

**Internet New Zealand Incorporated**  
**Annual Report**  
**For the Year Ended 31st March 2015**

**Prepared By**

**Deloitte**  
**Wellington** **NZ**

**Internet New Zealand Incorporated**  
**Annual Report**  
**For the Year Ended 31st March 2015**

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**Internet New Zealand Incorporated**  
**Annual Report**  
**For the Year Ended 31st March 2015**

**Financial Result**

The Group Net Profit for the year, after taxation, was (\$519,913) (2014: \$33,101).

	2015		2014	
	Group	Parent	Group	Parent
Retained Earnings as at 1 April	9,412,100	5,575,427	9,378,999	6,191,093
Net Profit (Loss) After Taxation	<u>(519,913)</u>	<u>(413,496)</u>	<u>33,101</u>	<u>(615,666)</u>
Retained Earnings as at 31st March	<u>\$8,892,187</u>	<u>\$5,161,931</u>	<u>\$9,412,100</u>	<u>\$5,575,427</u>

**Dividend**

Dividends of \$2,755,776 were received from NZRS Limited, a wholly owned company, for the year ended 31st March 2015 (2014: \$2,559,637).

**Remuneration of Council**

During the year Council received the following remuneration:

**Fees Paid**

Jamie Baddeley - President (Elected August 2014)	26,250
Joy Liddicoat - Vice President (Elected August 2014)	11,421
Neil James	16,500
Dave Moskovitz	16,019
Hamish MacEwan	15,000
Lance Wiggs	15,000
Brenda Wallace	15,000
Richard Wood	15,000
Amber Craig	15,000
Rochelle Furneaux	15,000
Frank March (Term Ended July 2014)	10,000
Sara Lee	10,000
Hayden Glass	10,000
Donald Clark (Term Ended July 2014)	5,000
Michael Wallmannsberger (Term Ended July 2014)	5,000

**\$200,190**

**For and on Behalf of the Council**

 **President**

 **Vice President**

24/6/15 **. Date**

**Internet New Zealand Incorporated**  
**Statement of Comprehensive Income**  
**For the Year Ended 31st March 2015**

	Note	2015		2014	
		Group	Parent	Group	Parent
<b>Operating Income</b>					
Registry Fees		8,711,828	-	8,194,983	-
Other Income		113,195	310,115	73,920	232,051
		8,825,023	310,115	8,268,903	232,051
<b>Less Operating Expenses</b>	<b>3,4,5</b>				
Registry Services		3,504,609	-	3,115,034	-
Domain Name Commission		1,805,155	-	1,322,680	-
Community Engagement		353,058	353,058	219,738	219,739
Community Funding		639,533	639,533	498,284	498,284
Governance & Members		438,082	421,467	345,589	326,419
International Engagements		396,622	396,622	416,451	416,451
International Events		51,265	51,265	87,279	87,278
Internet Issues		607,696	607,696	884,307	884,307
Operations		2,312,541	1,422,009	1,915,636	1,213,253
		10,108,561	3,891,650	8,804,998	3,645,731
<b>Surplus/(Deficit) from Operations</b>		(1,283,538)	(3,581,535)	(536,095)	(3,413,680)
<b>Plus Other Income/(Expenses)</b>					
Dividend Income	<b>8</b>	-	2,755,776	-	2,559,637
Interest		448,853	97,491	491,946	161,127
Investment Income		314,772	314,772	77,250	77,250
		(519,913)	(413,496)	33,101	(615,666)
<b>Surplus for the Year</b>					
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Comprehensive Income for the Year</b>		(\$519,913)	(\$413,496)	\$33,101	(\$615,666)

Total Comprehensive Income is attributable to the Members of Internet New Zealand Inc.

