THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements

for the year ended 31 March 2016

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the members:

General Information	2 - 3
Independent Auditor's Report	4
Directors' Responsibilities and Approval	5
Directors' Report	6
Statement of Financial Position	7
Statement of Profit or Loss and Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 17
Notes to the Annual Financial Statements	18 - 25

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	26 - 27

General Information

Country Of Incorporation And Domicile	South Africa
Nature Of Business And Principal Activities	The regulation and management of the ZA domain name space
Directors	Adv MJ Ralefatane (Chairperson) Mr N Msibi (Treasurer) Mr AM Brooks Ms N Dhevcharran Mr MR Khumalo Dr YKN Mohutsioa-Mathabathe Ms MO Morata Dr NYH Mzizana Mr J Tshipa
Registered Office	COZA House Gazelle Close Old Pretoria Road Midrand 1685
Business address	COZA House Gazelle Close Old Pretoria Road Midrand 1685
Postal address	PO Box 4620 Halfway House 1685
Bankers	ABSA Grindrod Bank Limited
Auditors	PricewaterhouseCoopers Inc. Chartered Accountants (S.A.) Registered Auditor Pretoria
Company registration number	2003/021150/08

General Information

Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.
Preparer	The annual financial statements were independently compiled by: De Jager Registered Public Accountants & Auditors

pwc

Independent auditor's report to the members of The ZA Domain Name Authority (NPC)

We have audited the annual financial statements of The ZA Domain Name Authority (NPC) set out on pages 6 to 24, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

PricewaterhouseCoopers Inc., 32 Ida Street, Menlo Park 0081, P O Box 35296, Menlo Park 0102, South Africa
T: +27 (12) 429 0000, F: +27 (12) 429 0100, www.pwc.co.za

pwc

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The ZA Domain Name Authority (NPC) as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other report required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. The report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Other matter

The supplementary information set out on pages 25 to 26 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly we do not express an opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Nezira Ayob
Registered Auditor
Pretoria
27 July 2016

PricewaterhouseCoopers Inc., 32 Ida Street, Menlo Park 0081, P O Box 35296, Menlo Park 0102, South Africa
T: +27 (12) 429 0000, F: +27 (12) 429 0100, www.pwc.co.za

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards and are prepared in accordance with the International Financial reporting Framework and the requirements of the Companies Act of 2008 as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error 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 risk across the company. While operating risk cannot 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 and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements as set out on pages 7 to 25 were approved by the board on 22 July 2016 and were signed on their behalf by:

Adv MJ Ralefatane (Chairperson)

Mr N Msibi (Treasurer)

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of The ZA Domain Name Authority (NPC) for the year ended 31 March 2016.

1. Nature of business

The ZA Domain Name Authority (NPC) is engaged in the protection and the furtherance of the ZA domain name space and operates principally in South Africa.

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

2. Review of financial results and activities

The annual 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 with 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. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the company.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Adv MJ Ralefatane (Chairperson)
Mr N Msibi (Treasurer)
Mr AM Brooks
Ms N Dhevcharran
Mr MR Khumalo
Dr YKN Mohutsioa-Mathabathe
Ms MO Morata
Dr NYH Mzizana
Mr J Tshipa

5. Secretary

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

6. Auditors

PricewaterhouseCoopers Inc. were the auditors for the year under review.

Statement of Financial Position

Figures in R	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	1	157,717	149,125
Current Assets			
Trade and other receivables	2	776,491	2,026,993
Cash and cash equivalents	3	10,454,327	6,961,114
		11,230,818	**8,988,107**
Total Assets		**11,388,535**	**9,137,232**
Equity and Liabilities			
Equity			
Retained surplus		10,558,214	8,729,468
Current Liabilities			
Trade and other payables	4	830,321	378,616
Credit card	3	-	29,148
		830,321	**407,764**
Total Equity and Liabilities		**11,388,535**	**9,137,232**

Statement of Profit or Loss and Comprehensive Income

Figures in R	Note(s)	2016	2015
Revenue	5	7,239,121	6,884,105
Other income	6	14,000	17,000
Operating costs		(2,622,973)	(2,987,066)
Salaries & Wages	10	(3,392,561)	(2,601,545)
Operating surplus	7	**1,237,587**	**1,312,494**
Interest received	8	591,157	467,242
Surplus for the year		**1,828,744**	**1,779,736**

