The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
Annual Financial statements
for the Year Ended 31 March 2019

General Information

Country of incorporation and Domicile	South Africa		
Nature of Business & Principle Activities	The regulation and management of the ZA domain name space		
	Name	**Status**	
Directors	Adv MJ Ralefatane (Chairperson)	Active	
	Mr N Msibi (Treasurer)	Active	
	Mr A Brooks	Active	
	Ms N Dhevcharran	Active	
	Mr MR Khumalo	Active	
	Dr YKN Mohutsioa-Mathabathe, PhD	Active	
	Ms MO Morata	Active	
	Dr NYH Mzizana	Resigned	(04/03/2019)
	Dr Jonty Tshipa, PhD	Resigned	(10/08/2018)
Registered office	44 Grand Central Road Sanofi House First Floor Midrand 1685		
Business Address	44 Grand Central Road Sanofi House First Floor Midrand 1685		
Postal address	PO Box 4620 Halfway House Midrand Gauteng 1685		
Bankers	ABSA Grindrod Bank		
Auditors	Rakoma and Associates Inc Chartered Accountant (SA) Registered Auditors Fourways		
Company Registration Number	2003/021150/08		
Level of Assurance	These Financial statements have been audited in compliance with the applicable requirements of the Companies act 71 of 2008 .		
Preparer	The Financial statements were compiled by : Synergy Capital (Pty) Ltd Chartered Accountant (SA)		

The ZA Domain Name Authority (NPC)

(Registration number 2003/021150/08)
Financial Statement for the Year ended 31 March 2019

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Published 10-Sep-19

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related information. It is their responsibility to ensure that the financial statements fairly presents the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard. The external Auditor is engaged to express an independent opinion on the financial statements.

The Financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistency applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the company's system of internal financial control and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of errors or loss in a cost effective manner.The standards include the proper delegation of responsiblities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risks across the company. While operating risk can not be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of financial statements. However any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatements or loss.

The directors have reviewed the company's cash flow forecast for the year ending 31 March 2020 and in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The External Auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's Auditor and their report is presented on page 6.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

Approval of Financial Statements

The financial statements set out in pages 9 to 22, have been approved by the board of directors on the 10th of September 2019 and were signed on its behalf by:

Adv MJ Ralefatane (Chairperson):

Mr N Msibi (Treasurer):

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
Directors Report
for the Year Ended 31 March 2019

The directors present their report on the financial statements of The ZA Domain Name Authority (NPC) for the year Ended 31 March 2019.

1 Nature of Business

The ZA Domain Name Authority (NPC) was incorporated in South Africa. The company is engaged in the Business of Domain regulation and furtherance of the ZA domain name space. The company operates principally in South Africa.

There has been no material changes to the nature of the company's business from the prior year.

2 Financial results

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3 Shareholders' Equity

The company is incorporated without any share capital.

4 Events subsequent to year end

The former CEO of ZADNA, Mr Vika Mpisane was suspended for suspicion of fraud and corruption. The board of directors instituted an investigation into his conduct and the allegations leveled against him. The investigation was conducted as per the Labour Relations Act to ensure that his rights are not transgressed. The former CEO was found guilty of the charges leveled against him and the board of directors decided to relieve him of his duties.

5 Going concern basis

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the entity has adequate resources in place to continue in operation for the foreseeable future.

6 Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

Name	Nationality	Status	
Adv MJ Ralefatane (Chairperson)	RSA	Active	
Mr N Msibi (Treasurer)	RSA	Active	
Mr AM Brooks	RSA	Active	
Ms N Dhevcharran	RSA	Active	
Mr MR Khumalo	RSA	Active	
Dr YKN Mohutsioa- Mathabathe PhD	RSA	Active	
Ms MO Morata	RSA	Active	
Dr NYH Mzizana	RSA	Resigned	(04/03/2019)
Dr Jonty Tshipa, PhD	RSA	Resigned	(10/08/2018)

7 External Auditors

Rakoma and Associates Inc were retained as External Auditors for the company for the year ended 31 March 2019.

