



The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
Annual Financial Statements
For the Year Ending 31 March 2020

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
For the Year Ending 31 March 2020

General Information

Country of incorporation and Domicile	South Africa																				
Nature of Business & Principle Activities	The regulation and management of the ZA domain name space																				
Directors	<table><thead><tr><th>Name</th><th>Status</th></tr></thead><tbody><tr><td>Ms P Legoze (Chairperson)</td><td>Active</td></tr><tr><td>Ms V Motloutsi</td><td>Active</td></tr><tr><td>Mr N Msibi (Treasurer)</td><td>Active</td></tr><tr><td>Prof D Mashao</td><td>Active</td></tr><tr><td>Prof K Moodaliyar</td><td>Active</td></tr><tr><td>Ms M Malapane</td><td>Active</td></tr><tr><td>Mr R Mbuvha</td><td>Active</td></tr><tr><td>Ms S Mzizi</td><td>Active</td></tr><tr><td>Ms A Esterhysen</td><td>Active</td></tr></tbody></table>	Name	Status	Ms P Legoze (Chairperson)	Active	Ms V Motloutsi	Active	Mr N Msibi (Treasurer)	Active	Prof D Mashao	Active	Prof K Moodaliyar	Active	Ms M Malapane	Active	Mr R Mbuvha	Active	Ms S Mzizi	Active	Ms A Esterhysen	Active
Name	Status																				
Ms P Legoze (Chairperson)	Active																				
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Ms M Malapane	Active																				
Mr R Mbuvha	Active																				
Ms S Mzizi	Active																				
Ms A Esterhysen	Active																				
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																				
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)																				

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For the Year Ending 31 March 2020

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Published	14-Aug-20

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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 estimate.

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 responsibilities 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 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.

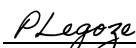
The directors have reviewed the company's cash flow forecast for the year ending 31 March 2021 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The External Auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial have been examined by the company's External 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 the Annual Financial Statement.

The financial statement set out in pages 9 to 22, have been approved by the board of directors on the 14th August 2020



Chairperson :
Ms P Legoze
Date: 18/09/2020.....



Treasurer :
Mr N Msibi
Date: 18/09/2020.....

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
Directors Report
For the Year Ending 31 March 2020

The directors present their report for the financial year ending 31 March 2020. This report forms part of the annual financial statements.

1. Business and operations

The company is engaged in the Business of Domain name regulation. The company operates principally in South Africa.

2. Financial results

The results of the entity and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

3. Equity

The company is incorporated without any share capital.

4. Events subsequent to year end

There have not been any event to report subsequent to year end.

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 operating in 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	
Ms P Legoze (Chairperson)	RSA	Active	
Ms V Motloutsi	RSA	Active	
Mr N Msibi (Treasurer)	RSA	Active	
Prof D Mashao	RSA	Active	
Prof K Moodaliyar	RSA	Active	
Ms M Malapane	RSA	Active	
Mr R Mbuva	RSA	Active	
Ms S Mzizi	RSA	Active	
Ms A Esterhysen	RSA	Active	
Adv MJ Ralefatane	RSA	End of term	(31/10/2020)
Mr AM Brooks	RSA	End of term	(31/10/2020)
Ms N Dhevcharran	RSA	End of term	(31/10/2020)
Mr MR Khumalo	RSA	End of term	(31/10/2020)
Ms MO Morata	RSA	End of term	(31/10/2020)
DR YKN Mohutsioa–Mathabathe PhD	RSA	Resigned	(17/05/2019)

7. Rakoma and Associates Inc were retained as External Auditors of the Company for the year ended 31 March 2020.

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 9 to 21, which comprise the statement of financial position as at 31 March 2020, and the statement of 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 2020, 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. Our opinion is not modified in respect of this matter.

Restatement of prior year comparatives

As disclosed in note 16 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the company at, and for the year ended, 31 March 2020.

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 2020", 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.

