- and disinformation in Aotearoa. The fund supports [initiatives](#) to build capability and resources for education and community outreach. Phase 1 funds were distributed in 2023/24, project being complete in Quarter 2 of 2024/25.

Understanding how New Zealanders feel about the online world

We continue to fund research and surveys to understand how New Zealand feels about the internet or online spaces.

- Each year we carry out our annual [Internet Insights Report](#) - an in-depth survey of New Zealanders online attitudes and behaviours.
- We released [An Internet that Benefits](#) research. Making Everything Achievable (MEA) and Toi Āria engaged communities in 2022/23 across Aotearoa to understand what people want and need from the Internet. Overarching themes include how unique our context is in Aotearoa, how the Internet is here to stay and is changing us, and looking to the future around dangers, accessibility, diversity and education.

4. Whaingā: 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 participate in and benefit from our society, democracy, and economy equitably.

Expected outcome:

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

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Statement of Service Performance For the year ended 31 March 2024

4. Whaingā: An Internet for everyone cont:

Outputs	2022-2023	Output in 2023-2024
Number of projects supported	17	26
Successful grants (\$)	\$146,876	\$153,588
Strategic partnership (\$)	\$295,000	\$255,000
New funding streams (\$)	\$0	\$15,000
Total funding	\$441,876	\$423,588

Supporting an accessible internet

Aligned with our drive to build an Internet for everyone, we ran our first-ever grant round to support [web accessibility](#). The response was overwhelming, with ten times as many applicants as the funding could support. We will run a further round in 2024/25 supporting .nz domain names so that .nz is inclusive and empowering.

Other outputs 2023-2024 Financial Year

Supporting partners work

We have been supporting the Digital Equity Coalition Aotearoa (DECA) as a strategic partner. DECA has developed a constellation model that supports communities and enhances community voice on affordable connectivity and digital InternetNZ systems. We provided funding and operational support. DECA has transferred over to its own operating entity, and InternetNZ is pleased to have supported this important community organisation during its start-up phase.

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 & Risk Committee and Council.

An analysis of InternetNZ's key activities significantly influenced the judgments about what to report. These key activities correspond to the organisation's [strategic priorities, goals](#), and [constitution](#).

Internet New Zealand Incorporated

Statement of Comprehensive Revenue and Expense For the year ended 31 March 2024

	Notes	Group		Parent	
		2024	2023	2024	2023
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Exchange Revenue					
Registry Fees		13,468,538	13,408,921	13,468,538	13,408,921
Other Income		248,598	214,966	453,725	379,961
Total Exchange Revenue		13,717,136	13,623,887	13,922,263	13,788,882
Total Operating Revenue		13,717,136	13,623,887	13,922,263	13,788,882
Operating Expenses					
Domain Name Commission		1,373,529	1,559,756	-	-
Community Funding		1,179,457	1,341,565	1,179,457	1,341,565
Te Puni Raupa (Organisation Performance)		3,977,110	4,141,293	3,977,110	4,141,293
Te Puni Whiria (Public Impact)		1,900,292	1,687,408	1,900,292	1,687,408
Te Puni Whakawhanake Rawa (Customer & Product)	7(b)	4,776,821	3,861,497	6,411,821	5,511,497
Te Puni Māori		458,191	759,660	458,191	759,660
Total Operating Expenses	7 (a)	13,665,400	13,351,179	13,926,871	13,441,423
Surplus/(Deficit) From Operating Activities		51,736	272,708	(4,608)	347,459
INVESTING ACTIVITIES					
Interest Income		579,111	287,659	540,432	268,690
Fair Value Gains/(Losses) on Managed Funds		735,562	(41,842)	735,562	(41,842)
Surplus/(Deficit) From Investing Activities		1,314,673	245,817	1,275,994	226,848
SURPLUS/(DEFICIT) FOR THE YEAR		1,366,409	518,525	1,271,386	574,307
Other Comprehensive Revenue and Expense		-	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		1,366,409	518,525	1,271,386	574,307

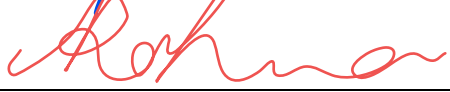
These financial statements have been authorised for issue by the Council on _____