8 Company Secretary

The company is a Not-for-Profit Company and it is not required to appoint a secretary .

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ZA DOMAIN NAME AUTHORITY (NPC)

Opinion

We have audited the financial statements of The ZA Domain Name Authority (NPC) set out on pages 8 to 20, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The ZA Domain Name Authority (NPC) as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of prior year comparatives

As disclosed in note 19 to the financial statements, the corresponding figures were restated as a result of an error in the financial statements of the company at, and for the year ended, 31 March 2019.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “The ZA Domain Name Authority NPC Annual Financial Statements for the year ended 31 March 2019”, which includes the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rakoma and Associates Inc

Rakoma & Associates Inc.
Director: Collins Malunga
Registered Auditor

13 September 2019

Ground Floor Building B Monte Circle Office Park
178 Monte Casino Boulevard
Fourways
2191

The ZA Domain Name Authority (NPC)

(Registration number 2003/021150/08)
Financial statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

Figures in Rand	Note(s)	2019	Restated 2018	Restated 2017
		R	R	R
ASSETS				
Non-current assets		**476 466**	**650 890**	**802 949**
Property, Plant and Equipment	2	476 466	650 890	802 949
Current assets		**18 096 496**	**14 560 382**	**12 188 367**
Trade and other Receivables	3	14 008 975	12 932 516	7 039 674
Cash and Cash equivalents	4	4 087 521	1 627 866	5 148 693
Total assets		18 572 961	15 211 272	12 991 316
EQUITY AND LIABILITIES				
Equity		16 271 786	13 484 647	11 122 200
Accumulated Surplus		16 271 786	13 484 647	11 122 200
LIABILITIES				
Current Liabilities		**2 301 175**	**1 726 625**	**1 869 116**
Trade and other Payables	5	2 301 175	1 726 625	1 869 116
Total Equity and liabilities		18 572 961	15 211 272	12 991 316

The ZA Domain Name Authority (NPC)

(Registration number 2003/021150/08)

Financial statements for the year Ended 31 March 2019

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2019	Restated 2018
		R	R
Revenue	7	14 660 631	13 982 224
Other Income	6	15 006	12 000
Total income		**14 675 637**	**13 994 224**
Operating Expenses		(11 945 518)	(11 857 528)
Operating Surplurs		**2 730 120**	**2 136 696**
Investment Revenue	9	57 021	225 748
Surplus before taxation		**2 787 141**	**2 362 444**
Tax Exempt	10	-	-
Total Comprehensive Surplus		**2 787 141**	**2 362 444**

The ZA Domain Name Authority (NPC)
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Financial statements for the year ended 31 March 2019

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Note	Accumulated Surplus	Total
Balance at 1 April 2016		10 558 216	10 558 216
Deficit for the Period		(4 007 926)	(4 007 926)
Prior Year Adjustment	19	4 571 910	4 571 910
Restated Balance at 1 April 2017		11 122 200	11 122 200
Deficit for the Period as previously disclosed		(3 458 088)	(3 458 088)
Prior Year Adjustment	19	5 820 535	5 820 535
Restated Balance at 01 April 2018		13 484 647	13 484 647
Surplus for the Period		2 787 140	2 787 140
Balance at 31 March 2019		16 271 786	16 271 786

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
Financial statement for the year ended 31 March 2019

STATEMENT OF CASH FLOWS

Figures in Rand	Note (s)	2019 R	Restated 2018 R
Cashflows from operating activities			
Cash generated from operations	13	2 422 110	(3 656 521)
Interest Income		57 021	225 748
Net cashflow from operating activities		**2 479 131**	**(3 430 773)**
Cashflows from investing activities			
Purchase of property plant and equipment	2	(19 475)	(90 054)
Net cashflow from investing activities		**(19 475)**	**(90 054)**
Total cash movement for the period		**2 459 655**	**(3 520 827)**
Cash at the beginning of the period		1 627 866	5 148 693
Total cash at end of the period	4	**4 087 521**	**1 627 866**

Accounting Policies

1. Basis of Preparation and summary of Significant accounting policies.

The financial statements have been prepared on a going concern basis in accordance with the International Financial reporting Standards, and the South African Companies Act 71 2008. The Financial statements have been prepared on a historical cost basis, and incoporate in the principal accounting policies set out below. They are presented in South African Rands.

