

Financial Summary

For the QE 30 June 2019

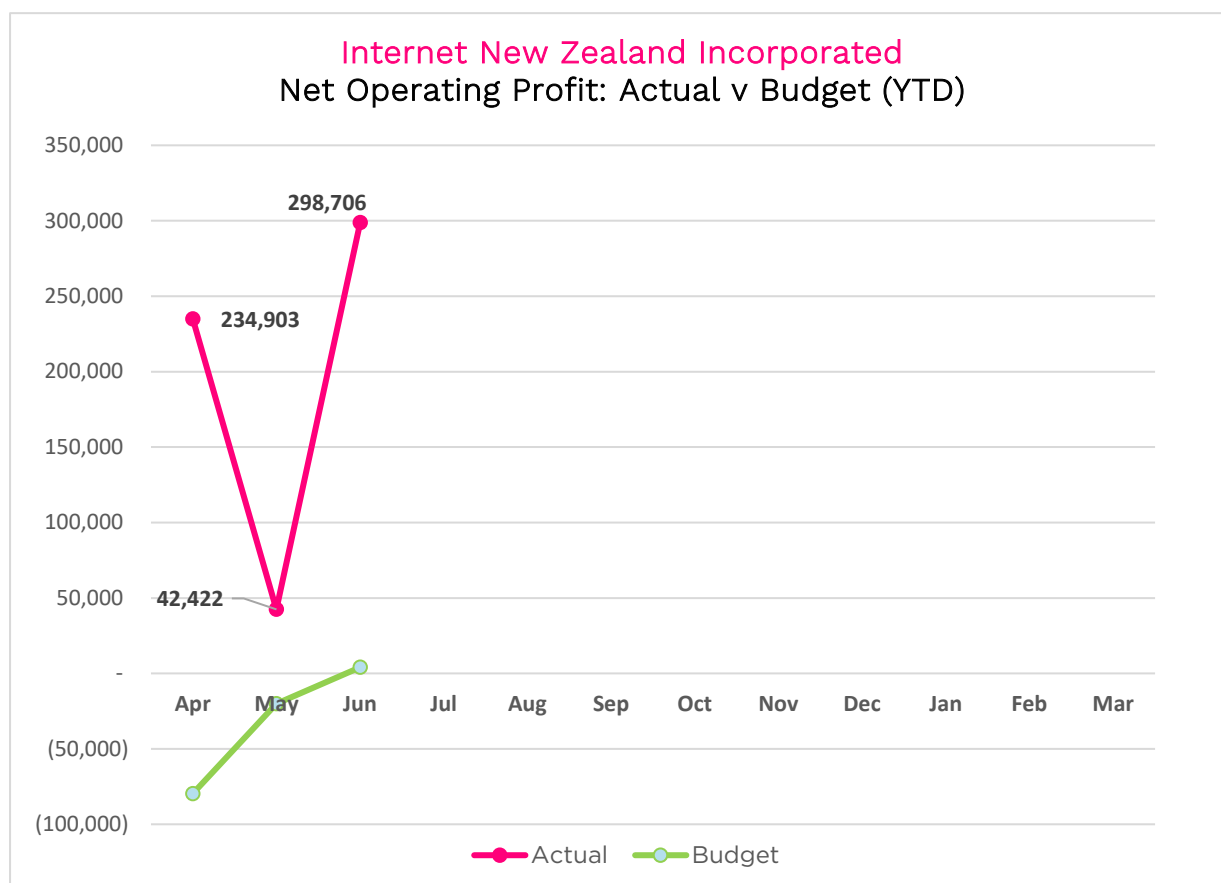


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Summary of the result for QE 30 June 2019

For the quarter ending 30 June 2019, the accounts reported a surplus result of \$576,031 against a budgeted deficit of (\$9,450). This outcome reflects an increase in revenue of \$155,343 against budget, coupled with an underspend of \$413,958 against the expenses budget.