**Internet New Zealand Incorporated**  
**Statement of Changes in Equity**  
**For the Year Ended 31st March 2015**

	Note	2015		2014	
	Group	Parent	Group	Parent	Parent
<b>Retained Earnings</b>					
<b>Opening Retained Earnings</b>		9,412,100	5,575,427	9,378,999	6,191,093
<b>Total Comprehensive Income for the Year</b>					
Surplus for the Year		(519,913)	(413,496)	33,101	(615,666)
Other Comprehensive Income		-	-	-	-
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Retained Earnings as at 31st March</b>		<u>\$8,892,187</u>	<u>\$5,161,931</u>	<u>\$9,412,100</u>	<u>\$5,575,427</u>

**Internet New Zealand Incorporated**  
**Statement of Financial Position**  
**As At 31st March 2015**


	Note	2015		2014	
		Group	Parent	Group	Parent
<b>Current Assets</b>					
Cash and Cash Equivalents	1	2,806,118	176,978	1,772,553	431,656
Other Financial Assets	1a	11,750,633	4,401,017	12,313,029	4,510,905
Trade Debtors and Other Receivables	2	1,813,046	164,342	1,335,611	195,834
<b>Total Current Assets</b>		<u>16,369,797</u>	<u>4,742,337</u>	<u>15,421,193</u>	<u>5,138,395</u>
<b>Non Current Assets</b>					
Property, Plant & Equipment	4	740,984	250,745	862,570	265,399
Shares in Subsidiaries	9	-	610,000	-	610,000
Intangible Assets	5	787,716	140,912	607,059	65,456
<b>Total Non Current Assets</b>		<u>1,528,700</u>	<u>1,001,657</u>	<u>1,469,629</u>	<u>940,855</u>
<b>Total Assets</b>		<u>17,898,497</u>	<u>5,743,994</u>	<u>16,890,822</u>	<u>6,079,250</u>
<b>Less Liabilities:</b>					
<b>Current Liabilities</b>					
Deferred Income- Current	11	5,533,052	-	4,609,054	-
Trade Creditors and Other Payables	6	1,259,235	582,063	1,121,160	503,823
<b>Total Current Liabilities</b>		<u>6,792,287</u>	<u>582,063</u>	<u>5,730,214</u>	<u>503,823</u>
<b>Term Liabilities</b>					
Deferred Income- Non Current	11	2,214,023	-	1,748,508	-
<b>Total Liabilities</b>		<u>9,006,310</u>	<u>582,063</u>	<u>7,478,722</u>	<u>503,823</u>
<b>Net Assets</b>		<u>\$8,892,187</u>	<u>\$5,161,931</u>	<u>\$9,412,100</u>	<u>\$5,575,427</u>

**Internet New Zealand Incorporated**  
**Statement of Financial Position**  
**As At 31st March 2015**

	2015		2014	
	Group	Parent	Group	Parent
<b>Represented by:</b>				
<b>Total Equity</b>	<u>\$8,892,187</u>	<u>\$5,161,931</u>	<u>\$9,412,100</u>	<u>\$5,575,427</u>