President



Date



Councillor



Date

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 2024

	Notes	Group		Parent	
		2024	2023	2024	2023
		\$	\$	\$	\$
ASSETS					
Current					
Cash and Cash Equivalents	8	2,428,498	2,461,208	2,258,136	2,250,710
Trade Debtors and Other Receivables	9	1,519,795	1,568,729	1,517,690	1,574,579
Prepayments		553,437	686,087	524,064	651,167
Investments	12	10,529,044	10,054,938	9,820,059	9,368,562
Total Current Assets		15,030,774	14,770,962	14,119,949	13,845,018
Non-current					
Property, Plant and Equipment	10	1,264,992	1,536,179	1,257,223	1,529,821
Intangible Assets	11	3,028,454	3,708,568	2,876,415	3,523,602
Assets under Construction	10	379,874	-	379,874	-
Investment in Subsidiary	6	-	-	580,000	580,000
Investments	12	5,705,645	4,986,578	5,705,645	4,986,578
Total Non-Current Assets		10,378,965	10,231,324	10,799,157	10,620,001
TOTAL ASSETS		25,409,739	25,002,286	24,919,106	24,465,019
LIABILITIES					
Current					
Trade Creditors and Other Payables	14	1,082,056	1,688,597	1,053,443	1,522,040
Employee Entitlements	16	445,628	458,904	411,241	384,519
Deferred Revenue - Current	15	8,230,262	8,334,870	8,230,262	8,334,870
Other current liabilities	19	319,540	413,906	284,167	413,906
Total Current-Liabilities		10,077,486	10,896,277	9,979,112	10,655,335
Non-Current					
Deferred Revenue - Non Current	15	3,382,997	3,520,568	3,382,997	3,520,568
Employee Entitlements	16	43,722	46,314	37,307	40,811
Provisions		-	-	-	-
Total Non-Current Liabilities		3,426,719	3,566,882	3,420,304	3,561,379
TOTAL LIABILITIES		13,504,205	14,463,159	13,399,416	14,216,714
		11,905,534	10,539,125	11,519,690	10,248,304
NET ASSETS					
EQUITY					
Accumulated Funds		11,905,534	10,539,125	11,519,690	10,248,304
TOTAL EQUITY		11,905,534	10,539,125	11,519,690	10,248,304

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 2024

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
ACCUMULATED FUNDS				
Opening Balance	10,539,125	10,020,600	10,248,304	9,673,997
Surplus/(Deficit) for the Year	1,366,409	518,525	1,271,386	574,307
Other Comprehensive Revenue and Expense	-	-	-	-
Total Comprehensive Revenue and Expense	1,366,409	518,525	1,271,386	574,307
CLOSING BALANCE ACCUMULATED FUNDS	11,905,534	10,539,125	11,519,690	10,248,304
TOTAL EQUITY	11,905,534	10,539,125	11,519,690	10,248,304

Internet New Zealand Incorporated

Statement of Cash Flows

For the year ended 31 March 2024

	Notes	Group		Parent	
		2024	2023	2024	2023
		\$	\$	\$	\$
Cash flows from operating activities					
<i>Cash was provided from/(applied to):</i>					
Receipts from customers		15,199,455	16,696,511	13,496,157	14,958,360
Registrar Bank Accounts		11,016	62,021	11,016	62,021
Interest received		499,628	231,569	476,356	215,935
Payments to suppliers and employees		(14,828,793)	(15,094,674)	(13,110,892)	(13,391,285)
GST		(38,849)	56,852	(39,720)	70,532
Net cash from operating activities	21	842,456	1,952,279	832,917	1,915,563
Cash flows from investing activities					
<i>Cash was provided from/(applied to):</i>					
Net proceeds from sale (purchase) of investments		(457,609)	(1,204,548)	(435,000)	(1,189,196)
Purchase of property, plant and equipment		(490,001)	(159,586)	(484,390)	(156,021)
Purchase of intangible assets		72,443	(1,165,095)	93,901	(1,119,927)
Net cash used in investing activities		(875,167)	(2,529,229)	(825,489)	(2,465,144)
Net increase in cash and cash equivalents		(32,711)	(576,952)	7,426	(549,581)
Cash and cash equivalents, beginning of the year		2,461,208	3,038,160	2,250,710	2,800,291
Cash and cash equivalents at end of the year	8	2,428,498	2,461,208	2,258,136	2,250,710

Internet New Zealand Incorporated

Notes to the financial statements For the year ended 31 March 2024

1 Reporting entity

These financial statements comprise the consolidated financial statements of Internet New Zealand Incorporated ('InternetNZ') for the year ended 31 March 2024

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 it 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.

(c) Presentation currency

The financial statements are presented in New Zealand dollars.

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

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.

Internet New Zealand Incorporated

Notes to the financial statements

For the year ended 31 March 2024

(a) Basis of consolidation (Continued)

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.

