



THE ZA DOMAIN NAME AUTHORITY NPC

**THE ZA DOMAIN NAME AUTHORITY NPC
(Registration Number 2003 / 021150 / 08)
Annual Financial Statements
for the year ended 31 March 2022**

Audited Financial Statements

in compliance with the Companies Act of South Africa

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

Index

	Page
General Information	2 - 3
Directors' Responsibilities and Approval	4
Directors' Report	5 - 6
Independent Auditor's Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 18
Notes to the Financial Statements	19 - 30
The supplementary information presented does not form part of the Financial Statements and is unaudited:	
Detailed Income Statement	31 - 32

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2003 / 021150 / 08
Nature of Business and Principal Activities	The regulation and management of the ZA domain name space
Directors	Ms P Legoze (Board Chairperson) Mr N Msibi (ARC Chairperson) Ms V Motloutsi Prof D Mashao Prof K Moodaliyar Ms M Malapane Ms S Mzizi Ms A Esterhuysen Mr R Mbuva (Resigned 1 March 2022)
Registered Office	44 Grand Central Road Sanofi House First Floor Midrand 1685
Postal Address	PO Box 4620 Halfway House Midrand Gauteng 1685
Bankers	ABSA
Tax Number	9149669153
Value Added Tax Number	4110263821
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Auditors	Makhadzi Consulting Inc Ground Floor Southdowns Ridge Office Park Irene, Centurion 0149

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

General Information

Company Secretary

IKB Company Secretaries (PTY)LTD
Woodview Office Park
Unit 9, Ground Floor
Woodmead

Preparer

The Financial statements were compiled by
ZADNA

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa 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 with regards 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 directors set 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, 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 have been audited by the independent auditing firm, Makhadzi Consulting Inc, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 7 to 8.

The annual financial statements set out on pages 9 to 30, and the supplementary information set out on pages 31 to 32 which have been prepared on the going concern basis, were approved by the directors and were signed on 29 July 2022 on their behalf by:



Ms P Legoze (Board Chairperson)



Mr N Msibi (ARC Chairperson)

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

Directors' Report

The directors present their report for the year ended 31 March 2022.

1. Review of activities

Main business and operations

The company is in the regulation and management of the ZA domain name space. There were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. 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 directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The company earned a net surplus for the year ended 31 March 2022 of R2,901,381 (2021 surplus: R5,472,475).

3. Events after reporting date

On the 01 April 2022, the contract with ZACR, a company providing registry service to the entity was terminated, and a clause to invoke assistance for six months was activated while negotiations with the preferred provider is ongoing.

Furthermore, a transfer to investment account was actioned as per board of directors' resolution, which was made at financial year-end, the process was concluded on the 01 April 2022 and 12 months fixed deposit of R 3 500 000 at an interest rate of 6,6% was made with ABSA bank.

Impact of COVID-19

Government intervention appears to be slowing the spread of COVID-19 at different speeds in different countries. In South Africa, the National State of Disaster was lifted on 5 April 2022. Its effects will still be felt for a long time to come. It is however not possible to make an accurate estimate of its full financial effect for the year as the virus' infection rate and impact on macro-economic conditions are uncertain

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

Directors' Report

5. Authorised and issued share capital

The company is incorporated without any share capital.

6. Directors

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

Ms P Legoze (Board Chairperson)

Mr N Msibi (ARC Chairperson)

Ms V Motloutsi

Prof D Mashao

Prof K Moodaliyar

Ms M Malapane

Ms S Mzizi

Ms A Esterhuysen

Mr R Mbuyha (Resigned 1 March 2022)

7. Secretary

The company designated secretary is IKB Company Secretaries (PTY)LTD.

8. Independent Auditors

Makhadzi Consulting Inc were appointed as independent auditors of THE ZA DOMAIN NAME AUTHORITY NPC.