**For and on Behalf of the Council**

  
 \_\_\_\_\_ **President**

  
 \_\_\_\_\_ **Vice President**

24/6/15 . **Date**

**Internet New Zealand Incorporated**  
**Statement of Cash Flows**  
**For the Year Ended 31st March 2015**

	Note	2015		2014	
	Group	Parent	Group	Parent	Parent
<b>Cash Flows From Operating Activities</b>					
<b>Cash was Provided From</b>					
Net Receipts from Customers		10,028,764	615,753	8,551,656	311,398
Receipt of Taxation		-	-	7,461	-
Dividend Received		-	2,755,776	-	2,559,637
Interest Received		462,606	113,180	571,623	247,716
Net GST Received		<u>146,266</u>	<u>-</u>	<u>-</u>	<u>7,687</u>
		<b>10,637,635</b>	<b>3,484,709</b>	<b>9,130,740</b>	<b>3,126,438</b>
<b>Cash was Distributed To:</b>					
Payments to Suppliers and Employees		9,190,876	3,704,199	7,875,977	3,621,311
Payment of Taxation		-	-	-	-
Net GST Paid		<u>3,293</u>	<u>3,293</u>	<u>77,189</u>	<u>-</u>
		<b>9,194,169</b>	<b>3,707,492</b>	<b>7,953,166</b>	<b>3,621,311</b>
<b>Net Flows Operating Activities</b>		<b>1,443,467</b>	<b>(222,783)</b>	<b>1,177,574</b>	<b>(494,873)</b>
<b>Cash Flows From Investing</b>					
<b>Cash was Provided From:</b>					
Net Withdrawal from Other Investments		562,396	109,889	-	57,237
<b>Cash was Distributed To:</b>					
Net Investment in Other Investments		-	-	753,189	-
Purchase of Fixed Assets & Intangibles		<u>972,297</u>	<u>141,783</u>	<u>970,204</u>	<u>96,493</u>
		<b>972,297</b>	<b>141,783</b>	<b>1,723,393</b>	<b>96,493</b>
<b>Net Cash Flows From Investing Activities</b>		<b>(409,901)</b>	<b>(31,894)</b>	<b>(1,723,393)</b>	<b>(39,256)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>		<b>1,033,565</b>	<b>(254,678)</b>	<b>(545,819)</b>	<b>(534,129)</b>
<b>Add: Opening Cash and Cash Equivalents</b>		<u>1,772,553</u>	<u>431,656</u>	<u>2,318,372</u>	<u>965,785</u>
<b>Closing Cash and Cash Equivalents</b>	<b>1</b>	<b><u>\$2,806,118</u></b>	<b><u>\$176,978</u></b>	<b><u>\$1,772,553</u></b>	<b><u>\$431,656</u></b>



**Internet New Zealand Incorporated**  
**Statement of Cash Flows**  
**For the Year Ended 31st March 2015**

**Operating Activity Cash Flow Reconciliation**

	<b>2015</b>		<b>2014</b>	
	<b>Group</b>	<b>Parent</b>	<b>Group</b>	<b>Parent</b>
Surplus/(Deficit) for the Year	(519,913)	(413,496)	33,101	(615,666)
<b>Add/(deduct) Non - cash items</b>				
Depreciation	452,023	53,700	409,307	45,598
Amortisation	<u>461,204</u>	<u>27,281</u>	<u>342,558</u>	<u>3,884</u>
	913,227	80,981	751,865	49,482
<b>Movement in working capital</b>				
(increase)/decrease in receivables	(500,544)	(9,134)	(142,042)	2,097
(increase)/decrease in GST receivable	142,973	(3,293)	(77,189)	7,687
increase/(decrease) accounts payable	(8,192)	78,240	191,298	(12,463)
(increase)/decrease interest receivable	13,753	15,689	79,677	86,589
(increase)/decrease tax receivable	-	-	7,461	-
(increase)/decrease prepayments	12,650	28,230	(14,142)	(12,599)
increase/(decrease) deferred income	<u>1,389,513</u>	<u>-</u>	<u>347,545</u>	<u>-</u>
	1,050,153	109,732	392,608	71,311
<b>Net Cash Flow from Operating Activities</b>	<b><u>\$1,443,467</u></b>	<b><u>(\$222,783)</u></b>	<b><u>\$1,177,574</u></b>	<b><u>(\$494,873)</u></b>

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2015**

**Significant Accounting Policies**

These financial statements comprise the consolidated financial statements of Internet New Zealand Incorporated ("INZ") for the year ended 31 March 2015. INZ is an incorporated society registered under the Incorporated Societies Act 1908 and domiciled in New Zealand.

The consolidated financial statements of INZ 31st March 2015 comprise INZ and its subsidiaries (together referred to as the "Group").

The principal activity of INZ is to keep the Internet open and uncaptureable, protecting and promoting the Internet for New Zealand.

INZ is a Public Benefit Entity as the primary objective is to provide goods or services for the community rather than for a financial return.

**(a) Statement of compliance**

These financial statements are prepared in compliance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) complying with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Public Benefit reporting entities applying differential reporting exemptions.

The Group qualifies for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Group has taken advantage of all Differential Reporting Exemptions, except NZ IAS 7 Statement of Cash Flows.