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.

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Notes to the financial statements For the year ended 31 March 2024

(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
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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.

Internet New Zealand Incorporated

Notes to the financial statements

For the year ended 31 March 2024

(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.

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.

Internet New Zealand Incorporated

Notes to the financial statements For the year ended 31 March 2024

(k) Financial instruments (continued)

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.

Internet New Zealand Incorporated

Notes to the financial statements For the year ended 31 March 2024

(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 the 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.

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.

Internet New Zealand Incorporated

Notes to the financial statements For the year ended 31 March 2024

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.

Internet New Zealand Incorporated

Notes to the financial statements

7(a) Operating expenses

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
Amortisation of intangibles	642,768	429,899	588,382	383,862
Audit fees	42,100	42,125	33,000	33,025
Depreciation of property, plant and equipment	316,447	268,458	312,250	260,941
Loss on disposal of property, plant and equipment	64,865	12,307	64,865	12,307
Operating lease payments	303,904	276,447	303,904	276,447
Wages, salaries and other employee costs	6,956,443	7,132,542	5,909,922	6,086,021
Other overheads and administration costs	5,338,872	5,189,401	6,714,548	6,388,821
Total Operating Expenses	13,665,400	13,351,179	13,926,871	13,441,423

7(b) IT operations

The Group Te Puni Whakawhanake Rawa (Customer & Product) Operations expenses are \$1,635,000 less than the Parent Te Puni Whakawhanake Operations due to the elimination of the management fee paid to Domain Name Commission Limited (2023: \$1,650,000).

8 Cash and cash equivalents

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash at bank and in hand	2,428,498	2,461,208	2,258,136	2,250,710
Cash and cash equivalents at end of the year	2,428,498	2,461,208	2,258,136	2,250,710

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

9 Trade debtors and other receivables

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade receivables	1,328,901	1,492,884	1,328,901	1,489,586
Accrued interest	161,728	75,845	134,171	70,095
GST receivable	29,166	-	54,618	14,898
Impairment allowance	-	-	-	-
Total trade debtors and other receivables	1,519,795	1,568,729	1,517,690	1,574,579

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 2023 and 2024, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

Internet New Zealand Incorporated

Notes to the financial statements

10 Property, plant and equipment

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

Group 2024	Furniture and fittings	Building fitout	Computer hardware	Office equipment	Assets under construction	Total
	\$	\$	\$	\$	\$	\$
Gross carrying amount						
Opening balance	358,605	866,831	2,035,070	69,204	-	3,329,710
Additions	8,411	-	34,646	5,609	-	48,666
Transferred from WIP	-	-	-	-	379,874	379,874
Disposals of fully amortised assets	(40,624)	-	(1,112,783)	-	-	(1,153,407)
Closing balance	326,392	866,831	956,933	74,813	379,874	2,604,843
Accumulated depreciation and impairment						
Opening balance	183,478	101,130	1,446,077	62,847	-	1,793,532
Current year depreciation	60,711	86,683	164,854	4,199	-	316,447
Depreciation written back on disposal	(38,997)	-	(1,111,005)	-	-	(1,150,002)
Closing balance	205,192	187,813	499,926	67,046	-	959,977
Carrying amount 31 March 2024	121,200	679,018	457,007	7,767	379,874	1,644,866

Group 2023	Leasehold improvement	Furniture and fittings	Building fitout	Computer hardware	Computer in WIP	Office equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance							
Current year depreciation							
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 in current year	(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	-	175,127	765,701	588,994	-	6,357	1,536,179

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 2024	Furniture and fittings \$	Building fitout \$	Computer hardware \$	Assets under construction \$	Total \$
Gross carrying amount					
Opening balance	358,605	866,831	2,035,070	-	3,260,506
Additions	8,411	-	34,646	-	43,057
Work In Progress	-	-	-	379,874	379,874
Disposals	(40,624)	-	(1,112,783)	-	(1,153,407)
Closing balance	326,392	866,831	956,933	379,874	2,530,030
Accumulated depreciation and impairment					
Opening balance	183,478	101,130	1,446,077	-	1,730,685
Current year depreciation	60,711	86,683	165,128	-	312,250
Depreciation written back on disposal	(38,997)	-	(1,111,005)	-	(1,150,003)
Closing balance	205,192	187,813	500,200	-	892,932
Carrying amount 31 March 2024	121,200	679,018	456,733	379,874	1,637,097.00

Parent 2023	Leasehold Improvement \$	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	3,760,924
Additions	-	23,218	-	125,929	5,959	155,106
Work In Progress	-	-	-	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	-	2,113,230
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