Independent Auditor's Report

To the Members of The ZA Domain Name Authority NPC (ZADNA)

Opinion

We have audited the financial statements of The ZA Domain Name Authority NPC (ZADNA) set out on pages 9 to 21, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 (ZADNA) as at 31 March 2022, 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The director is responsible for the other information. The other information comprises the information included in the document titled "The ZA Domain Name Authority NPC (ZADNA) Annual Financial Statements for the year ended 31 March 2022", which includes the Director's Report, and the statement of Director's Responsibilities and Approval as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the supplementary information set out on pages 17 to 20. The 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 our 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 Director for the Financial Statements

The director is responsible for the preparation and fair presentation of the 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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 ISAs 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 ISAs, 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 director.
- Conclude on the appropriateness of the director's 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 director 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.



Makhadzi Consulting
Lindelani Mbambale-Mathobo
Director / Partner
Registered Auditor

14 July 202

Southdowns ridge office park
Cnr John Vorster &, Nellmapuis Dr
Irene
Centurion
0149

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Statement of Financial Position

Figures in R

	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	4	720,251	363,190
Financial Assets at amortised cost	7	12,000,000	2,000,000
Total non-current assets		12,720,251	2,363,190
Current assets			
Trade and other receivables	6	3,954,990	8,131,194
Cash and cash equivalents	8	14,063,530	16,076,987
Total current assets		18,018,520	24,208,181
Total assets		30,738,771	26,571,371
Equity and liabilities			
Equity			
Accumulated surplus		28,171,085	25,269,704
Liabilities			
Current liabilities			
Trade and other payables	9	2,567,686	1,301,667
Total equity and liabilities		30,738,771	26,571,371

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Statement of Comprehensive Income

Figures in R	Notes	2022	2021
Revenue	12	20,071,561	16,079,448
Other income	13	55,395	71,969
Administrative expenses	15	(1,417,143)	(1,524,262)
Other expenses	16	(17,039,193)	(9,696,937)
Surplus from operating activities		1,670,620	4,930,218
Finance income	17	1,230,761	542,257
Surplus for the year		2,901,381	5,472,475

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

Figures in R	Accumulated surplus	Total
Balance at 1 April 2020	19,797,229	19,797,229
Changes in equity		
Surplus for the year	5,472,475	5,472,475
Total comprehensive income for the year	5,472,475	5,472,475
Balance at 31 March 2021	25,269,704	25,269,704
Balance at 1 April 2021	25,269,704	25,269,704
Changes in equity		
Surplus for the year	2,901,381	2,901,381
Total comprehensive income for the year	2,901,381	2,901,381
Balance at 31 March 2022	28,171,085	28,171,085

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in R	Notes	2022	2021
Net cash flows from operations	21	7,429,102	2,685,476
Interest received		1,230,761	399,768
Net cash flows from operating activities		8,659,863	3,085,244
Cash flows (used in) / from investing activities			
Purchase of property, plant and equipment		(680,824)	(172,761)
Purchase of other non-financial asset		(10,000,000)	2,000,000
Decrease in Non-current receivables		-	5,771,258
Cash flows (used in) / from investing activities		(10,680,824)	7,598,497
Cash flows from financing activities			
Decrease from other financial liabilities		7,504	-
Cash flows from financing activities		7,504	-
Net (decrease) / increase in cash and cash equivalents		(2,013,457)	10,683,741
Cash and cash equivalents at beginning of the year		16,076,987	5,393,246
Cash and cash equivalents at end of the year	8	14,063,531	16,076,987

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Accounting Policies

1. General information

THE ZA DOMAIN NAME AUTHORITY NPC ('the company') is in the regulation and management of the ZA domain name space.

The company is incorporated as a Private company and domiciled in South Africa. The address of its registered office is 44 Grand Central Road, Sanofi House, First Floor, Midrand, 1685.

2. Basis of preparation and summary of significant accounting policies

The financial statements of THE ZA DOMAIN NAME AUTHORITY NPC have been prepared in accordance with the International Financial Reporting Standards and the Companies Act of South Africa. They are presented in South African Rand.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

After initial recognition, the company measures certain classes of property, plant and equipment using the cost model. The measurement base is set out in the table below. Property, plant and equipment measured in accordance with the cost model is shown at cost less accumulated depreciation and any accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus, except where the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Decreases in the carrying amount are recognised in surplus or deficit except where the decrease reverses any credit balance existing in the revaluation surplus in respect of that asset in which case the decrease is recognised in other comprehensive income and reduces the amount accumulated in equity under the heading of revaluation surplus.