**(b) Basis of preparation**

**Presentation Currency**

The financial statements are presented in New Zealand dollars. They are prepared on a historical cost basis except for investments which are stated at their fair value.

**Use of estimates and judgements**

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Changes to Accounting Policies**

There has been no significant change in accounting policies in the current reporting period.

**Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been consistently applied by Group entities.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2015**

**(c) Basis of Consolidation**

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent has power to control the financial reporting and operating policies so as to obtain benefits from its activities (defined as "subsidiaries"). The financial statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, all interentity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

**(d) Employee entitlements**

The provisions for employee entitlements to wages, salaries, annual leave and long service leave payments represent the amount for which there is a present obligation to pay resulting from employees' services provided up to balance date.

**(e) Financial assets**

Financial assets consist of cash, deposits and receivables. Upon recognition financial assets are recognised at fair value. Subsequent to initial recognition financial assets are classified as loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are restated at amortised cost using the effective interest rate method.

**(f) Financial instruments issued by the company**

**Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

**Interest and dividends**

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

**Cash and cash equivalents**

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

**(g) Foreign currency**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2015**

**(h) Goods and Services Tax**

All amounts are shown exclusive of Goods and Services Tax (GST) except for trade debtors, receivables and payables that are stated inclusive of GST.

**(i) Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at a fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at a fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(j) Income Tax**

The Group was registered as a charity under the Charities Act 2005 and therefore exempt from income tax under Section CW41 & CW42 of the Income Tax Act 2007 effective from when it was granted charitable status.

Internet New Zealand Inc is registered as a charity in terms of the Charities Act 2005 with effect from 30 June 2008. The wholly owned subsidiaries, NZRS Limited and Domain Name Commission Limited were registered as charities in terms of the Charities Act 2005 with effect from 19 August 2008 and 10 October 2008 respectively.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2015**

**(k) Intangible assets**

**Trademarks**

Trademarks are finite life tangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 7 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

**Software**

Software is a finite life intangible asset and is recorded at cost less accumulated amortisation. Amortisation is charged on a diminishing value basis over the estimated useful life. Amortisation is charged to the Statement of Comprehensive Income. The principal rates used to calculate amortisation are -

Software            48.0 - 60.0% DV

**(l) Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(m) Payables**

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

**(n) Property, plant and equipment**

**(i) Owned assets**

Items of property, plant and equipment are stated at cost as deemed cost less accumulated depreciation and impairment losses, see accounting policy (i).

**(ii) Leased assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses, see accounting policy (n). Lease payments are accounted for as described in accounting policy (l).

**(iii) Subsequent costs**

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income an expense as incurred.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2015**

**(iv) Depreciation**

Depreciation is charged on a diminishing value or straight line basis on all property, plant and equipment over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Income. The principal rates used to calculate depreciation are -

Furniture & Fittings	10.0 - 48.0% DV
Office Equipment	15.6 - 80.4% DV
Computer Hardware	39.0 - 80.4% DV

**(o) Provisions**

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**(p) Expense Recognition**

Expenses are recognised when expenses are incurred.

Grant expenditure is recognised when approved by Council.

**(q) Revenue recognition**

**Rendering of services**

Revenue from a contract to provide services is recognised when the services are performed.

**Dividend and interest revenue**

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(r) Capital Management**

The Group's capital is accumulated surpluses from trading. The Group manages its revenue, expenses, assets and liabilities prudently in order that the objectives of the ultimate charitable group are met. The Group has no external third party imposed capital management requirements.

**(s) Investments**

Investments in unitised products and managed funds are accounted for at market value.

**Investment Income**

Dividend and interest income from unitised products and managed funds are recognised in the Statement of Comprehensive Income as income to the extent that it is probable that economic benefits will flow to the entity and the income can be readily measured.

Net realised and unrealised gains and losses are recognised in the Statement of Comprehensive Income in the period in which they occur. Unrealised gains and losses are treated as other comprehensive income items.

