Internet New Zealand Incorporated
Annual Report
For the Year Ended 31st March 2009

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ

Annual Report
For the Year Ended 31st March 2009

Schedule of Contents

Annual Report
For the Year Ended 31st March 2009

Financial Result

The Group Net Profit for the year, after taxation, was $813,887 (2008 $590,928).

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
Retained Earnings as at 1 April	2,333,707	5,897,379	2,493,607	5,306,451
Net Profit (Loss) After Taxation	(166,995)	813,887	(159,900)	590,928
Retained Earnings as at 31st March	$2,166,712	$6,711,266	$2,333,707	$5,897,379

Dividend

Dividends of $2,112,000 were received from New Zealand Domain Name Registry Limited, a wholly owned company, for the year ended 31st March 2009 (2008 $1,700,000).

Remuneration of Council

During the year Council received the following remuneration:

Fees Paid

Peter Macaulay - President	24,000
Frank March - Vice President	10,500
Jamie Baddeley	7,250
Scott Bartlett	769
Liz Butterfield	7,250
Stewart Fleming	7,250
Michael Foley	7,250
Neil James	6,000
Hamish MacEwan	7,250
Jonny Martin	7,250
Carl Penwarden	1,250
Sam Sargeant	2,400
Judy Speight	7,250
Chris Streatfield	9,000
Michael Wallmannsberger	9,450
	$114,119

For and on Behalf of the Council

_______________________**President**

_______________________**Vice President**

_______________________**Date**

Internet New Zealand Incorporated
Income Statement
For the Year Ended 31st March 2009

	Note	2009 Parent	2009 Group	2008 Parent	2008 Group
Management Fees		-	-	996,000	-
Registry Fees		-	6,361,318	-	6,072,686
Other Income		41,557	159,696	92,560	184,031
		41,557	6,521,014	1,088,560	6,256,717
Less Expenses					
Registry Services		-	1,702,246	-	1,423,371
Domain Name Commission		-	659,618	622,790	622,790
Public Policy		507,788	507,788	503,576	503,576
Society		987,641	965,060	738,927	738,927
Technical Leadership		99,034	99,034	173,964	173,964
Audit Fees		6,401	25,105	8,250	22,645
Employee Remuneration		639,771	1,494,540	849,275	1,217,768
Finance Cost		45,074	51,134	-	-
Depreciation & Amortisation	**5,6**	31,076	208,470	31,040	193,631
Rent		46,212	214,958	114,097	218,838
Total Expenses		2,362,997	5,927,953	3,041,919	5,115,510
Net Operating Profit		(2,321,440)	593,061	(1,953,359)	1,141,207
Plus:					
Dividend Income		2,112,000	-	1,700,000	-
Interest		42,445	660,396	93,459	661,109
Net Profit (Loss) Before Taxation		(166,995)	1,253,457	(159,900)	1,802,316
Less:					
Income Tax Expense	**1**	-	439,570	-	1,211,388
Net Profit (Loss) After Tax		($166,995)	$813,887	($159,900)	$590,928

Internet New Zealand Incorporated
Statement of Changes in Equity
For the Year Ended 31st March 2009

	Note	2009 Parent	2009 Group	2008 Parent	2008 Group
Retained Earnings					
Opening Retained Earnings		2,333,707	5,897,379	2,493,607	5,306,451
Plus:					
Net Profit (Loss) After Taxation		(166,995)	813,887	(159,900)	590,928
Retained Earnings as at 31st March		$2,166,712	$6,711,266	$2,333,707	$5,897,379