Asset class	Measurement base	Useful life / depreciation rate
Motor vehicles	Straight Line	5 Years
Fixtures and fittings	Straight Line	6 Years
Office equipment	Straight Line	3 Years
Computer equipment	Straight Line	3 Years
IT Equipment	Straight Line	3 Years

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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 gains / (losses)' in the statement of comprehensive income.

2.2 Financial instruments

Trade and other receivables, Financial assets at amortised cost, Loan and receivables

The company assesses its trade receivables, financial assets at amortised cost and loans and receivables at the end of each reporting period and shall recognise a loss allowance for expected credit losses on accounts receivables. 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, 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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. These are initially and subsequently recorded at fair value.

Trade and other payables

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

Other financial liabilities

Other financial liabilities are recognised initially at the transaction price, including transaction costs except where the liability will subsequently be measured at fair value.

Where the fair value of other financial liabilities can be measured reliably without undue cost or effort, these liabilities are subsequently measured at fair value with the changes in fair value being recognised in surplus or deficit.

Debt instruments are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Other financial liabilities 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 reporting date.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

2.3 Leases

Definition

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. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Classification

A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases as lessee

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statements of financial position at the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine. Where it is not, the incremental borrowing rate of the company is used. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. Depreciation is charged in accordance with the policy set out for property, plant and equipment and intangible assets (whichever is applicable).

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the benefit obtained.

2.4 Provisions and contingencies

Provisions and contingencies 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 and contingencies are measured at the present value of the amount expected to be required to settle the obligation.

2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

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 (Registry fees) as amended from time to time. ZACR must pay 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 by an EPP Registrar will be due and payable on the commitment to the Central Registry System.

Transaction Fee Payment Terms

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

Interest income is recognised using the effective interest method. Interest income refers to interest accrued over time through a business's investment in financial instruments. Interest income is recognised when earned.

Other Income is recognised when realised and earned, not necessarily when received.

2.6 Employee benefits

Short-term employee 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.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Accounting Policies

Critical accounting estimates and judgements continued...

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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 for future commitments. The company manages liquidity risk by not entering into future commitments before funding for such expenditure is 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.

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.

New standards and interpretations not yet adopted

A number of new standards and amendments to existing standards have been issued but not yet effective for the reporting period and have not been applied in preparing these annual financial statements. Unless specifically noted to the contrary, these amendments are not expected to have a material impact on the company.

Amendments to IAS 16, Property, plant and equipment

'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendment was published during May 2020 and its effective period is annual periods beginning on or after 01 January 2022.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Accounting Policies

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets

'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. The amendment was published during May 2020 and its effective period is annual periods beginning on or after 01 January 2022.

Amendments to IFRS 17, Insurance contracts

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to IAS 1 Classification of liabilities as current or non-current

The amendments aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)
Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

4. Property, plant and equipment

Balances at year end and movements for the year

Reconciliation for the year ended 31 March 2022

	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Computer software	IT Equipment	Total
Balance at 1 April 2021							
At cost	422,425	283,136	40,494	547,620	25,400	183,652	1,502,727
Accumulated depreciation	(339,530)	(204,192)	(40,494)	(453,340)	(15,197)	(86,784)	(1,139,537)
Carrying amount	82,895	78,944	-	94,280	10,203	96,868	363,190

Movements for the year ended 31 March 2022

Additions from acquisitions	-	134,280	25,850	481,566	-	39,128	680,824
Depreciation	(82,895)	(55,173)	(3,580)	(111,753)	(3,710)	(66,652)	(323,763)
Property, plant and equipment at the end of the year	-	158,051	22,270	464,093	6,493	69,344	720,251

Closing balance at 31 March 2022

At cost	422,425	417,416	66,344	1,029,186	25,400	222,779	2,183,550
Accumulated depreciation	(422,425)	(259,365)	(44,074)	(565,093)	(18,907)	(153,435)	(1,463,299)
Carrying amount	-	158,051	22,270	464,093	6,493	69,344	720,251