Chairman of the Board: EM Rakoma CA (SA)

Head Office - Gauteng: (Primary
domicilium citandi et executandi)
Monte Circle Office Park,
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Kimberley, 8305

Tel : +27 (0) 53 831 2253
Fax: +27 (0) 86 647 1027

*Registered name : Rakoma and Associates Incorporated

*A complete list of Directors and Partners is available upon request.

Company Registration: 2002/024847/21

Web: www.rakoma.co.za

www.linkedin.com/company/rakoma-and-associates-inc

www.facebook.com/RakomaInc

Email (General information):

info@rakoma.co.za



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.

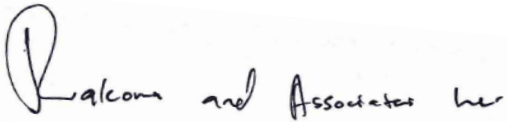
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described below:

- VAT was not declared and paid to SARS for some revenue invoices relating to previous financial periods which resulted in the company incurring penalties and interest. This was non-compliance with the VAT Act. The matter has been resolved.



Rakoma and Associates Inc

Rakoma & Associates Inc.

Director: Collins Malunga

Registered Auditor

Ground Floor Building B Monte Circle Office Park

178 Monte Casino Boulevard

Fourways

2191

18 September 2020

The ZA Domain Name Authority (NPC)

(Registration number 2003/021150/08)

Annual Financial Statements

For the Year Ending 31 March 2020

Statement of Financial Position as at 31 March 2020

	Note(s)	As at 31st March 2020	Restated As at 31st March 2019
Figures in Rand		R	R
Assets			
Non-current assets			
		6 205 756	11 205 211
Property, plant and equipment	2	434 498	476 466
ZACR Receivable	3	5 771 258	10 728 745
Current assets			
		16 548 596	8 791 437
Investment	10	4 000 000	-
Trade and other Receivables	3	7 155 349	4 703 916
Cash and cash equivalents	4	5 393 248	4 087 521
Total assets		22 754 353	19 996 648
Equity and Liabilities			
		19 797 230	17 263 406
Accumulated Surplus		19 797 230	17 263 406
Liabilities			
Current Liabilities			
		2 957 122	2 733 242
Trade and other Payables	5	2 957 122	2 733 242
Total Equity and Liabilities		22 754 353	19 996 648

The ZA Domain Name Authority (NPC)

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Statement of Comprehensive Income

Figures in Rand	Note(s)	Restated	
		Year Ending 31 March 2020	Year Ending 31 March 2019
		R	R
Revenue	7	14 926 000	14 660 631
Other Income	6	8 571	15 006
Total income		14 934 571	14 675 637
Operating Expenses	8	(12 755 596)	(12 191 888)
Operating Surplus/ Deficit		2 178 976	2 483 750
Investment Revenue	9	354 849	57 021
Surplus before taxation		2 533 824	2 540 771
Tax Exempt	11	-	-
Total Comprehensive Surplus/ (Deficit)		2 533 824	2 540 771

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STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Note	Accumulated Surplus/(Deficit)	Total Equity
Balance at 1 April 2017		11 122 200	11 122 200
Deficit for the Period		(3 458 088)	(3 458 088)
Prior year Adjustment		5 820 535	5 820 535
Balance at 01 April 2018		13 484 647	13 484 647
Surplus for the Period		2 787 141	2 787 141
Prior Period Error	16	991 618	991 618
Balance at 01 April 2019 restated		17 263 406	17 263 406
Surplus for the period		2 533 824	2 533 824
Balance at 31 March 2020		19 797 230	19 797 230

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STATEMENT OF CASH FLOWS

Figures in Rand	Year Ended 31		Restated
		March 2020	Year Ended 31 March 2019
	Note (s)	R	R
Cashflows from operating activities			
Cash used in operations	12	297 947	(612 302)
Interest Income		205 319	57 021
Net cashflow from operating activities		503 266	(555 281)
Cashflows from investing activities			
Purchase of property plant and equipment	2	(155 026)	(19 475)
Decrease in Non-current receivable	3	4 957 487	3 034 413
Increase in Investment	10	(4 000 000)	-
Net cashflow from investing activities		802 461	3 014 938
Cashflows from financing activities			
Net cashflow from financing activities		-	-
Total cash movement for the period		1 305 726	2 459 655
Cash at the beginning of the period		4 087 521	1 627 866
Total cash at end of the period	4	5 393 248	4 087 521

The ZA Domain Name Authority (NPC)
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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1. Accounting Policies

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 incorporate in the principal accounting policies set out below. They are presented in South African Rands.