The Financial statements were authorised for issue on 10th of September 2019.
Authorisation for issue of financial statements was given by the board of directors

These accounting policies of the company are consistent with the previous period.

1.1 Significant Judgements and source of estimation uncertainty

Critical judgement in applying accounting policies

In preparing the annual financial statements, management is required to make estimates and assumptions that affects the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of Judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The company assesses its trade receivables, for impairment at the end of each reporting period . In determining whether an impairment loss should be recorded in profit or loss. The company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

The impairment for trade receivables, is calculated on a portfolio basis, based on historical loss ratio, adjusted for national and industry- specific economic conditions and portfolio basis, based on historical loss ratio, adjusted for national and industry- specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of Financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial Instruments.

Impairment Testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable . Assets are grouped at the lowest level for which identifiable cashflows are largely independent of cash flows of other assets and liabilities. If there are indicators that imparment may have occurred, estimates are prepared of expected future cashflows for each group of assets. Expected future cashflows used to determine the value in use of tangible assets are inherently certain and could materially change over time.

Provisions were raised and management determined an estimate based on the information available.

1.2 **Property, Plant and Equipment**

Property, plant and equipment are tangible assets which the company holds for its own use or for rentals to other and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company , and the cost of the item can be measured realibly.

Property, plant and equipment is initially measured at cost.

Cost Includes costs incurred initially to acquire or contract an item of property, plant and equipment and costs incurred subsequently to add, to replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment the, carrying amount of the replaced part is derecognised.

Property, plant and equipment is subseqently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the assets economic benefits are consumed by the company.

The useful lives of items of property , plant and equipment have been assessed as follows .

Item	Depreciation Method	Avarage Useful life
Furniture and Fixtures	Straight Line	6 Years
Motor Vehicles	Straight Line	5 Years
Office Equipment	Straight Line	3 Years
IT Equipment	Straight Line	3 Years
Computer Software	Straight Line	3 Years
Cellphone Equipment	Straight Line	2 Years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have been impaired since the most recent annual reporting date, they are reassessed . Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 **Financial Instruments**

Classification

The classification depends on the purpose for which financial instrument were obtained / incurred and takes place recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated at fair value through profit and loss, which shall not be classified out of the fair value through profit and loss.

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instrument. In accordance to the substance of contractual arrangement the company recognises the financial instrument and classify it as a financial asset, a financial liability or an equity instrument. Financial instruments are measured initially at fair value.For Financial which are not at fair value through profit and loss transaction cost are included in the initial measurement of the instrument . Transaction cost on financial instruments at fair value through profit and loss are recognised in profit or loss.

Subsequent Measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period. Net gains or losses on the financial instruments at fair value through profit or loss account.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments and trade receivables have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all finanacial assets, other than those at fair value through profit and loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default on payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss

Impairment losses are reversed when an increase in the financial assets recoverable amount can be related objectively to an event occurring after the impairment was recognised. Subject to the restriction that the carrying amount of the financial asset at the date that the impairment is received shall not exceed what the carrying amount would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured in difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as financial assets and measured at amortised cost .

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases-Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This asset is not discounted. Any contingent rents are expensed in the period they are incurred.

1.5 **Employee benefits**

Short-term employment benefits

The cost of short-term employee benefits. (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-montery benefits such as medical care). Are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.6 **Provisions and contingencies**

Provisions are recognised when the company has a present obligation at the reporting date as a result of a past event; and the amount of the obligation can be estimated reliably.Provisions are measured at the present value of the amount expected to be required to settle the obligation.