Statement of Changes in Equity

Figures in R	Retained earnings	Total
Balance at 1 April 2014	6,949,732	6,949,732
Total comprehensive surplus for the year		
Surplus for the year	1,779,736	1,779,736
Total comprehensive surplus for the year	1,779,736	1,779,736
Balance at 1 April 2015	**8,729,468**	**8,729,468**
Balance at 1 April 2015	8,729,468	8,729,468
Total comprehensive surplus for the year		
Surplus for the year	1,828,744	1,828,744
Total comprehensive surplus for the year	1,828,744	1,828,744
Balance at 31 March 2016	**10,558,212**	**10,558,212**

Statement of Cash Flows

Figures in R	Note(s)	2016	2015
Cash flows from operating activities			
Surplus for the year		1,828,744	1,779,736
Adjustments for:			
Depreciation of Property, plant and equipment		63,778	6,905
Interest income		(591,157)	(467,242)
Operating cash flow before working capital changes		1,301,365	1,319,399
Working capital changes			
Decrease /(increase) in trade and other receivables		1,250,502	(1,431,063)
Increase/(decrease) in trade and other payables		451,705	(41,091)
Cash generated by/(utilised in) operating activities		3,003,572	(152,755)
Interest income		591,157	467,242
Net cash from operating activities		**3,594,729**	**314,487**
Cash flows from investing activities			
Property, plant and equipment acquired	1	(72,370)	(153,338)
Net cash utilised in investing activities		**(72,370)**	**(153,338)**
Increase in cash and cash equivalents		3,522,361	161,149
Cash and cash equivalents at beginning of the year		6,931,966	6,770,817
Cash and cash equivalents at end of the year	3	**10,454,327**	**6,931,966**

Accounting Policies

1. Basis of preparation

The annual financial statements of the company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs) and the Companies Act, 71 of 2008. The annual financial statements have been prepared under the historical cost convention.

- The financial statements were authorised for issue on 22 July 2016.
- Authorisation for issue of financial statements was given by the board of directors.
- The entity's directors do not have the power to amend the financial statements after issue.

These accounting policies are consistent with the previous period.

2. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect 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 cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios.

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 cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Accounting Policies

Provisions

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

2.1 Property, Plant and Equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

The major categories of property, plant and equipment are depreciated at the following rates:

Cell phone equipment	2 years
Computer software	3 years
Electronic IT equipment	3 years
Office equipment	3 years

2.2 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. All other leases are classified as operating leases.

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the statement of financial position as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

2.3 Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss - designated.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or 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.

Derecognition

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

Impairment of financial assets

Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Accounting Policies

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the company assesses whether there is any objective evidence that a receivable or company of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the company's cash management are included as a component of cash and cash equivalents.

2.4 Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Accounting Policies

2.5 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the company has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the company as the company has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.6 Bank overdraft

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Bank overdrafts are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.7 Revenue recognition

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 (Registrar Fees) as amended from time to time.

- ZACR must pay over to ZADNA the relevant fees stipulated in Schedule 4 (ZACR Registry Fees) as amended from time to time.

Registrar Payment Terms: CO.ZA

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

- Creates or Renewals committed by an EPP Registrar will be due and payable on commitment to the Central Registry

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.

Accounting Policies

- 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.

Government grants

Grants from the Government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions. Grants received where the company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

2.8 Provisions

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.9 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.

Liquidity risk

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

Cash flow 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.

Accounting Policies

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 as disclosed in notes 2 and 3.