Reconciliation for the year ended 31 March 2021

Balance at 1 April 2020							
At cost	422,424	283,136	40,494	478,349	14,200	91,291	1,329,894
Accumulated depreciation	(255,045)	(156,999)	(40,494)	(407,598)	(14,200)	(21,061)	(895,397)
Carrying amount	167,379	126,137	-	70,751	-	70,230	434,498

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

Movements for the year ended 31 March 2021

Additions from acquisitions	-	-	69,271	11,130	92,361	172,761
Increase (decrease) through net exchange differences	-	-	-	-	(65,723)	(65,723)
Depreciation	(84,484)	(47,193)	(45,742)	(927)	-	(178,346)
Property, plant and equipment at the end of the year	82,895	78,944	94,280	10,203	96,868	363,190

Closing balance at 31 March 2021

At cost	422,425	283,136	547,620	25,400	183,652	1,502,727
Accumulated depreciation	(339,530)	(204,192)	(453,340)	(15,197)	(86,784)	(1,139,537)
Carrying amount	82,895	78,944	94,280	10,203	96,868	363,190

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

5. Financial assets

5.1 Carrying amount of financial assets by category

	Financial assets at amortised cost	Financial assets at fair value	Total
Year ended 31 March 2022			
Other financial assets (Note 7)	12,000,000	-	12,000,000
Trade and other receivables excluding non-financial assets (Note 6)	-	3,808,362	3,808,362
Cash and cash equivalents (Note 8)	-	14,063,530	14,063,530
	12,000,000	17,871,892	29,871,892

	Financial assets at amortised cost	Financial assets at fair value	Total
Year ended 31 March 2021			
Other financial assets	2,000,000	-	2,000,000
Trade and other receivables excluding non-financial assets (Note 6)	-	7,674,594	7,674,594
Cash and cash equivalents (Note 8)	-	16,076,987	16,076,987
	2,000,000	23,751,581	25,751,581

The entity does not have any financial assets that have been pledged as security.

6. Trade and other receivables

6.1 Trade and other receivables comprise:

Trade receivables	2,066,397	1,707,341
Accrued Income	1,001,553	142,487
Prepaid expenses	93,384	93,384
Deposits	271,119	245,818
Employee costs in advance	8,000	-
Central Registry Arbitration	429,153	5,578,948
Vodacom IT Equipment	32,140	-
Value added tax	53,244	363,216
	3,954,990	8,131,194

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due or impaired can be assessed by reference to external credit rating if available or to historical information about counter party default rates. The majority of trade receivables pertain to one specific counter party of which the risk is assessed by directors on a continuous basis. The risk is currently assessed at being very low hence there have been no provision for bad debts or impairment on trade and other receivables.

Fair Value of Trade receivables

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

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

Trade and other receivables continued...

6.2 Age Analysis

Current	3,129,193	1,707,341
1 Month past due	-	-
2 Months past due	-	-
3 Months past due	-	-
over 3 Months past due	825,797	5,578,948

7. Financial Assets at amortised cost

Financial Assets at amortised cost incorporates the following balances:

Long term investment with Nedbank	12,000,000	2,000,000
	12,000,000	2,000,000

R 12m Long-term Fixed deposit with Nedbank is for 60 Months at the rate of 8,63% p/a, Maturity date is 09 April 2026

8. Cash and cash equivalents

8.1 Cash and cash equivalents included in current assets:

Cash

Balances with banks	7,405,452	15,619,360
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Other cash and cash equivalents

6,658,078	457,627
14,063,530	16,076,987

8.1 Detail of cash and cash equivalent balances

Bank balances

Bank balances	7,405,452	15,619,360
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Other cash and cash equivalents

ABSA Call Account	6,376,314	197,200
ABSA ADR Bank Account	276,824	255,399
Petty Cash	4,940	5,028
Total	6,658,078	457,627

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

9. Trade and other payables

Trade and other payables comprise:

Trade creditors	1,260,966	1
Provision for leave pay	837,127	517,778
Accrued Expenses	-	360,076
Accrued Directors Fees	14,000	-
Provision for Audit Fees	192,400	189,482
PAYE	229,032	102,665
Accrued Salaries	33	-
UIF	5,879	2,398
Vodacom IT Equipment Payable	-	93,514
ABSA Credit Card	28,249	35,753
Total trade and other payables	2,567,686	1,301,667

10. Financial liabilities

Carrying amount of financial liabilities by category

	financial liabilities at fair value	Total
Year ended 31 March 2022		
Trade and other payables excluding non-financial liabilities (Note 9)	2,567,686	2,567,686
Year ended 31 March 2021		
Trade and other payables excluding non-financial liabilities (Note 9)	1,301,667	1,301,667

11. Taxation

No provision has been made for the 2022 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. Revenue

Revenue comprises:

ZA Central Registry Fees	20,071,561	16,079,448
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Revenue is derived from domain name registry fees. ZACR must pay over to .ZADNA the relevant fees as stipulated in Schedule 4 of ZACR Registry Fees as amended from time to time, in accordance to the .ZA Second level Domain (SLD) operating agreement concluded between ZADNA and ZACR in 2012. This agreement entitles ZADNA to receive revenue from ZACR on per domain name basis from, co.za, org.za, net.za, web.za domain name registrations at the rate of R12 excl VAT per annum.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

13. Other income

Other income comprises:

Other income	50,395	-
ADR fees received	5,000	8,750
Insurance claim received	-	53,427
Insurance out bonus	-	9,792
Total other income	55,395	71,969

14. Employee cost

14.1 Employee cost comprises:

Salaries & Wages	4,391,148	3,026,241
PAYE	1,565,409	1,065,348
UIF	46,722	27,058
Severance Payment	-	124,409
Medical Aid	255,707	109,015
Leave pay	123,351	-
Salaries and wages - Other	3,168	-
Bonus	195,999	-
Provident Fund	565,134	94,060
	7,146,638	4,446,131

14.2 Directors comprises:

Directors fees	1,361,379	1,131,533
Stakeholders related allowances	20,942	66,808
	1,382,321	1,198,341

15. Administrative expenses

Administrative expenses comprise:

Accounting fees	437,406	533,913
Audit Fees - Internal	-	160,000
Audit Fees - External	192,546	214,516
Bank charges	19,555	17,229
Computer Expenses / IT Hosting	363,787	200,193
Secretarial fees	351,828	355,048
Subscriptions : loDSA	16,900	23,748
Telephone & Internet	35,121	19,615
Total administrative expenses	1,417,143	1,524,262

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

16. Other expenses

Other expenses comprise:

Advertising	179,509	-
Africa Internet Governance Forum (AfriGF)	7,762	-
Africa Internet/DNS Summit	30,132	-
Compliance	48,725	84,413
Depreciation	323,763	244,070
Discount allowed	80	-
DTPS Meeting and Events	53,912	71,608
Employee benefit expenses	8,528,959	5,644,472
Fines and Penalties - SARS	69,655	13,721
ICANN Contribution .ZA South Africa	-	26,789
Insurance	152,910	110,566
Internship programme	211,860	149,568
Legal expense	524,111	242,001
Motor vehicle expense	12,896	1,563
Motor vehicle tracking	206	2,259
Namespace Awareness	413,408	359,694
Namespace Dev Registra Reseller	104,619	130,548
Office refurbishment	280	3,875
Office Supplies	56,188	56,150
Parliament Events and Travel	-	45,250
Postage	523	-
Printing and stationery	44,795	63,400
Professional Fees	732,177	405,934
Promotions	11,400	-
Recruitment Agencies	-	110,880
Rent paid	1,193,505	933,617
Repairs and maintenance	4,893	400
RLF Project	1,626,488	161,265
SA Internet Governance Forum	223,459	34,264
SA School of Internet Governance	87,383	24,500
Staff Engagement and Meeting catering	447,427	98,096
Strategic Planning Session	172,759	105,235
Training	152,791	262,066
Travel - Local	1,017,824	33,432
Website	33,493	31,543
ZA Infrastructure and DNSSEC	571,301	245,758
Total other expenses	17,039,193	9,696,937