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2015**

	2015		2014	
	Group	Parent	Group	Parent
<b>1. Cash and Cash Equivalents</b>				
Cash on Hand	400	400	400	400
Cash at Banks	<u>2,805,718</u>	<u>176,578</u>	<u>1,772,153</u>	<u>431,256</u>
<b>Total Cash and Equivalents</b>	<b>2,806,118</b>	<b>176,978</b>	<b>1,772,553</b>	<b>431,656</b>

**1a. Other Financial Assets**

The parent and the group have funds invested in other investments classified as:

Term Deposits	9,369,710	2,020,094	11,239,393	3,437,269
Managed Funds	2,380,923	2,380,923	1,073,636	1,073,636
Other Financial Assets - Non Current	-	-	-	-
<b>Total Other Financial Assets</b>	<b>11,750,633</b>	<b>4,401,017</b>	<b>12,313,029</b>	<b>4,510,905</b>

The parent and the group have received income from funds invested in other investments as follows:

Term Deposits Income	448,853	97,491	491,946	161,127
Managed Funds Income	314,772	314,772	77,250	77,250
Other Financial Assets - Non Current Income	-	-	-	-
<b>Total Income</b>	<b>763,625</b>	<b>412,263</b>	<b>569,196</b>	<b>238,377</b>

The total funds of \$14,556,751 held by the Group at 31 March 2015 comprised:

NZRS Limited Deferred Income	\$7,747,075
NZRS Limited Retained Income	\$1,211,978
Domain Name Commission Limited Retained Income	\$1,019,703
Internet New Zealand Incorporated Retained Income	\$4,577,995

The total retained income of \$6,809,676 represents funds held but not yet spent.

**2. Trade Debtors and Other Receivables**

Trade receivables	1,450,701	10,020	950,157	886
Interest Receivable	105,385	11,747	119,137	27,436
GST Receivable	69,202	69,202	65,909	65,909
Tax Receivable	-	-	-	-
Pre-payments	<u>187,758</u>	<u>73,373</u>	<u>200,408</u>	<u>101,603</u>
<b>Total</b>	<b>1,813,046</b>	<b>164,342</b>	<b>1,335,611</b>	<b>195,834</b>

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2015**

	2015		2014	
	Group	Parent	Group	Parent
<b>3. Operating Expenses</b>				
The operating expenses include the following:				
Audit Fees	25,615	9,000	27,230	8,060
Employee Remuneration	3,753,075	1,041,364	2,796,059	1,125,450
Depreciation & Amortisation 4.5	913,227	80,981	751,865	49,482
Rent	308,696	250,410	155,441	155,441
Loss on Disposal of Fixed Assets				
Other Operating Expenses	<u>5,107,948</u>	<u>2,509,896</u>	<u>5,074,403</u>	<u>2,316,298</u>
	<b>10,108,561</b>	<b>3,891,650</b>	<b>8,804,998</b>	<b>3,645,731</b>

**4. Property, Plant & Equipment**

**Parent**

The following gives details of the cost or valuation of assets and depreciation written off to date:

<b><u>This Year</u></b>	<b><u>Cost or Valuation</u></b>	<b><u>Depreciation For Year</u></b>	<b><u>Accumulated Depreciation</u></b>	<b><u>Book Value This Year</u></b>
Furniture & Fittings	434,178	33,048	211,941	222,237
Computer Hardware	246,904	12,826	232,265	14,639
Office Equipment	39,344	7,826	25,474	13,869
	<u>\$720,426</u>	<u>\$53,700</u>	<u>\$469,680</u>	<u>\$250,745</u>
<b><u>Last Year</u></b>	<b><u>Cost or Valuation</u></b>	<b><u>Depreciation For Year</u></b>	<b><u>Accumulated Depreciation</u></b>	<b><u>Book Value Last Year</u></b>
Furniture & Fittings	419,955	30,726	178,893	241,062
Computer Hardware	236,003	12,146	219,439	16,564
Office Equipment	25,422	2,726	17,649	7,773
	<u>\$681,380</u>	<u>\$45,598</u>	<u>\$415,981</u>	<u>\$265,399</u>