Revenue detail for the quarter

Operating Revenue was over compared to budget by \$33,723 (1%). Most of the remaining increase was seen in Investment activities, totalling \$119,462 (172%) over against budget. Overall, total the revenue result was \$155,343 against a budgeted expectation of \$2,818,080.

Revenue	Actual	Budget	Variance	% Total Sales
Registry Fees	2,711,497	2,673,750	37,747	91%
BBM	9,725	13,749	(4,024)	0%
Events	164	-	164	0%
Membership	5,063	2,502	2,561	0%
Recharge	57,984	58,551	(567)	2%
Investment	188,990	69,528	119,462	6%
Total Revenue	2,973,423	2,818,080	155,343	100%

Expenditure detail for the quarter

Expenditure was under compared to budget across all areas of the organisation. Actual expenditure of \$1,871,349 was recorded against budgeted expenditure of \$2,285,309, resulting in an underspend of (\$413,960) (-18%) for the quarter. The two identified reasons for the underspend to date are a misalignment of spend phasing, actual versus budget, and tighter controls on expenditure, while maintaining a focus on spend to support the agreed goals and workplan for 2019/20.

The following areas have been impacted by the spend phasing misalignment, and will be re-forecast into future quarters:

1. Employment – delayed recruitment \$100k.
2. Membership fees - \$35k.
3. Marketing - \$58k.
4. Professional Fees – \$30k.

Expenditure breakdown by Function and Goal

Area	Actual	Budget	Variance	% of Expenditure
Commercial	174,805	295,563	(120,758)	7%
Engagement	68,860	77,757	(8,897)	3%
Funding	97,121	120,880	(23,759)	4%
International	150,742	189,565	(38,823)	6%
Policy	289,644	411,823	(122,179)	12%
Investment	10,276	13,263	(2,987)	0%
Technical Research	132,758	137,391	(4,633)	6%
Technology Services	986,415	1,034,278	(47,863)	41%
Communications	135,325	225,870	(90,545)	6%
Org. Services	344,236	310,796	33,440	14%
Security	7,208	10,345	(3,137)	0%
Total Revenue	2,397,390	2,827,531	(430,141)	100%

Financial Expenditure by 2019/20 Goals

The table below is a high level report to track budgeted expenditure by Strategic Goals; it does not represent, from a financial perspective, the internal resources that has been invested in this space over the period, but we are aiming to develop activity based financials during the course of this year to enable tracking and reporting all expenditure by Strategic Goals, Projects and BAU.

For more details on what we have been working on please see the Q1 Activity report.

https://internetnz.nz/sites/default/files/2019-Q1-Activity-Report_0.pdf

<https://internetnz.nz/sites/default/files/dotnz-Q1-report.pdf>

Goal	Actual	Budget	Variance	% of Expenditure
Improve .nz Policy/Security	75,146	107,222	(32,076)	66%
New non .nz Products	3,895	48,750	(44,855)	3%
Ensuring Openness	34,676	16,248	18,428	30%
Intervention to bridge the Digital Divide	217	18,750	(18,533)	0%
Total Revenue	113,934	190,970	(77,036)	100%