Notes to the Annual Financial Statements

Figures in R	2016	2015

1. Property, plant and equipment

	Cost	Accumulated depreciation	2016 Carrying value	Cost	Accumulated depreciation	2015 Carrying value
Owned assets						
Cellphone equipment	5,702	(2,209)	**3,493**	-	-	-
Office equipment	12,490	(1,985)	**10,505**	-	-	-
Electronic IT equipment	280,436	(148,097)	**132,339**	240,528	(91,403)	149,125
Computer software	14,270	(2,890)	**11,380**	-	-	-
	312,898	(155,181)	**157,717**	240,528	(91,403)	149,125

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2016 Carrying value at end of year
Owned assets					
Cellphone equipment	-	5,702	-	(2,209)	3,493
Office equipment	-	12,490	-	(1,985)	10,505
Electronic IT equipment	149,125	39,908	-	(56,694)	132,339
Computer software	-	14,270	-	(2,890)	11,380
	149,125	72,370	-	(63,778)	157,717

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2015 Carrying value at end of year
Owned assets					
Electronic IT equipment	2,692	153,338	-	(6,905)	149,125
	2,692	153,338	-	(6,905)	149,125

Notes to the Annual Financial Statements

Figures in R	2016	2015

2. Trade and other receivables

Trade debtors	720,863	2,026,993
Sundry debtors	13,000	-
Prepaid expenses	42,628	-
	776,491	2,026,993

The credit quality of trade and other receivables that are neither pas due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The majority of trade receivables pertain to one specific counterparty of which the credit risk is assessed by the directors on a continuous basis.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

The fair value of trade receivables approximate their carrying value due to the short term maturity of these receivables.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 6 months past due are not considered to be impaired. At 31 March 2016, R720,863 (2015: R2 026 944) were past due but not impaired.

The aging of amounts past due but not impaired is as follows:		
1 month past due	720,863	713,721
2 months past due	-	663,300
3 months past due	-	649,973

The creation of provision for impaired receivables have been considered by the company. No such provision has been raised.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

Notes to the Annual Financial Statements

Figures in R	2016	2015

3. Cash and cash equivalents

Short-term deposits	9,516,653	6,807,867
Bank balances	777,453	-
Other cash and cash equivalents	160,221	153,247
Credit card	-	(29,148)
	10,454,327	6,931,966

Current assets	10,454,327	6,961,114
Current liabilities	-	(29,148)
	10,454,327	6,931,966

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

4. Trade and other payables

Trade creditors	584,203	279,574
Accrual for leave pay	188,328	61,477
Value Added Tax	57,790	37,566
	830,321	378,617

Fair value of trade and other payables

The fair value of trade and other payables approximate their carrying value due to the short term maturity of these payables.

5. Revenue

ZA Central Registry Fees	7,239,121	6,884,105

6. Other Income

ADR fees	14,000	17,000

Notes to the Annual Financial Statements

Figures in R	2016	2015

7. Operating surplus

Operating surplus is arrived at after taking into account the following items:

Depreciation and impairments		
Owned assets		
Property, plant and equipment	63,778	6,905
Auditors' remuneration		
Audit fees		
-current	115,000	114,912
Operating lease charges		
Premises	301,200	301,200

8. Interest received

Interest income		
Interest received	591,157	467,242

9. Income taxation expense

No provision has been made for 2016 taxation 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 Amended Act, Act 3 of 2011.

10. Employee benefit expenses

Salaries and wages	1,478,224	1,171,712
Accrual for leave pay	188,328	61,477
Pay-as-you-earn	604,653	478,195
Skills development levy	31,140	25,586
UIF	12,048	10,537
Compensation Commissioner	10,168	7,519
Reimbursement expenses	1,068,000	846,519

11. Directors' emoluments

Executive

2016

Name	Fees paid to director for services	Bonuses and performance related payments	Total
V Mpisane (Public officer)	1,060,000	150,000	1,210,000

2015

Name	Fees paid to director for services	Bonuses and performance related payments	Total
V Mpisane (Public officer)	1,067,225	100,837	1,168,062

Non-executive

2016

Name	Fees paid to director for services	Total
Adv MJ Ralefatane (Chairperson)	128,000	128,000
Mr N Msibi (Treasurer)	150,000	150,000
Mr AM Brooks	112,000	112,000
Ms N Dhevcharran	78,000	78,000
Mr MR Khumalo	124,000	124,000
Dr YKN Mohutsioa-Mathabathe	146,000	146,000
Ms MO Morata	104,000	104,000
Dr NYH Mzizana	120,000	120,000
Mr J Tshipa	106,000	106,000
	1,068,000	1,068,000