The financial statements were authorised for issue on 14 August 2020

Authorisation for issue of financial statements was given by the board of directors

The Entities Directors do not have the power to amend the financial statements after issue.

These accounting policies 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 estimate and assumptions that affects the amounts represented in the Annual financial statements and related disclosure. 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 , Held to Maturity Investments , Loans and receivables.

The company assesses its trade receivables, held to maturity investments and loans and 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, held to maturity investments and loans and receivables is calculated on a 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 imparement may have occurred, estimates are prepared of expected future cashflows for each group assets. Expected future cashflows used to determine the value in use of tangible assets are inherently certain and could materially change over time.

Provisions

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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 reliably.

Property, Plant and equipment is initially measured at cost.

Cost Includes costs incurred initially to acquire or construct 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 subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less 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	Average Useful life
Furniture and Fixtures	Straight Line	6 Years
Motor Vehicles	Straight Line	5Years
Office Equipment	Straight Line	3Years
IT Equipment	Straight Line	3Years
Computer Software	Straight Line	3Years
Cellphone Equipment	Straight Line	2Years

When indicators are present that the useful lives and residual values of items of property, plant 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 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 as at fair value through profit and loss, which shall not be classified out of the fair value through profit Loss.

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. 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 instruments which are not at fair value through profit and loss transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value are 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 dividends and interest. Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

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Derecognition

Financial Assets are derecognised when the rights to receive cash flows from the investments 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 financial 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 of 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 reversed 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 impaired. Significant financial difficulties of the debtor, probability that the debtor will enter 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 loans and receivables.

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-Lessee

Leases will be recognised, measured, presented and disclosed using the single lessee accounting model, requiring lessors 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.

1.5 Employee benefits

Short-term employment benefits

The cost of short-term employee benefit (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary 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 profit sharing and 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.

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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 interest that is accrued over time through a business's investment 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 retained earnings as well as funding to be received 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 the future commitments. The company manages liquidity risk by not entering into future commitments before funding for such expenditure is 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, loan funding and short term investments in fixed deposits. 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 and Amended Standards.**

IFRS 16

In accordance with 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 term is 12 months less or the underlying asset has a low value. IFRS 16's approach to lessor, and the standard replaces IAS 17 effective for all accounting periods after 31 January 2019.

The Entity has not applied the standard and interpretation of IFRS 16, par 22 to 49 for this reporting period as the lease has less than 12 months remaining, the standard will be applied to all other new leases after 1 January 2019.

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2. PROPERTY PLANT AND EQUIPMENT

	Year Ended 31 March 2020			Year Ended 31 March 2019		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and Fixtures	283 136	(156 999)	126137	283 136	(109 806)	173 330
Motor Vehicle	422 425	(255 045)	167380	422 425	(170 560)	251 865
Office Equipment	40 494	(40 494)	-	35 886	(31 340)	4 546
Computer Equipment	478 349	(407 598)	70751	419 222	(372 498)	46 724
Computer Software	14 270	(14 270)	-	14 270	(14 270)	-
IT Equipment	91 291	(21 061)	70230	-	-	-
Total	1 329 965	(895 467)	434 498	1 174 939	(698 474)	476 466

	Opening Balance	Additions	Disposal	Depreciation	Closing Balance
Furniture and Fixtures	173 330	-	-	(47 193)	126 137
Motor Vehicle	251 865	-	-	(84 485)	167 380
Office Equipment	4 546	4608	-	(9 154)	-
Computer Equipment	46 724	59127	-	(35 101)	70 751
Computer Software	-	-	-	-	-
IT Equipment	-	91291	-	(21 061)	70 230
Total	476 465	155 026	-	(196 994)	434 498