As at 31 March 2024 the Parent and Group have no contractual commitments to acquire property, plant and equipment (2023 : none)

Internet New Zealand Incorporated

Notes to the financial statements

11 Intangible assets

Movements for each class of intangible assets are as follows:

	Software	Intangibles under construction	Total
	\$	\$	\$
Group 2024			
Gross carrying amount			
Opening balance	4,594,641	-	4,594,641
Additions	25,859	-	25,859
Reallocation	(56,639)	-	(56,639)
Disposals in current year	(215,269)	-	(215,269)
Closing balance	4,348,592	-	4,348,592
Accumulated amortisation and impairment			
Opening balance	886,073	-	886,073
Current year amortisation	642,768	-	642,768
Reallocation	(56,639)	-	(56,639)
Amortisation written back on disposal	(152,064)	-	(152,064)
Closing balance	1,320,138	-	1,320,138
Carrying amount 31 March 2024	3,028,454	0	3,028,454

	Software	Intangibles under construction	Total
	\$	\$	\$
Group 2023			
Opening balance			
Current year amortisation			
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	-	3,708,568

Internet New Zealand Incorporated

Notes to the financial statements

Intangible assets (continued)

Movements for each class of intangible assets are as follows:

	Software	Intangibles under construction	Total
	\$	\$	\$
Parent 2024			
Gross carrying amount			
Opening balance	4,275,513	-	4,275,513
Additions	4,400	-	4,400
Category reallocation	(56,639)	-	(56,639)
Disposals	(170,794)	-	(170,794)
Closing balance	4,052,480	-	4,052,480
Accumulated Amortisation and impairment			
Opening balance	751,911	-	751,911
Current year Amortisation	588,382	-	588,382
Category reallocation	(56,639)	-	(56,639)
Amortisation written back on disposal	(107,589)	-	(107,589)
Closing balance	1,176,066	-	1,176,066
Carrying amount 31 March 2024	2,876,415	-	2,876,415

	Software	Intangibles under construction	Total
	\$	\$	\$
Parent 2023			
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)	0
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

Internet New Zealand Incorporated

Notes to the financial statements

12 Investments

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
<i>Loans and receivables</i>				
Term deposits	10,529,044	10,054,938	9,820,059	9,368,562
<i>Financial assets at fair value through surplus or deficit</i>				
Managed Funds	5,705,645	4,986,578	5,705,645	4,986,578
Total Financial Assets	16,234,689	15,041,516	15,525,704	14,355,140

All the term deposits for the year are between 6 and 12 months and interest rates varies between 2.25% and 6.15%.

There is no impairment provision for investments.

Managed funds

InternetNZ holds managed funds with Fisher Funds (formerly 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 Fisher Funds (formerly 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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Total unspent funds held:				
Cash and cash Equivalents	2,428,498	2,461,208	2,258,135	2,250,709
Investments	16,234,689	15,041,516	15,525,704	14,355,140
Total unspent funds held	18,663,187	17,502,724	17,783,839	16,605,849
The total unspent funds are held by:				
Internet New Zealand Incorporated	17,783,839	16,605,849	17,783,839	16,605,849
Domain Name Commission Limited	879,348	896,875	-	-
Total unspent funds held	18,663,187	17,502,724	17,783,839	16,605,849
Represented by:				
Funds held but not yet spent	7,049,928	5,647,286	6,170,580	4,750,411
Deferred revenue	11,613,259	11,855,438	11,613,259	11,855,438
Total unspent funds held	18,663,187	17,502,724	17,783,839	16,605,849

14 Trade creditors and other payables

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade creditors	1,082,056	1,047,387	1,053,443	968,202
Other accruals	303,540	364,487	188,735	286,799
Grant committed	16,000	267,039	16,000	267,039
GST Payable		9,684		
Total trade creditors and other payables	1,401,596	1,688,597	1,258,178	1,522,040

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

Internet New Zealand Incorporated

Notes to the financial statements

15 Deferred revenue

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current	8,230,262	8,334,870	8,230,262	8,334,870
Non-current	3,382,997	3,520,568	3,382,997	3,520,568
Total deferred revenue	11,613,259	11,855,438	11,613,259	11,855,438

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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Annual leave entitlements (current)	445,628	458,904	411,241	384,519
Liability for long-service leave (non-current)	43,722	46,314	37,307	40,811
Total employee entitlements	489,350	505,218	448,548	425,330

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 24 (2023 : 22)

17 Operating leases

Operating leases are held for premises used for office space.

