

Financial Summary

For the QE 30 Sept 2019

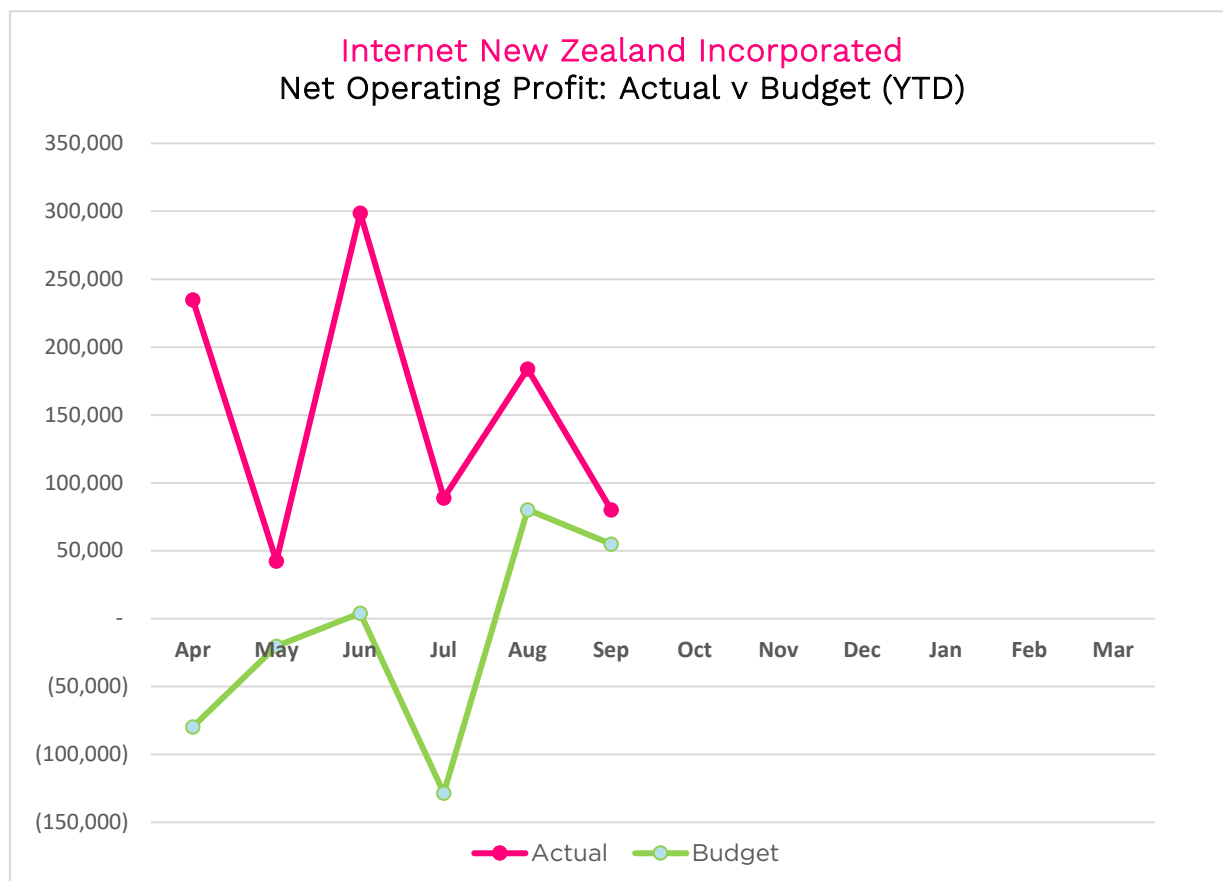


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Summary of the result for QE 30 September 2019

For the quarter ending 30 September 2019, the accounts reported a surplus result of \$352,967 against a budgeted surplus of \$6,851. This outcome reflects an increase in revenue of \$14,054 against budget, coupled with an underspend of \$346,116 against the expenses budget.



Revenue detail for the quarter

Operating Revenue was under compared to budget by \$19,480 (approx .7%). An increase was seen in Investment and Event activities, totalling \$32,191 (13.5%) over their associated budgets. Overall, the total revenue result was \$2,980,235 against a budgeted expectation of \$2,966,182.

Revenue	Actual	Budget	Variance	% Total Sales
Registry Fees	2,668,646	2,688,126	(19,480)	90%
BBM	13,577	10,800	2,777	0%
Events	56,242	44,500	11,742	2%
Membership	1,168	2,502	(1,334)	0%
Recharge	57,625	57,726	(101)	2%
Investment	182,977	162,528	20,449	6%
Total Revenue	2,980,235	2,966,182	14,053	100%

Expenditure detail for the quarter

Expenditure was under compared to budget across all areas of the organisation. Actual expenditure of \$2,095,315 was recorded against budgeted expenditure of \$2,421,511, resulting in an underspend of \$326,196 (16%) for the quarter. As reported in the Q1 report the continued 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 \$104k.
2. Stakeholder Audit, Te Reo Maori Translations, Maori Engagement - \$21k.
3. Marketing - \$44k.
4. Professional Fees – \$37k.
5. .nz Policy review & Engagement - \$35k