	Opening Balance	Additions	Disposal	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
Computer Equipment	77 625	19475	-	(50 376)	46 724
Computer Software	1 867	-	-	(1 867)	-
IT Equipment	-	-	-	-	-
Total	650 890	19 475	-	(193 900)	476 466

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year Ending 31 March 2020

	Year Ending 31 March 2020	Restated Year Ending 31 March 2019
3. Trade and other receivables		
Central Registry Arbitration	6 667 483	4 458 098
Deposits	245 818	245 818
Accrued Income	149 530	-
Prepaid Expense	92 518	-
	<u>7 155 349</u>	<u>4 703 916</u>

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 continuous 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

Current	1 517 687	1 423 686
1 Month past due	-	-
2 Months past due	-	-
3 Months past due	-	-
over 3 Months past due	10 921 054	13 763 157

Non- current Asset Receivable

ZACR settlement agreement receivable in instalments

5 771 258

10 728 745

4. Cash and Cash Equivalents

Bank Balances	5 106 492	3 853 978
Credit card	39 724	-
Petty Cash	5 080	2 399
Other Cash and Cash Equivalents (ADR Account)	241 951	231 145
	<u>5 393 248</u>	<u>4 087 521</u>

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

Trade creditors	222 991	143 360
ABSA – Credit Card	-	14
UIF	-	2 730
Payee Expense payable	-	134 134
Provision for Directors Remuneration	87 980	-
Provision For Employees Bonus	167 874	216 038
VAT Liability	1 734 673	1 670 498
Provision for VAT Penalties and Interest	321 513	201 123
Provision For Audit fees	160 000	141 608
Accrual for leave pay	262 092	223 738
	<u>2 957 122</u>	<u>2 733 243</u>

6. Other Income

Insurance Outbonus	8 571	11 756
ADR Fees Received	-	3 250
	<u>8 571</u>	<u>15 006</u>

7. Revenue

ZA Central Registry Fees	14 926 000	14 660 631
	<u>14 926 000</u>	<u>14 660 631</u>

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.

The .ZA Second level Domain (SLD) operating Agreement concluded between 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 Increase agreement date.

The ZA Domain Name Authority (NPC)
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year Ending 31 March 2020

	Year Ended 31 March 2020	Restated Year Ended 31 March 2019
8. Operating Expenses		
Employee cost		
Salaries & Wages	2 374 581	2 901 050
Accrual for Leave pay	262 092	223 738
Accrual for Employees Bonus	167 874	216 038
PAYE	892 907	1 150 192
UIF	29 382	33 322
	<u>(3 726 835)</u>	<u>(4 524 340)</u>
Auditors Fees	(174 736)	(141 608)
Directors Remunerations	(1 781 356)	(1 675 066)
Other Operating Expenses	<u>(7 072 668)</u>	<u>(5 850 874)</u>
Total operating Expenses	<u>(12 755 596)</u>	<u>(12 191 888)</u>
9. Investment Revenue		
Interest Income	<u>354 849</u>	<u>57 021</u>
	<u>354 849</u>	<u>57 021</u>
10. Investment		
	<u>4 000 000</u>	<u>-</u>
	<u>4 000 000</u>	<u>-</u>
365 Days Fixed deposit with ABSA bank at 7,75% interest capitalised at maturity, matures on the 26th October 2020.		
11. 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 .		
12. Cash used In operations		
Profit/(Loss) before taxation	2 533 824	2 540 771
Adjustments for:		
Depreciation and ammortisation	196 994	193 900
Interest Received	(205 319)	(57 021)
Changes in working capital		
Trade and other receivables	(2 451 433)	(4 110 871)
Trade and other payables	223 880	820 919
	<u>297 947</u>	<u>(612 302)</u>
13. Commitments		
Leases – lessee		
Minimum Lease payments due		
-With one year	299 633	568 882
-in second to fifth year inclusive		
	<u>299 633</u>	<u>568 882</u>

The commitment relates to Growth point rentals, the contract ends 31 August 2020. Paragraphs 22–49 (IFRS 16) has not been applied as the remaining term of the lease is less than 12 months.