Balance Sheet

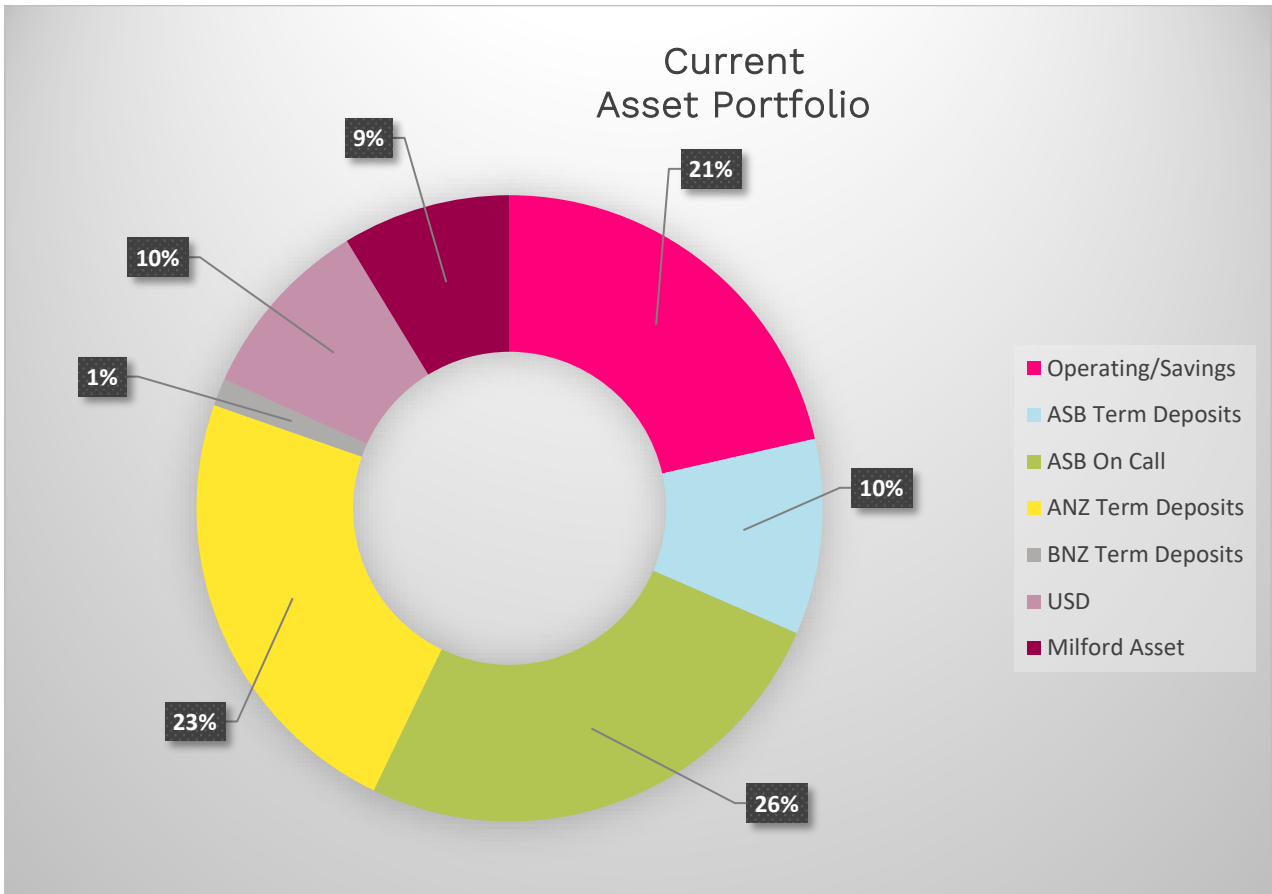
A detailed Balance sheet report for INZ Group is available for review (link below). We would like to provide to provide detail on two specific areas of note in this report:

1. The current Investment Portfolio;
2. An update on Cash in excess of Reserves.

Link to [Q1 Group Financial Statements](#)

Investments

The graph below represents the percentage spread of our investments (\$18,344,563) across all institutes.



Cash in Excess of Reserves as at QE June 2019

At the AGM this year we shared information about the Cash Reserves, as at 31 March 2019. Following is an update of this information as at 30 June 2019:

As at the end of June the Cash in Excess of Reserves were \$4.1m this is made up as follows: -

Total Cash & Current Assets	\$19,569,574
Less Deferred Income	(\$8,586,892)
Less Reserves as per the policy	(\$3,608,069)
Less Other Current Liabilities	(\$1,056,103)
Budget Capex 2019/20	\$1,450,660
DNCL reserves (restore)	(\$ 500,000)
Deficit budget 2019/20	(\$ 231,786)
Cash in excess of reserves	\$4,100,000