1.7 **Revenue- Registry fees**

ZA Central Registry (ZACR) must charge and collect, from Registrars, the relevant fees as stipulated in Schedule 3 of the ZA Central Registry Operating Agreement (Register Fees) as amended from time to time. ZACR must pay over to ZADNA the relevant fees as stipulated in Schedule 4 (ZACR Registry Fees) as amended from time to time

Register Payment Terms:

Creates or Rewards committed through the Legacy System into Central Registry System will only be payable on receipt of payment.

Creates or Rewards committed by an EPP Registrar will be due and payable on commitment to the Central Registry System.

Transaction Fee Payment Terms:

The legacy Transaction Fee (Legacy creates and renewals) will only be based on receipt of payment and not on the transaction itself. Creates, Renewals and/or Grace Period Refunds committed by an EPP Registrar into the Central Registry system, will be due upon commitment of the transaction.

Interest Income

Interest income refers to the interest that is accrued over time through a business's investments in financial instruments. interest income is recognized when it is earned.

Other Income

Other Income is recognized when realized and earned, not necessarily when received.

1.8 **Risk management**

Capital Risk

Capital risk is the risk that the company will not be able to continue as a going concern for the foreseeable future. Capital risk is managed by robust budgeting and forecasting to ensure that current accumulated surplus is sufficient to fund current planned activities in the foreseeable future. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidation Risk

The company's liquidity risk relates to the availability of funds over future commitments. The company manages liquidity risk by not entering into future commitments before funding for such expenditure has been obtained

Cashflow forecasts are prepared and monitored to ensure adequate management of cash resources and short term investment maturities in order to ensure that cash resources are available when obligations become due.

Interest rate risk

The company is exposed to interest rate risk through its cash balances. Changes in market interest rates affect the fair value of cash and investment assets. Interest rate risk is managed by matching the maturities of short term fixed deposits and the repayment of loan funding with management's expectations of future changes in interest rates, taking into account the company's liquidity needs.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company's maximum exposure to credit risk is the carrying amount of cash and cash equivalents and trade and other receivables.

Credit Risk is managed by only banking with financial institutions that have a good reputation and a very good credit rating.

1.9 **New standards and interpretations**

Stardards and interpretations issued but not yet effective.

The enity has not applied the following standards and interpretations which are effective from the accounting periods beginning on or after, 1 January 2019.

IFRS 16

In accordance to IFRS 16 leases will be recognised, measured, presented and disclosed using the single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Classiflied as operating or finance leases, with IFRS 16's approach to lessor, and the standard replaces IAS 17 effective for all accounting periods ending 31 January 2019 and will therefore be implemented in the next financial year.

2. **PROPERTY, PLANT AND EQUIPMENT**

	Year Ended 31 March 2019			Year Ended 31 March 2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and Fixtures	283 136	(109 806)	173 330	283 136	(62 613)	220 523
Motor Vehicle	422 425	(170 560)	251 865	422 425	(86 075)	336 350
Office Equipment	35 886	(31 340)	4 546	35 886	(21 361)	14 525
IT Equipment	419 222	(372 498)	46 724	399 747	(322 122)	77 625
Computer Software	14 270	(14 270)	-	14 270	(12 403)	1 867
Cellphone Equipment	-	-	-	5 702	(5 702)	-
Total	**1 174 939**	**(698 474)**	**476 466**	**1 161 166**	**(510 276)**	**650 890**

Reconciliation of PPE 2019	Opening Balance	Additions	Depreciation	Closing Balance
Furniture and Fixtures	220 523	-	(47 193)	173 330
Motor Vehicle	336 350	-	(84 485)	251 865
Office Equipment	14 525	-	(9 979)	4 546
IT Equipment	77 625	19475	(50 376)	46 724
Computer Software	1 867	-	(1 867)	-
Cellphone Equipment				-
Total	**650 890**	**19 475**	**(193 900)**	**476 466**