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year Ending 31 March 2020

14. Related Parties

In terms of the Act, the Minister of Telecommunications and Postal Services is entitled to appoint directors, Directors and Public Officers Remuneration.

Directors Remunerations

Executive	Emoluments	Totals
2020		
ACEO	149 656	149 656
V Mpisane	388 316	388 316
2019		
V Mpisane	1 099 008	1 099 008

Non Executive

	Directors remuneration	Stakeholder Related Remuneration	Total
2020			
Ms P Legoze (Chairperson)	99 671	20 000	119671
Mr N Msibi (Treasurer)	240 875	50 000	290875
Ms V Motloutsi	62 540	20 000	82540
Prof D Mashao	52 540	-	52540
Prof K Moodaliyar	67 080	20 000	87080
Ms M Malapane	59 454	20 000	79454
Mr R Mbuva	62 540	20 000	82540
Ms S Mzizi	54 720	10 000	64720
Ms A Esterhysen	56 720	10 000	66720
Adv MJ Ralefatane (31 October 2019)	207 293	30 000	237293
Mr AM Brooks (31 October 2019)	113 540	20 000	133540
Ms N Dhevcharran (31 Octoberr 2019)	91 214	10 000	101214
Mr MR Khumalo (31 october 2019)	165 510	30 000	195510
Ms M Morata (31 October 2019)	140 579	30 000	170579
Dr YKN Mohutsioa- Mathabathe (17 May 2019)	17 080	-	17080
	1 491 356	290 000	1 781 356

Non Executive

	Directors remuneration	Stakeholder Related Remuneration	Total
2019			
Adv MJ Ralefatane (Chairperson)	227 440	30 000	257440
Mr N Msibi (Treasurer)	226 770	30 000	256770
Mr AM Brooks	162 190	10 000	172190
Ms N Dhevcharran	125 570	30 000	155570
Mr MR Khumalo	189 202	30 000	219202
Dr YKN Mohutsioa- Mathabathe	145 620	20 000	165620
Ms MO Morata	219 485	30 000	249485
Dr NYH Mzizana	156 789	-	156789
Dr Jonty Tshipa ,PHD	42 000	-	42000
	1 495 066	180 000	1 675 066

Directors Remuneration is in relation to directors and committee meetings.

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

15. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable 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 doubt 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.

The ZA Domain Name Authority (NPC)
(Registration number 2003/021150/08)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year Ending 31 March 2020

16. Prior Period Error

Trade Receivables

Trade receivables were understated with R1 423 686, this resulted in an understatement in the Accumulated surplus by R 1237 718 and in VAT liability by R185 698, they have since been restated. The portion of the receivable which is due within a year is classified as current asset, with the portion receivable in more than 12 Months being classified Non-current asset. Trade receivables were credited with R10 728 745 and ZACR Settlement account a Non-Current Account debited with R 10 728 745.

VAT Penalties and Interest

The VAT Liability payable to SARS as a result of the settlement agreement has attracted penalties and Interest, the declarations have been submitted to SARS and a provision for the Penalties and Interest recognised. The Penalties and Interest were understated by R246 370, While Accumulated surplus was over stated by R 246 370. VAT Liability of R 45 247 was recognised and a provision on VAT Penalties and Interest of R 201 123 has been made.

Operating Expenses	2019
Increase in Penalties and Interest	45 247
Increase in Provision for penalties and Interest	201 123
Current Assets	
Decrease in Trade receivables	(10 728 745)
Increase in Trade receivables	1 423 686
Equity and Liabilities	
Increase in Accumulated Surplus	1 237 988
Decrease in Accumulated Surplus	(246 370)
Current liability	
Increase in VAT liability	230 945
Increase in Provision for VAT Penalties and Interest	201 123
Non-current Asset Receivable	
Increase in ZACR settlement agreement	10 728 745

17. Categories of Financial Instruments

Categories of Financial Instruments 2020	Financial Assets at Amortised value	Financial Assets at Fair Value	Financial liabilities at amortised cost	Total
Assets				
Non-current assets				
ZACR Receivable	5 771 258	-	-	5 771 258
Current assets				
Investment	4 000 000	-	-	4 000 000
Trade and other Receivables	7 155 349	-	-	7 155 349
Cash and cash equivalents	-	5 393 248	-	5 393 248
Total assets	16 926 607	5 393 248	-	22 319 855