Internet New Zealand Incorporated
Balance Sheet
As At 31st March 2009

	Note	2009 Parent	2009 Group	2008 Parent	2008 Group
Current Assets					
Cash and Cash Equivalents	**3**	1,518,686	9,983,001	2,522,489	9,437,896
Other Current Assets	**4**	104,436	1,377,158	84,308	978,012
Total Current Assets		1,623,122	11,360,159	2,606,797	10,415,908
Property, Plant & Equipment	**5**	67,579	339,451	58,444	356,486
Investments					
Shares in Subsidiary		610,000	-	30,000	-
Hector's World Limited Loan	**9**	94,926	94,926	-	-
Total Investments		704,926	94,926	30,000	-
Intangible Assets	**6**	3,955	22,619	2,724	31,369
Total Assets		2,399,582	11,817,155	2,697,965	10,803,763
Less Liabilities:					
Current Liabilities					
Deferred Income - Current		-	3,156,877	-	3,024,184
Trade and Other Payables	**7**	232,870	633,841	364,258	681,631
Total Current Liabilities		232,870	3,790,718	364,258	3,705,815
Term Liabilities					
Deferred Income	**12**	-	1,315,171	-	1,200,569
Total Liabilities		232,870	5,105,889	364,258	4,906,384
Net Assets		$2,166,712	$6,711,266	$2,333,707	$5,897,379
Represented by:					
Total Equity		$2,166,712	$6,711,266	$2,333,707	$5,897,379

For and on Behalf of the Council

________________________**President**

________________________**Vice President**

________________________**Date**

Internet New Zealand Incorporated
Statement of Cash Flows
For the Year Ended 31st March 2009

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
Cash Flows From Operating Activities				
Cash was Provided From				
Net Receipts from Customers	-	6,705,928	1,056,908	6,548,970
Net GST Received	-	20,193	-	-
Interest Received	55,722	656,048	83,950	610,743
	55,722	**7,382,169**	**1,140,858**	**7,159,713**
Cash was Distributed To:				
Payments to Suppliers and Employees	2,403,160	5,742,337	2,988,292	4,845,969
Payment of Taxation	1,989	772,041	-	1,318,618
Net GST Paid	4,934	-	16,233	35,989
	2,410,083	**6,514,378**	**3,004,525**	**6,200,576**
Net Flows Operating Activities	**(2,354,361)**	**867,791**	**(1,863,667)**	**959,137**
Cash Flows From Investing & Financing Activities				
Cash was Provided From				
Dividend Received	2,112,000	-	1,700,000	-
Share Redemption	-	-	400,000	-
	2,112,000	**-**	**2,100,000**	**-**
Cash was Distributed To:				
Shares in Subsidiary	580,000	-	-	-
Loan to Hectors World	140,000	140,000	-	-
Purchase of Fixed Assets & Software	41,442	182,686	30,655	209,102
	761,442	**322,686**	**30,655**	**209,102**
Net Cash Flows From Investing Activities	**1,350,558**	**(322,686)**	**2,069,345**	**(209,102)**
Net Increase (Decrease) In Cash Held	**(1,003,803)**	**545,105**	**205,678**	**750,035**
Add: Opening Cash Balance	2,522,489	9,437,896	2,316,811	8,687,861
Closing Cash Carried Forward	**1,518,686**	**9,983,001**	**$2,522,489**	**$9,437,986**
Closing Cash Comprises				
Cash and Cash Equivalents	1,518,686	9,983,001	$2,522,489	$9,437,986
Total Closing Cash	**$1,518,686**	**$9,983,001**	**$2,522,489**	**$9,437,986**

Internet New Zealand Incorporated
Statement of Cash Flows (Continued)
For the Year Ended 31st March 2009

Cash Flow Reconciliation

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
Net Profit (Loss) After Taxation	(166,995)	813,887	(159,900)	590,928
Add/(deduct) Non - cash items				
Finance Cost	45,074	45,074	-	-
Depreciation	28,848	195,713	29,749	173,278
Amortisation	2,228	12,757	1,291	20,353
	76,150	253,544	31,040	193,631
Movement in working capital				
(increase)/decrease in receivables	(48,354)	(69,178)	(39,621)	(51,472)
(increase)/decrease in GST receivable	(4,934)	11,590	-	-
increase/(decrease) accounts payable	(131,388)	(78,054)	22,587	60,687
increase/(decrease)interest receivable	13,277	(4,348)	(9,509)	(50,367)
increase/(decrease) tax provision	(1,989)	(332,471)	-	(107,228)
increase/(decrease) prepayments	21,872	25,526	-	(4,534)
increase/(decrease) deferred income	-	247,295	(8,264)	327,492
	(151,516)	(199,640)	(34,807)	174,578
Dividend Received	(2,112,000)	-	(1,700,000)	-
Net Cash Flow Operations (as per Cash Flow Statement)	**$(2,354,361)**	**$867,791**	**$(1,863,667)**	**$959,137**

Accounting Policies
For the Year Ended 31st March 2009

Significant Accounting Policies

Internet New Zealand Incorporated ("INZ") is a society domiciled in New Zealand. The consolidated financial statements of INZ for the year ended 31st March 2009 comprise INZ and its subsidiaries (together referred to as the "Group"). The financial statements were authorised for issue by the councillors.