During the year there were fixed asset additions as follows:

Furniture & Fittings	\$14,223	(2014 \$48,026)
Computer Hardware	\$10,901	(2014 \$10,978)
Office Equipment	\$13,922	(2014 \$5,819)



**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2015**

**Group**

<b><u>This Year</u></b>	<b><u>Cost or Valuation</u></b>	<b><u>Depreciation For Year</u></b>	<b><u>Accumulated Depreciation</u></b>	<b><u>Book Value This Year</u></b>
Leasehold Improvements	76,218	6,574	6,574	69,644
Furniture & Fittings	434,178	33,048	211,941	222,237
Office Equipment	424,453	94,213	255,368	169,085
Computer Hardware	2,228,133	318,188	1,948,115	280,018
	<b><u>\$3,162,982</u></b>	<b><u>\$452,023</u></b>	<b><u>\$2,421,998</u></b>	<b><u>\$740,984</u></b>

<b><u>Last Year</u></b>	<b><u>Cost or Valuation</u></b>	<b><u>Depreciation For Year</u></b>	<b><u>Accumulated Depreciation</u></b>	<b><u>Book Value Last Year</u></b>
Furniture & Fittings	419,955	30,726	178,893	241,062
Office Equipment	361,909	51,677	162,875	199,034
Computer Hardware	2,052,400	326,136	1,629,926	422,474
	<b><u>\$2,834,264</u></b>	<b><u>\$408,539</u></b>	<b><u>\$1,971,694</u></b>	<b><u>\$862,570</u></b>

During the year there were fixed asset additions as follows:

Leasehold Improvements	\$76,218	(2014	\$Nil)
Furniture & Fittings	\$14,223	(2014	\$48,026)
Office Equipment	\$65,982	(2014	\$136,272)
Computer Hardware	\$175,733	(2014	\$244,630)

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2015**

## 5. Intangible Assets

### Parent

The following gives details of the cost or valuation of assets and amortisation written off to date:

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value This Year</u>
Software	236,553	27,281	95,641	140,912
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value Last Year</u>
Software	133,816	3,884	68,361	65,456
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

During the year there were additions of \$102,737 (2014: \$31,669)

### Group

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value This Year</u>
Software	3,302,955	461,204	2,515,239	787,716
Trademark	10,698	-	10,698	-
	<u>\$3,313,653</u>	<u>\$461,204</u>	<u>\$2,525,937</u>	<u>\$787,716</u>
<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value Last Year</u>
Software	2,661,095	343,326	2,054,036	607,059
Trademark	10,698	-	10,698	-
	<u>\$2,671,793</u>	<u>\$343,326</u>	<u>\$2,064,734</u>	<u>\$607,059</u>

During the year there were additions of \$641,860 (2014 \$541,276). The bulk of software additions in 2015 relates to NZRS Limited's continued updating and reinvestment in its core registry systems in line with its expected investment plan.

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
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	2015		2014	
	Group	Parent	Group	Parent
<b>6. Trade Creditors and other Payables</b>				
Trade Payables	887,855	502,955	940,154	433,749
GST Payable	137,914	-	(8,351)	-
Employee Benefits	225,136	70,778	166,745	47,462
Lease Incentives	<u>8,330</u>	<u>8,330</u>	<u>22,612</u>	<u>22,612</u>
	<b>1,259,235</b>	<b>582,063</b>	<b>1,121,160</b>	<b>503,823</b>

## 7. Financial Instruments

### Credit Risk

Financial instruments which potentially subject the parent and group to credit risk consist principally of bank balances and accounts receivable.

The parent and group has a credit policy which is used to manage this exposure to credit risk. As part of this policy limits on exposures with counter parties have been set and are monitored on a regular basis.

The parent and group performs credit evaluations on all customers requiring credit and does not require collateral. The parent and group further minimises its credit exposure by limiting the amount of surplus funds placed with any one financial institution at any one time.

## 8. Related Party Disclosures

### Transactions between Parent and Subsidiaries

Internet New Zealand Incorporated (INZ) owns 100% of NZRS Limited (NZRSL) and Domain Name Commission Limited (DNCL).