Reconciliation of PPE 2018	Opening Balance	Additions	Depreciation	Closing Balance
Furniture and Fixtures	210 798	51463	(41 738)	220 523
Motor Vehicle	420 835	-	(84 485)	336 350
Office Equipment	26 488	-	(11 963)	14 525
IT Equipment	137 562	38594	(98 531)	77 625
Computer Software	6 624	-	(4 757)	1 867
Cellphone Equipment	642	-	(642)	-
Total	**802 949**	**90 057**	**(242 116)**	**650 890**

3. Trade and other receivables

	2019	Restated 2018
Central Registry Arbitration	**13 763 157**	**12 673 698**
Deposits	245 818	245 818
Sundry Debtors	-	13 000
	14 008 975	12 932 516

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due impaired can be assessed by reference to external credit rating (If available) or to historical information about counterparty default rates. The majority of trade receivables pertain to one specific counterparty of which the risk is assessed by directors on a countinuous basis.

Fair Value of Trade receivables
The fair value of trade receivable approximate their carrying value due on the short term maturity of these receivables.

Age analysis	2 019	2 018
Current	1 423 686	879 435
1Month past due	1 417 876	
2 Months past due	206 918	
3 Months past due		
Over 3 Months past due	10 960 494	12 053 081

Bad debts
As a result of the settlement agreement between ZACR and ZADNA, the receivable from central registry arbitration was kept at R17million and the resultant difference was written off to bad debts and the amount of R984 966 was written off as irrecoverable and recognised in profit and loss.

4 Cash and Cash Equivalents

	2019	2018
Bank Balances	3 853 978	1 422 840
Petty Cash	2 399	-
Other cash and cash Equivalents	231 145	205 026
	4 087 521	1 627 866

The fair value of cash and cash equivalents approximate their carrying value due to the short term maturity of these assets.

5. Trade and other Payables	2019	Restated 2018
Trade creditors	143 360	669 653
ABSA - Credit Card	14	53 096
UIF Expense Payable	2 730	-
PAYE Expense payable	134 134	-
Provision For Employees Bonus	216 038	324 401
VAT Liability	1 439 553	398 920
Provision For Audit fees	141 608	100 000
Accrual For Leave pay	223 738	180 555
	2 301 175	1 726 625

6. **Other Income**

Insurance Outbonus	11 756	-
ADR Fees Received	3 250	12 000
	15 006	12 000

7. **Revenue**

ZA Central Registry Fees	14 660 631	13 982 224
	14 660 631	13 982 224

Revenue is derived from domain registry fees, ZACR must pay over to ZADNA the relevant fees as stipulated in (Schedule 4 ZACR Registry Fees) as amended from time to time. After the arbitration Between ZADNA and ZACR under case number Z15/2016 the ruling which was in favour of ZADNA, ZADNA is to charge R12(Excl Vat) per domain name, an increase from R7 (Excl Vat)

The .ZA Second level Domain (SLD) operating Agreement concluded betweem ZADNA and ZACR in 2012 entitles ZADNA to receive revenue from ZACR on per domain name basis from, co.za, org.za, net.za, web.za domain name registrations. And the Annual fee of R12 (Excl Vat) is retrospectively applied from June 2016.

8. **Employee Cost**

Salaries & Wages	2 901 050	2 606 697
Accrual for Leave pay	223 738	180 555
Accrual for Employees Bonus	216 038	324 407
PAYE	1 150 192	1 110 691
Skills Development Levy	-	53 365
UIF	33 322	32 860
Compensation Commission	-	18 801
	4 524 340	4 327 376

9. **Investment Revenue**

Interest Received	57 021	225 748
	57 021	225 748

	2019	Restated 2018

10. Taxation

No provision has been made for the 2019 Tax year as the entity has been granted tax exemption by SARS in terms of section 10(1)(N) of the Income Tax Act. The Company is a registered Non Profit Company in terms of Schedule 1 and Section 10 of the companies Act, Act 71 of 2008 and section 122 of the companies Amendment Act , Act 3 of 2011.