The principal activity of INZ is to keep the Internet open and uncaptureable, protecting and promoting the Internet for New Zealand.

(a) Statement of compliance

The Group financial statements have been prepared on the basis of being a public benefit entity. Adjustments have been made where appropriate to any profit orientated subsidiaries to restate accounting policies to those of a public benefit entity.

These financial statements are prepared in compliance with New Zealand generally accepted accounting practice (NZ GAAP) complying with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Group qualifies for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Group has not taken advantage of any of the Differential Reporting Exemptions.

The group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

(b) Basis of preparation

The financial statements are presented in New Zealand dollars. They are prepared on a historical cost basis except for investments which are stated at their fair value.

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been consistently applied by Group entities.

Accounting Policies
For the Year Ended 31st March 2009

(c) Basis of Consolidation
The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being INZ (the parent entity) and its subsidiaries as defined in NZ IAS-27 "Consolidated and Separate Financial Statements". A list of subsidiaries appears in note 10 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements, all interentity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(d) Employee entitlements
The provisions for employee entitlements to wages, salaries, annual leave and long service leave payments represent the amount for which there is a present obligation to pay resulting from employees' services provided up to balance date.

(e) Financial assets
Investments are recognised and derecognised on trade date where purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Loans and receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market. After recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is realised or impaired are recognised in the income statement.

(f) Financial instruments issued by the company

Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(g) Foreign currency
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction . Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

(h) Goods and Services Tax
All amounts are shown exclusive of Goods and Services Tax (GST) except for trade debtors, receivables and payables that are stated inclusive of GST.

Accounting Policies
For the Year Ended 31st March 2009

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Current tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- differences relating to goodwill not deductible for tax purposes,

- the initial recognition of assets or liabilities that affect neither the accounting nor taxable profit,

- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

Accounting Policies
For the Year Ended 31st March 2009

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Internet New Zealand Inc is registered as a charity in terms of the Charities Act 2005. The wholly owned subsidiaries, New Zealand Domain Name Registry Limited and Domain Name Commission Limited were registered a charities in terms of the Charities Act 2005 with effect from 19 August 2008 and 10 October 2008 respectively.

(k) Intangible assets

Trademarks
Trademarks are finite life tangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 7 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Software
Software is a finite life intangible asset and is recorded at cost less accumulated amortisation. Amortisation is charged on a diminishing value basis over the estimated useful life.

(l) Leased assets
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Payables
Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost as deemed cost less accumulated depreciation and impairment losses, see accounting policy (i).

(ii) Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses, see accounting policy (j). Lease payments are accounted for as described in accounting policy (o).

(iii) Subsequent costs
The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Accounting Policies
For the Year Ended 31st March 2009

(iv) Depreciation
Depreciation is charged on a diminishing value or straight line basis on all property, plant and equipment over the estimated useful life. Depreciation is charged to the Income Statement. The principal rates used to calculate depreciation are -

Leasehold Improvements	11.4 - 31.2% DV
Furniture & Fittings	11.4 - 48.0% DV
Office Equipment	9.6 - 80.4% DV or SL
Computer Hardware	31.2 - 80.4% DV

(o) Provisions
Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(p) Revenue recognition

Rendering of services
Revenue from a contract to provide services is recognised when the services are performed.