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>				
Less than one year	325,161	325,161	325,161	325,161
Between one and five years	583,508	908,669	583,508	908,669
More than five years	-	-	-	-
Total operating lease commitment	908,669	1,233,830	908,669	1,233,830

Internet New Zealand Incorporated

Notes to the financial statements

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:

2024

- Domain Name Commission Limited (DNCL).

2023

- Domain Name Commission Limited.

DNCL paid administration fees to InternetNZ during the year of \$276,527 (2023 : DNCL \$249,581).

InternetNZ paid a management fee to DNCL during the year of \$1,635,000 (2023: DNCL \$1,650,000)

InternetNZ has trade debtors owing from DNCL of \$1,987.46 (2023: \$16,619).

InternetNZ has trade creditors owing to DNCL of \$0 (2023: \$3,298)

Other related party transactions

DNCL paid directors fees of \$35,470 (2022: \$35,468).

Digital Natives Academy Charitable Trust T/A Digital Natives Academy (DNA) received \$50,000 FY 2023/24, \$30,000 in programme support \$20,000 in Funding Rounds. Councillor Potaua Biasimy-Tule and his partner are Trustees of DNA. Funding and support decisions and approval are made at an Operations level, Councillors have no contribution in the process.

Shama. Ethnic Woman's Trust/TA inclusive Aotearoa Collective Tahono - value \$617.87 for expense reimbursement of participation in Nethui design event, Councillor Anjum Rahman was invited to participate by management.

Brenwick PT Two Limited T/A Pack Send Wellington City is owned by Catherine Fenwick InternetNZ's Tumutaumatua | General Manager Organisational Performance husband, used to courier packages for the registry project around NZ value \$8,766.30.

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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Governance fees, salaries and other short-term employee benefits	1,644,012	1,739,856	1,349,998	1,489,986
Total remuneration	1,644,012	1,739,856	1,349,998	1,489,986
Number of persons recognised as key management personnel	20	19	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.

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Notes to the financial statements

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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets (loans and receivables)				
Cash and cash equivalents	2,428,498	2,461,208	2,258,136	2,250,710
Term deposits	10,529,044	10,054,938	9,820,059	9,368,562
Trade debtors	1,331,126	1,331,126	1,463,072	1,559,681
Financial assets (fair value through surplus and deficit)				
Managed funds	5,705,645	4,986,578	9,820,059	9,368,562
Total financial assets	19,994,313	18,833,850	23,361,326	22,547,515
Financial liabilities (amortised cost)				
Trade creditors	1,450,996	1,450,996	1,053,443	1,522,040
Deferred revenue	11,613,259	11,855,438	11,613,259	11,855,438
Employee entitlements	445,628	458,904	411,241	384,519
Other current liabilities	319,540	413,906	319,540	413,906
Total financial liabilities	13,829,423	14,179,244	13,397,483	14,175,903

21 Reconciliation of cash flows from operating activities

	Group		Parent	
	2024	2023	2024	2023
	\$	\$	\$	\$
Surplus/(deficit) for the year	1,366,410	518,525	1,271,386	574,306
<i>Add/(deduct) non-cash items</i>				
Depreciation, amortisation and impairment	924,120	652,708	865,535	599,153
<i>Add/(deduct) movements classified as investing activities</i>				
(Gain)/loss on disposal of property, plant and equipment	64,865	12,307	64,865	12,307
<i>Add/(deduct) movements in working capital</i>				
(Increase)/decrease in trade debtors and other receivables	(266,514)	59,860	(248,003)	59,572
(Increase)/decrease in GST receivable	(38,849)	56,852	(39,720)	70,532
(Increase)/decrease in Registrar Bank Accounts	11,016	62,021	11,016	62,021
(Increase)/decrease in prepayments	132,649	(135,385)	127,103	(166,224)
Increase/(decrease) in trade creditors and other payables	(23,158)	(244,533)	69,732	(280,881)
Increase/(decrease) in employee entitlements	(15,868)	(20,674)	23,218	(5,820)
Increase/(decrease) in managed funds	(735,562)	41,841	(735,562)	41,841
Increase/(decrease) in deferred revenue	(242,179)	946,253	(242,179)	946,253
Increase/(decrease) in other current liabilities	(334,474)	2,504	(334,474)	2,504
Net cash flows from/ (used in) operating activities	842,456	1,952,279	832,917	1,915,563

22 Contingent assets and contingent liabilities

The Parent and Group have no contingent assets or contingent liabilities (2023 : 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. (2023: None).