Notes to the Annual Financial Statements

2015

Name	Fees paid to director for services	Total
Mr HC Gajjar (Chairperson)	92,000	92,000
Mr MA Silber (Treasurer)	196,080	196,080
Mrs P Bhagattjee	66,120	66,120
Mr N Mabaso	44,000	44,000
Mr DH Martin	104,000	104,000
Mr ML Masilela	88,000	88,000
Mr WP Rowland	120,500	120,500
Mr AM Brooks	92,000	92,000
Ms N Dhevcharran	96,000	96,000
	898,700	898,700

12. Commitments

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the company for certain of its office properties. The lease is negotiated for a term of 12 months and is subject to a fixed amount of R28 000 (vat inclusive) per month.

13. Related party transactions

In terms of the Act, the Minister of Telecommunications and Postal Services is entitled to appoint directors. For the disclosure of directors' remuneration refer to note 11.

Notes to the Annual Financial Statements

14. Financial instruments

The company has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
2016					
Current financial assets					
Trade and other receivables	-	-	733,863	-	733,863
Cash and cash equivalents	-	-	10,454,327	-	10,454,327
2015					
Current financial assets					
Trade and other receivables	-	-	2,026,994	-	2,026,994
Cash and cash equivalents	-	-	6,961,114	-	6,961,114

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2016			
Current financial liabilities			
Trade and other payables	-	772,531	772,531
2015			
Current financial liabilities			
Trade and other payables	-	341,054	341,054
Credit card	-	29,148	29,148

Credit risk

The company is exposed to credit risk on financial assets, mainly attributable to trade and other receivables. It sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the company by letter of credit in order to minimise the company's credit risk exposure.

Notes to the Annual Financial Statements

Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

Summary quantitative data

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2016				
Trade and other payables	772,531	-	-	-
2015				
Trade and other payables	341,054	-	-	-
Credit card	29,148	-	-	-

Interest rate risk

The company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as held-to-maturity investments and available-for-sale financial assets. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

The company mainly holds fixed deposits with banks with maturity within 3 months and the exposure is considered not significant. It also invests surplus funds in fixed rate debt securities only and such investments are not normally material. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the company closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

In order to manage the cash flow interest rate risk, the company will repay the corresponding borrowings when it has surplus funds.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Detailed Income Statement

Figures in R	2016	2015
Gross Revenue		
ZA Central Registry Fees	7,239,121	6,884,105
	7,239,121	6,884,105
Other Income		
ADR fees	14,000	17,000
Investment income	591,157	467,242
	605,157	484,242
	7,844,278	**7,368,347**

Detailed Income Statement

Figures in R	2016	2015
Expenditure		
Accounting fees	216,100	172,784
Advertising	3,895	24,447
Auditors' remuneration	115,000	114,912
Bank charges	8,111	5,283
C&A Expenses	4,236	100,000
Compensation Commissioner	10,168	7,519
Computer expenses	21,882	30,666
Conference expense	35,128	-
Depreciation - Tangible assets	63,778	6,905
DOC specific funding	286,128	356,277
DOC Specific Funding: Launch city gTLD's	-	1,000,000
Donations	12,398	-
Entertainment	7,686	16,333
Fines and penalties - late payment of PAYE, UIF and VAT	-	(110,064)
General expenses	10,000	11,500
ICANN contribution	-	17,820
ICANN travel/accommodation	575,790	290,121
Insurance	16,651	6,669
Lease rental on operating lease	301,200	301,200
Legal expense	3,500	-
Other stakeholders relations	90,000	-
PAYE	604,653	478,195
Postage	162	-
Printing and stationery	13,344	3,900
Professional fees	397,404	117,866
Recruitment agencies	-	5,400
Salaries	2,734,552	2,079,709
SDL	31,140	25,586
Staff welfare	2,050	-
Subscriptions	74,758	-
Telephone and fax	71,839	62,788
Training	-	30,749
Travel - local	291,934	421,509
UIF	12,048	10,537
	6,015,535	5,588,611
Surplus for the year	**1,828,743**	**1,779,736**

The supplementary information presented does not form part of the annual financial statements and is unaudited