Expenditure breakdown by Function and Goal

Area	Actual	Budget	Variance	% of Expenditure
Commercial	199,784	241,067	(41,283)	10%
Engagement	165,452	206,600	(41,148)	8%
Funding	147,566	156,810	(9,244)	7%
International	88,801	88,997	(196)	4%
Policy	276,648	311,486	(34,838)	13%
Investment	2,804	11,746	(8,942)	0%
Technical Research	151,477	169,533	(18,056)	7%
Technology Services	451,820	541,402	(89,582)	22%
Communications	150,533	194,204	(43,671)	7%
Org. Services	404,255	441,664	(37,409)	19%
Security	56,178	58,002	(1,824)	3%
Total Expenditure	2,095,315	2,421,511	(326,196)	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 Q2 Activity report.

<https://internetnz.nz/sites/default/files/2019-Q2-Activity-Report.pdf>

https://internetnz.nz/sites/default/files/dotnz_Q2_2019.pdf

Goal	Actual	Budget	Variance	% of Expenditure
Improve .nz Policy/Security	26,849	61,207	(34,358)	26%
New non .nz Products	5,621	41,250	(35,629)	5%
Ensuring Openness	29,274	46,248	(16,974)	28%
Intervention to bridge the Digital Divide	43,399	18,400	24,999	41%
Total Expenditure for Q2	105,144	167,105	(61,961)	100%

Balance Sheet

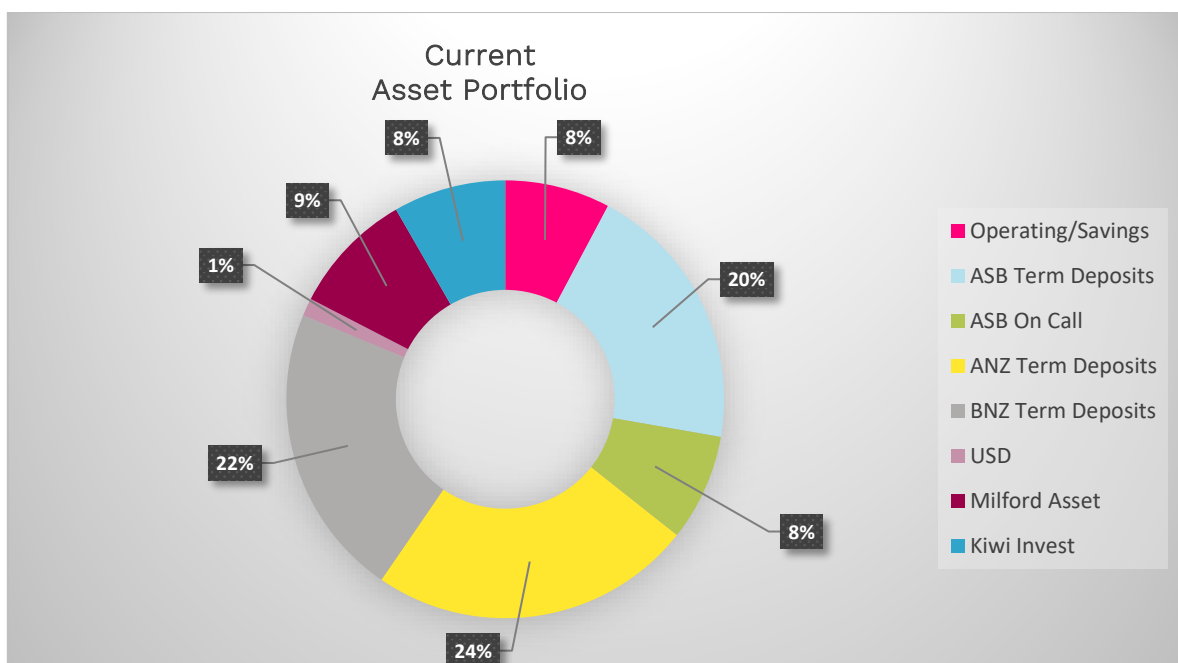
A detailed Balance sheet report for INZ Group is available for review (link below). We would like to provide detail on two specific areas of note in this report:

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

(Insert link to Q2 Group Report after Q1 report moved to accessible drive/website)

Investments

The graph below represents the percentage spread of our investments (\$18,831,028) across all institutes.



Cash in Excess of Reserves as at QE Sept 2019

At the end of Q1 (30 June 2019) cash in excess of reserves was \$4.1m. The following is an update as at the end of Q2, 30 Sept 2019:

As at the end of Q2 the Cash in Excess of Reserves were \$4.3m this is made up as follows: -

Total Cash & Current Assets	\$20,005,187
Less Deferred Income	(\$8,804,558)
Less Reserves as per the policy	(\$3,608,069)
Less Other Current Liabilities	(\$1,085,695)
Budget Capex 2019/20	(\$1,450,660)
DNCL reserves (restore)	(\$ 500,000)
Deficit budget 2019/20	(\$ 231,786)
Cash in excess of reserves	\$4,324,419