Dividend and interest revenue
Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Notes To The Financial Statements
For the Year Ended 31st March 2009

	2009 Parent	2009 Group	2008 Parent	2008 Group
1. Income Tax				
Profit/(loss) from Operations	(166,995)	1,279,774	(159,900)	1,802,318
Non-Deductible Expenses	10,933	17,759	2,949	17,228
Imputation Credits Received	346,746	-	837,313	-
Taxable Profit/(Loss)	**190,684**	**1,297,533**	**680,362**	**1,819,546**
Income Tax at 30% (2008 33%)	57,205	389,260	224,519	600,450
Imputation Credits Received	(346,746)	-	(837,313)	-
	(289,541)	**389,260**	**(612,794)**	**600,450**
Losses from previous year	(2,002,988)	(2,001,132)	(1,390,194)	(1,390,194)
Losses forfeited on charitable status	2,292,529	1,172,302	-	-
Transfer to losses to Carry Forward	-	-	2,002,988	2,001,132
	-	**(439,570)**	**-**	**1,211,388**

The Net Profit of the subsidiaries was taxable to the date they were granted charitable status. The entire group now has charitable status and is exempt from income tax.

Current Tax Assets and Liabilities

	2009 Parent	2009 Group	2008 Parent	2008 Group
Current Tax Assets				
Tax refund Receivable	2,332	405,127	-	58,572
Current Tax Payables				
Income Tax Payable	-	13,741	-	-

2. Imputation Credit Account

	2009 Parent	2009 Group	2008 Parent	2008 Group
Opening Balance	-	1,637,924	-	1,156,619
Plus:				
Resident Witholding Tax Paid	-	174,472	-	179,749
Income Tax Payments	-	640,503	-	1,138,869
		814,975	**-**	**1,318,618**
Less:				
Imputation Credits attached to Dividends Paid		1,040,239	-	837,313
Credits lost on charitable status		1,353,650	-	-
Income Tax Refunds Received	-	59,010	-	-
Closing Balance	**-**	**-**	**-**	**1,637,924**

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2009

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
3. Cash and Cash Equivalents				
Cash on Hand	400	400	-	-
Cash at Bank	1,361,772	2,490,591	2,188,103	3,394,028
Term Deposits	156,514	7,492,010	334,386	6,043,868
Total Cash and Equivalents	**1,518,686**	**9,983,001**	**2,522,489**	**9,437,896**

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
4. Other Current Assets				
Trade receivables	66,773	763,458	33,712	709,572
Interest Receivable	2,017	169,442	-	149,800
GST Receivable	27,893	27,893	22,959	22,959
Tax Receivable	2,332	405,127	-	58,572
Pre-payments	5,421	11,238	27,293	36,765
Other	-	-	344	344
Total	**104,436**	**1,377,158**	**84,308**	**978,012**

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2009

5. Property, Plant & Equipment

Parent

The following gives details of the cost or valuation of assets and depreciation written off to date:

This Year	Cost or Valuation	Depreciation For Year	Accumulated Depreciation	Book Value This Year
Furniture & Fittings	64,717	5,362	30,303	34,414
Computer Hardware	157,941	21,735	129,614	28,327
Office Equipment	9,580	1,751	4,742	4,838
	$232,238	**$28,848**	**$164,659**	**$67,579**

Last Year	Cost or Valuation	Depreciation For Year	Accumulated Depreciation	Book Value Last Year
Furniture & Fittings	49,125	5,263	24,941	24,184
Computer Hardware	140,660	21,588	107,879	32,781
Office Equipment	4,471	861	2,991	1,479
	$194,256	**$27,712**	**$135,811**	**$58,444**

Group

This Year	Cost or Valuation	Depreciation For Year	Accumulated Depreciation	Book Value This Year
Leasehold Improvements	102,091	7,116	47,117	54,974
Furniture & Fittings	64,717	5,362	30,303	34,414
Office Equipment	255,478	11,032	181,442	74,036
Computer Hardware	684,910	172,203	508,883	176,027
	$1,107,196	**$195,713**	**$767,745**	**$339,451**

Last Year	Cost or Valuation	Depreciation For Year	Accumulated Depreciation	Book Value Last Year
Leasehold Improvements	102,091	8,052	40,001	62,090
Furniture & Fittings	49,125	5,263	24,941	24,184
Office Equipment	89,811	10,701	45,538	44,273
Computer Hardware	740,795	147,225	514,856	225,939
	$981,822	**$171,241**	**$625,336**	**$356,486**

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2009

6. Intangible Assets

Parent

The following gives details of the cost or valuation of assets and amortisation written off to date:

This Year	Cost or Valuation	Amortisation For Year	Accumulated Amortisation	Book Value This Year
Software	47,474	2,228	43,519	3,955