RLF Project shows significant increase as a result of cost associated with appointment of new service provider to provide registry services

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

17. Finance income

Finance income comprises:

Interest received	1,230,761	542,257
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18. Related parties

18.1 Compensation paid to directors and prescribed officers (2022)

Director Name (NED)	Directors Allowance	Stake holder Related Allowance	Total remuneration	Amounts related to services rendered as a director of the company	Total remuneration
Ms P Legoze (Board Chairperson)	260,982	20,942	281,923	260,982	260,982
Mr N Msibi (ARC Chairperson)	208,000	-	208,000	208,000	208,000
Ms V Motloutsi	162,000	-	162,000	162,000	162,000
Prof D Mashao	82,000	-	82,000	82,000	82,000
Prof K Moodaliyar	118,000	-	118,000	118,000	118,000
Ms M Malapane	142,000	-	142,000	142,000	142,000
Ms S Mzizi	150,000	-	150,000	150,000	150,000
Ms A Esterhuysen	124,000	-	124,000	124,000	124,000
Mr R Mbuyha	114,000	-	114,000	114,000	114,000
Total compensation paid to directors and prescribed officers	1,360,982	20,942	1,381,923	1,360,982	1,360,982

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

Related parties continued...

18.2 Compensation paid to directors and prescribed officers (2021)

Director Name (NED)	Directors Allowance	Stake holder Related Allowance	Total remuneration	Amounts related to services rendered as a director of the company	Total remuneration
Ms P Legoze (Board Chairperson)	206,146	38,113	244,259	206,146	244,259
Mr N Msibi (ARC Chairperson)	140,966	28,696	169,662	140,966	169,662
Ms V Motloutsi	120,990	-	120,990	120,990	120,990
Prof D Mashao	102,474	-	102,474	102,474	102,474
Prof K Moodaliyar	123,543	-	123,543	123,543	123,543
Ms M Malapane	107,090	-	107,090	107,090	107,090
Ms S Mzizi	100,130	-	100,130	100,130	100,130
Ms A Esterhuysen	115,961	-	115,961	115,961	115,961
Mr R Mbuva	114,232	-	114,232	114,232	114,232
Total compensation paid to directors and prescribed officers	1,131,532	66,809	1,198,341	1,131,532	1,198,341

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)
Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

Related parties continued...

18.3 Compensation paid to entity executive

	Salaries, bonuses and performance related payments	Amounts paid or payable to pension schemes	Total remuneration	Basic Salary	Provident Fund - (Company Contribution)	Total remuneration
Mr M M Westi (CEO)	1,590,000	159,000	1,749,000	1,590,000	159,000	1,749,000
	1,590,001	159,001	1,749,000	1,590,000	159,000	1,749,000

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

Related parties continued...

18.4 Compensation paid to entity executive (2021)

	Salaries, bonuses and performance related payments	Total remuneration	Basic Salary	Total remuneration
Mr M M Wesi (CEO)	1,100,000	1,100,000	1,100,000	1,100,000
Mr P MADAVHU (ACEO)	54,752	54,752	54,752	54,752
	1,154,752	1,154,752	1,154,752	1,154,752

19. Events after the reporting date

19.1 Non-adjusting event 1

Termination of ZACR Contract

On the 01 April 2022, the contract with ZACR, a company providing registry service to the entity was terminated, and a clause to invoke assistance for six months was activated while negotiations with the preferred provider is ongoing.

19.2 Non-adjusting event 2

Additional Investment Account

Transfer to investment account was actioned as per board of directors resolution, which was made at financial year end, the process was concluded on the 01 April 2022 and a 12 months fixed deposit of R 3 500 000 at interest rate of 6,6% was made with ABSA bank.

20. 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 company earned a net surplus for the year ended 31 March 2022 of R2,901,381 (2021 surplus: R5,472,475).