11. Provisions

	2019	Restated 2018
Auditors Remuneration	141 608	100 000
Leave Pay	223 738	180 555
Employees Bonus	216 038	324 407
	581 384	**604 962**

12. Auditors Remuneration

	2019	Restated 2018
Auditors fees	141 608	100 000
	141 608	**100 000**

13. Cash used in operations

	2019	Restated 2018
Surplus before taxation	2 787 141	2 362 444
Adjustments for:		
Depreciation and amortisation	193 900	242 115
Interest Received	(57 021)	(225 748)
Changes in working capital		
Increase /(Decrease) Trade and other receivables	(1 076 459)	(5 892 841)
Increase In Trade and other payables	574 549	(142 491)
	2 422 110	**(3 656 521)**

14. Commitments

Operating Leases-Lessee.

	2019	Restated 2018
Minimum Lease payments due		
-With one year	568 882	796 308
-in second to fifth year inclusive	-	568 882
	568 882	**1 365 190**

15 Related Parties

In terms of the Act , the Minister of Telecommunications and Postal services is entitled to appoint directors, For the disclosure of directors remunerations refer to note 16.

16 Directors and Public Officers Remuneration

Public Officer	Emoluments	Total
2019		
V Mpisane (Public Officer)	1 099 008	1 099 008
2018		
V Mpisane (Public Officer)	1 297 482	1 297 482

Directors

Non Executive	Directors remuneration	Stakeholder Related Remuneration	Total
2019			
Adv MJ Ralefatane (Chairperson)	227 440	30 000	257 440
Mr N Msibi (Treasurer)	226 770	30 000	256 770
Mr AM Brooks	162 190	10 000	172 190
Ms N Dhevcharran	125 570	30 000	155 570
Mr MR Khumalo	189 202	30 000	219 202
Dr YKN Mohutsioa- Mathabathe PhD	145 620	20 000	165 620
Ms MO Morata	219 485	30 000	249 485
Dr NYH Mzizana	156 789	-	156 789
Dr Jonty Tshipa,PhD	42 000	-	42 000
	1 495 066	180 000	1 675 066

2018	Directors remuneration	Stakeholder Related Remuneration	Total
Adv MJ Ralefatane (Chairperson)	89 000	72 000	161 000
Mr N Msibi (Treasurer)	105 000	62 000	167 000
Mr AM Brooks	85 000	32 000	117 000
Ms N Dhevcharran	69 000	12 000	81 000
Mr MR Khumalo	95 000	42 000	137 000
Dr YKN Mohutsioa- Mathabathe PhD	73 000	32 000	105 000
Ms MO Morata	75 000	42 000	117 000
Dr NYH Mzizana	58 000	22 000	80 000
Dr Jonty Tshipa,PhD	95 000	42 000	137 000
	744 000	358 000	1 102 000

Directors Remuneration is in relation to directors and committee meetings.

Stakeholders related remuneration is in relation to Special General Meetings, Annual General Meetings and General Parliament meetings.

17. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicatble to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the company.

These conditions give rise to a material uncertainty which may cast significant dought about the company's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

18. Categories of Financial Instruments

Categories of Financial Instruments 2019	Notes	Financial Assets at Amortised value	Financial Assets at Fair Value	Financial liabilities at amortised cost	Total
Assets					
Current assets					
Trade and other Receivables	3	14 008 975			14 008 975
Cash and cash equivalents	4		4 087 521		4 087 521
Total assets		**14 008 975**	**4 087 521**	**–**	**18 096 496**
Current Liabilities					
Trade and other Payables	5			861 622	861 622
Total liabilities		**–**	**–**	**861 622**	**861 622**