Last Year	Cost or Valuation	Amortisation For Year	Accumulated Amortisation	Book Value Last Year
Software	44,015	2,312	41,291	2,724

Group

This Year	Cost or Valuation	Amortisation For Year	Accumulated Amortisation	Book Value This Year
Software	702,509	11,519	680,258	22,251
Trademark	8,619	1,238	8,251	368
	$711,128	**$12,757**	**$688,509**	**$22,619**

Last Year	Cost or Valuation	Amortisation For Year	Accumulated Amortisation	Book Value Last Year
Software	698,503	20,137	668,739	29,764
Trademark	8,619	2,475	7,014	1,605
	$707,122	**$22,612**	**$675,753**	**$31,369**

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2009

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
7. Trade and other Payables				
Trade Payables	158,989	422,414	308,421	474,622
GST Payable	-	79,006	-	62,482
Employee Benefits	73,881	118,680	55,837	85,955
Tax Payable	-	13,741	-	58,572
Other	-	-	-	-
	232,870	**633,841**	**364,258**	**681,631**

8. Financial Instruments

Credit Risk

Financial instruments which potentially subject the parent and group to credit risk consist principally of bank balances and accounts receivable.

The parent and group has a credit policy which is used to manage this exposure to credit risk. As part of this policy limits on exposures with counter parties have been set and are monitored on a regular basis.

The parent and group performs credit evaluations on all customers requiring credit and does not require collateral. The parent and group further minimises its credit exposure by limiting the amount of surplus funds placed with any one financial institution at any one time.

9. Related Party Disclosures

Internet New Zealand Incorporated (INZ) owns 100% of New Zealand Domain Name Registry Limited (NZDNRL) and Domain Name Commission Limited (DNCL).

INZ and DNCL are also sub-tenants of the premises occupied by NZDNRL. INZ and DNCL paid rent of $118,636 and outgoings of $22,581 (total $141,217, 2008 $128,695) to NZDNRL during the year.

Liz Butterfield, an INZ councillor, is the Managing Director of Hector's World Limited that has received a loan of $140,000 from INZ. The loan is interest free and repayable in 2013. The carrying value of the loan represents the present value of the future receivable applying amortised cost using the effective interest method.

10. Subsidiaries

Name of Entity	Country of Incorporation	**2009**	**2008**
Parent Entity			
Internet New Zealand Incorporated	New Zealand		
Subsidiaries			
New Zealand Domain Name Registry Limited	New Zealand	100%	100%
Domain Name Commission Limited	New Zealand	100%	100%

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2009

11. Operating Leases

	2009		2008	
	Parent	**Group**	**Parent**	**Group**
Less than one year	-	197,045	41,222	256,180
Between one and two years	-	-	67,644	264,689
Between two and five years	-	-	2,313	2,313
More than five years	-	-	-	-
Total	-	**197,045**	**111,179**	**523,182**

12. Deferred Income

The group has invoiced clients for $4,472,048 (2008 $4,224,753) in advance. $3,156,877 of this is current and $1,315,171 is non-current.

13. Contingent Liabilities and Commitments

At 31 March 2009 the Group had no contingent liabilities or commitments (2008 $Nil).

14. Standards & Interpretations to published standards that are not yet effective

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date and have not been early adopted. The organisation has assessed the relevance of all such new standards, interpretations and amendments has determined that the following may be relevant to its operations.

NZIAS1 Presentation of Financial Statements. Revised standard introduces as a new primary financial statement the "Statement of Comprehensive Income." This may result in additional disclosures arising but does not change the recognition, measurement or disclosures of transactions required by other NZIFRS.

Standards & interpretations and amendments to published standards that are not yet effective and not relevant are NZ IAS23 Borrowing costs, NZIFRIC12 Service Concession Agreements, NZIFRS 8 Operating Segments, NZIFRIC13 Customer Loyalty Programmes, NZIFRIC14 Limit on Defined Benefit Assets, IFRS2 Amendments to Share Based Payment, IFRIC15 Construction Real Estate, IFRIC16 Hedges of Net Investment Foreign Operations, IFRIC17 Distributions of Non Cash Assets.