Equity and Liabilities

Current Liabilities

Trade and other Payables	-	-	2 957 122	2 957 122
Total Equity and liabilities	-	-	2 957 122	2 957 123

Categories of Financial Instruments 2019	Financial Assets at Amortised value	Financial Assets at Fair Value	Financial liabilities at amortised cost	Total
Assets				
Non-current Asset				
ZACR Receivable	10 728 745	-	-	10 728 745
Current assets				
Trade and other Receivables	4 703 916	-	-	4 703 916
Cash and cash equivalents	-	4 087 521	-	4 087 521
Total assets	15 432 661	4 087 521	-	19 520 182

Current Liabilities

Trade and other Payables	-	-	2 733 242	2 733 242
Total Equity and liabilities	-	-	2 733 242	2 733 242

The ZA Domain Name Authority (NPC)
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DETAILED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ending 31 March 2020

	2020	Restated 2019
	R	R
Revenue	15 289 420	14 732 658
Central Registry	14 926 000	14660631
Interest Received	354 849	57 021
ADR Fees Received		3 250
Outsurance –Outsurance	8 571	11 756
Total Income	15 289 420	14 732 658
Operating expenses	12 755 596	12 191 888
Accounting Fees	413 325	262 867
Africa Internet Governance Forum	49 043	-
Auditors remuneration	174 736	141 608
Bank Charges	25 375	14 107
Bad debts	-	984 966
C & A I-Week	49 206	-
Recruitment Agencies	50 905	-
Computer Expenses / IT Hosting	122 741	111 519
Compliance	188 322	
Conference Expenses	38 895	20 518
Courier & Postage	-	82
Depreciation	196 994	193 900
DTPS Meeting and Events	130 975	-
Staff Engagement and Meeting catering	52 944	59 530
ICANN Contribution ,ZA South Africa	29 786	-
ICANN Travel /Accommodation / Subsistence	235 815	280 791
Insurance	87 421	93 668
Internship Program	85 570	43 787
Internal Auditors	153 888	-
Legal Fees	1 163 148	1 471 633
Loss on Fraudulent Transactions	6 146	
Meeting Reimbursements /Directors remunerations	1 491 356	1 495 066
Motor Vehicle : Fuel & Oil	4 637	6 639
Motor Vehicle : Expenses & Maintainance	2 300	922
Motor Vehicle :Tracking	1 920	179
Namespace Dev : Online Presence Project	-	5 866
Namespace Awareness	803 844	77 611
Namespace Dev : Registrar- Reseller	441 193	126 772
Other external relations	-	66 373
Office Supplies	33 041	-
PAYE	892 907	1 150 192
Parliament Events and Travel	172 399	-
Printing, Stationery and Supplies	110 725	119 095
Professional Fees	162 896	319 994
Penalty and Interest SARS VAT	99 121	45 247
Provision for Penalty and Interest SARS VAT	120 390	201 123
Rent Paid	900 215	828 743
Repairs & Maintainance	13 041	1 660
Research	15 700	
Salaries & Wages	2 804 547	3 340 826
SA Internet Governance Forum	253 083	-
SA School of Internet Governance	197 921	-
Staff Welfare		24 852
Stakeholders Relations & Board Travel	290 000	180 000
Subscriptions : IoDSA	23 909	20 522
Telephone & Internet	94 978	145 063
Training staff	22 333	8 500
Training Directors	32 432	-
Travel / Accommodation Staff	188 878	105 691
Travel / Accommodation Directors	71 866	
UIF	29 382	33 322
ZA Infrastructure & DNSSEC	225 349	208 656
Total Surplus / (Deficit)	2 533 824	2 540 771
Finance Costs		
Surplus/ Deficit before taxation	2 533 824	2 540 771
Tax Exempt	0	0
Surplus/(Deficit) for the year	2 533 824	2 540 771