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R

2022

2021

21. Cash flows from operating activities

Surplus for the year	2,901,381	5,472,475
Adjustments for:		
Finance income	(1,230,761)	(399,770)
Depreciation and amortisation expense	323,763	244,070
Decrease from other financial liabilities	(7,504)	-
Change in operating assets and liabilities:		
Adjustments for increase in trade accounts receivable	(359,056)	(975,845)
Adjustments for decrease in other operating receivables	4,535,260	-
Adjustments for increase / (decrease) in trade accounts payable	1,260,965	(1,655,454)
Adjustments for increase in other operating payables	5,054	-
Net cash flows from operations	7,429,102	2,685,476

22. Commitments

Leases - lessee		
Minimum Lease payments due		
-With one year	922,362	377,811
-in second to fifth year inclusive	475,868	
	<u>1,398,230</u>	<u>377,811</u>

The commitment relates to Growth Point rentals, the contract ends on 31 August 2023. A long term lease cannot be entered into currently in anticipation of the possible merger of entities as suggested by the Department of Communications and Digital Technology services.

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in R

	Notes	2022	2021
Revenue	12		
ZA Central Registry Fee		<u>20,071,561</u>	<u>16,079,448</u>
Other income	13		
ADR Fees Received		5,000	8,750
Insurance Outbonus		-	9,792
Outsurance Claim Payout		-	53,427
Sundry income		50,395	-
		<u>55,395</u>	<u>71,969</u>
Administrative expenses	15		
Accounting fees		(437,406)	(533,913)
Audit Fees - External		(192,546)	(214,516)
Audit Fees - Internal		-	(160,000)
Bank charges		(19,555)	(17,229)
Computer Expenses / IT Hosting		(363,787)	(200,193)
Secretarial fees		(351,828)	(355,048)
Subscriptions : IoDSA		(16,900)	(23,748)
Telephone & Internet		(35,121)	(19,615)
		<u>(1,417,143)</u>	<u>(1,524,262)</u>

THE ZA DOMAIN NAME AUTHORITY NPC

(Registration Number 2003 / 021150 / 08)

Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in R

	Notes	2022	2021
Other expenses	16		
Advertising		(179,509)	-
Africa Internet Governance Forum (AfriGF)		(7,762)	-
Africa Internet/DNS Summit		(30,132)	-
Compliance		(48,725)	(84,413)
Depreciation - property, plant and equipment		(323,763)	(244,070)
Directors Fees		(1,382,321)	(1,198,341)
Discount allowed		(80)	-
DTPS Meeting and Events		(53,912)	(71,608)
Employee costs - salaries		(7,146,638)	(4,446,131)
Fines and Penalties - SARS		(69,655)	(13,721)
ICANN Contribution .ZA South Africa		-	(26,789)
Insurance		(152,910)	(110,566)
Internship programme		(211,860)	(149,568)
Legal expense		(524,111)	(242,001)
Management fees		-	(110,880)
Motor vehicle expense		(12,896)	(1,563)
Motor vehicle tracking		(206)	(2,259)
Namespace Awareness		(413,408)	(359,694)
Namespace Dev Registra Reseller		(104,619)	(130,548)
Office refurbishment		(280)	(3,875)
Office Supplies		(56,188)	(56,150)
Operating lease expense		(1,193,505)	(933,617)
Parliament Events and Travel		-	(45,250)
Postage		(523)	-
Printing and stationery		(44,795)	(63,400)
Professional Fees		(732,177)	(405,934)
Promotions		(11,400)	-
Repairs and maintenance		(4,893)	(400)
RLF Project		(1,626,488)	(161,265)
SA Internet Governance Forum		(223,459)	(34,264)
SA School of Internet Governance		(87,383)	(24,500)
Staff Engagement and Meeting catering		(447,427)	(98,096)
Strategic Planning Session		(172,759)	(105,235)
Training		(152,791)	(262,066)
Travel - Local		(1,017,824)	(33,432)
Website		(33,493)	(31,543)
ZA Infrastructure and DNSSEC		(571,301)	(245,758)
		(17,039,193)	(9,696,937)
Surplus from operating activities		1,670,620	4,930,218
Finance income	17		
Interest received		1,230,761	542,257
Surplus for the year		2,901,381	5,472,475