INZ received dividends declared and paid by NZRSL during the year totaling \$2,755,776 (2014: \$2,559,637).

NZRSL and DNCL paid management fees to INZ during the year of \$59,724 and \$164,196 respectively (2014: \$75,051 and \$127,080).

### Other Related Parties

Identity Conference 2015 - Sponsorship of \$4,600 - Councillor Joy Liddicoat is Assistant Commissioner at the office of the Privacy Commissioner.

2020 Communication Trust - Strategy Partnership \$100,000 - Councillor Sarah Lee is a contractor to 2020 and Councillor Neil James is a member of a regional steering Committee of Computers in homes, a subsidiary of the 2020 Communication Trust.

Wiki New Zealand Trust - Contract work Issues Programme \$11,500 - Councillor Hayden Glass is a volunteer at Wiki New Zealand.

Gather Workshops Limited - Grant of \$15,000 - Councillor Lance Wiggs wife is a director and shareholder (50%) of Gather Workshops Limited. Lance Wiggs recused himself from discussions and decisions involving Gather Workshops Limited.

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
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Web Access Waikato - Community Projects Funding round \$9,000 - Councillor Sarah Lee is a contractor to the 2020 Communication Trust which is in partnership with Web Access Waikato. Sarah Lee recused herself from decision making involving Web Access Waikato.

Gather Conference Limited - Sponsorship of \$1,500 in 2014 - Councillor Lance Wiggs wife is a director and shareholder (26%) of Gather Conference Limited.

Girl Geek Dinners Limited - Sponsorship of \$2,000 - Councillor Lance Wiggs wife benefited from work she performed for Girl Geek Dinners.

Kiwifoo - Sponsorship of \$5,000 - Councillor Lance Wiggs wife benefited from work she performed for Kiwifoo.

### **Key Management Personnel**

The Company has a related party relationship with its directors and executive officers. Except as stated above there are no other related party transactions.

### **Employee Remuneration**

Salary Range	Number of Staff Across the Group
\$101,000 - \$200,000	Ten
\$201,000 - \$300,000	Three

During the year Thirteen employees received remuneration greater than \$100,000.

### **9. Subsidiaries**

Name of Entity	Country of Incorporation	2015	2014
Parent Entity			
Internet New Zealand Incorporated	New Zealand		
Subsidiaries			
NZRS Limited	New Zealand	100%	100%
Domain Name Commission Limited	New Zealand	100%	100%

### **10. Operating Leases**

	2015		2014	
	Group	Parent	Group	Parent
Less than one year	159,566	159,566	240,977	240,977
Between one and two years	30,394	30,394	169,280	169,280
Between three and five years	-	-	30,394	30,394
<b>Total</b>	<b>189,960</b>	<b>189,960</b>	<b>440,651</b>	<b>440,651</b>

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2015**

**11. Deferred Income**

The group through subsidiary NZRSL has invoiced clients for \$7,747,075 (2014 \$6,357,562) in advance.

**12. Contingent Liabilities and Commitments**

At 31 March 2015 the Group had no contingent liabilities or commitments (2014: \$Nil).

**13. Events Subsequent to Balance Date**

No events occurred subsequent to balance date that would have had a material effect on the financial statements (2014 \$Nil).

**14. Reclassification of Operating Expenses**

The operating expenses incurred during the year have been reclassified to better reflect the objectives of Internet New Zealand Incorporated. All relevant prior year comparative figures have also been reclassified to reflect this change.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Members of Internet New Zealand Incorporated**

**Report on the Financial Statements**

We have audited the financial statements of Internet New Zealand Incorporated and Group on pages 2 to 19, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Constitution of Internet New Zealand Incorporated. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Council's Responsibility for the Financial Statements**

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Internet New Zealand Incorporated or any of its subsidiaries.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Internet New Zealand Incorporated and Group as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

*BDO Wellington*

**BDO Wellington  
24 June 2015  
Wellington  
New Zealand**