Categories of Financial Instruments 2018	Notes	Financial Assets at Amortised value	Financial Assets at Fair Value	Financial liabilities at amortised cost	Restated Total
Assets					
Current assets					
Trade and other Receivables	3	12 932 516	–		12 932 516
Cash and cash equivalents	4		1 627 866		1 627 866
Total assets		**12 932 516**	**1 627 866**	**–**	**14 560 382**
Current Liabilities					
Trade and other Payables	5			1 402 224	1 402 224
Total liabilities		**–**	**–**	**1 402 224**	**1 402 224**

19. Prior Period Errors

During the period under review, it was noted that the prior year's Accounts Receivables was understated as at 31 March 2017 and 31 March 2018. This was mainly due to the Settlement Agreement entered between ZADNA and ZACR regarding the rates charged for the registration of the different domains under the management of ZACR. ZADNA has been levying a rate of R7 per domain because ZACR was disputing the proposed rate of R12 per domain. The two entities entered into a settlement agreement in December 2018 after ZACR agreed to the proposed rate of R12 per domain. The comparative statements for 2016/2017 financial year have been restated. The comparative statements for 2017/2018 have also been restated as outlined on the Statement of Financial Position. The effect of the correction of the errors is summarised below:

	2 018	2 017
Statement of Financial Position	**2 018**	**2 017**
Increase in Accounts Receivable	6 635 410	5 211 977
Increase in VAT Liability	814 875	640 067
Statement of Profit and Loss and other Comprehensive Income		
Increase in Revenue	5 820 535	
Statement of changes in Equity		
Increase in Accumulated Surplus	5 820 535	4 571 910

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
DETAILED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year Ending 31 March 2019

	2019	Restated 2018
	R	R
Revenue	**14 732 658**	**14 219 972**
Central Registry	14 660 631	13 982 224
Interest Received	57 021	225 748
ADR Fees Received	3 250	12 000
Outsurance -Outsurance	11 756	-
Total Income	14 732 658	14 219 972
Operating expenses	(11 945 518)	(11 857 528)
Accounting Fees	262 867	195 270
Africa Internet Governance Forum(AFIGF)	-	13 423
Auditors Remuneration	141 608	100 000
Bank Charges	14 107	23 574
Bad Debts	984 966	-
C & A I-Week	-	271 786
Compensation Commission	-	18 801
Computer Expenses / IT Hosting	111 519	128 516
Conference Expenses	20 518	8 281
Courier & Postage	82	-
Depreciation , amortisation and Impairement	193 900	242 115
Entertainment Expenses	59 530	52 513
Fines and penalties	-	26 865
ICANN Contribution ,ZA South Africa	-	321 555
ICANN Travel /Accomodation / Subsistence	280 791	40 256
Insurance	93 668	57 848
Internship Program	43 787	180 869
Legal Fees	1 471 633	1 271 309
Marketing and Awareness	77 611	1 210 485
Meeting Reimbursements	1 495 066	744 000
Namespace Dev : Online Presence Project	5 866	200 190
Namespace Dev : Registrar- Reseller	126 772	51 926
Other external relations	66 373	-
PAYE	1 150 192	1 110 691
Printing, Stationery and Supplies	119 095	70 383
Professional Fees	319 994	368 990
Rent Paid	828 743	784 360
Repairs & Maintainance	1 660	27 355
Motor Vehicle : Fuel & Oil	6 639	-
Motor Vehicle : Expenses & Maintainance	922	-
Motor Vehicle :Tracking	179	-
SA Internet Governance Forum	-	85 667
SDL	-	53 365
Salaries & Wages	3 340 826	3 111 658
Staff Engagement/wellfare	24 852	-
Stakeholders Relations & Board Travel	180 000	358 000
Subscriptions : IoDSA	20 522	-
Telephone & Internet	145 063	136 110
Training	8 500	44 301
Travel / Accomodation Staff	105 691	319 895
UIF	33 322	32 860
ZA Infrastructure & DNSSEC	208 656	194 311
Total Surplus	**2 787 141**	**2 362 444**
Finance Costs		
Surplus/ Deficit before taxation	**2 787 141**	**2 362 444**
Tax Exempt	-	-
Surplus for the year	**2 787 141**	**2 362 444**