APNIC Pty Ltd

ABN 42 081 528 010

Special Purpose Financial Report

For the year ended 31 December 2023

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Directors' report

For the year ended 31 December 2023

Your directors submit their report on APNIC Pty Ltd (the "Company") for the year ended 31 December 2023.

Directors

The names of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

Paul Byron Wilson	
Yoshinobu Matsuzaki	(Appointed: 11 July 2023)
Vincent Bautista Atienza	(Appointed: 10 September 2023)
Roopinder Singh Perhar	(Appointed: 10 September 2023)
Kam Sze Yeung	(Appointed: 10 September 2023)
Sheng-Hsiung Kenny Huang	(Appointed: 10 September 2023)
Sumon Ahmed Sabir	(Appointed: 10 September 2023)
Anlei Hu	(Appointed: 14 February 2024)

Dividends

The Company does not pay or declare dividends due to its non-profit status as determined by its constituent documents.

Principal activity

The principal activity during the year of the Company was to act as a not-for-profit internet registry organisation for the Asia-Pacific region.

There was no significant change in the nature of the activity during the year.

Operating results for the year

The net profit after tax of the Company for the year ended 31 December 2023 was $1,149,872 (2022: net loss after tax of $3,260,258). Included in the result is a $1,674,163 gain on financial assets held at fair value through profit or loss (2022: loss on financial assets of $4,028,706).

Significant changes in the state of affairs

Transfer of shareholdings

Paul Byron Wilson was the sole shareholder in the Company, holding the one share on issue in the Company on Trust for the persons who from time to time constitute the members of the APNIC Executive Council pursuant to a Deed of Trust dated 24 June 1998. A new company, APNIC EC Limited (a company limited by guarantee), was incorporated by the members of the APNIC Executive Council for the purpose of acting as the new Trustee shareholder of the sole share in APNIC Pty Ltd.

The transfer of the one share on issue in the Company from Paul Byron Wilson to APNIC EC Limited was effected on 11 September 2023 and the share is now held by APNIC EC Limited as Trustee pursuant to the terms of a Deed of Retirement and Appointment of Trustee dated 11 September 2023. There has been no change to the terms of the Trust and the class of beneficiaries remain the same.

There were no other significant changes in the state of affairs of the Company during the year.

Significant events after the reporting period

There were no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Likely developments and expected results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulation and performance

The Company is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Directors' report

For the year ended 31 December 2023

Share options

No option to acquire shares in the Company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

Indemnification and insurance of directors and officer

During the financial year, APNIC Pty Ltd paid a premium of $24,475 (2022: $23,310) to insure the directors, officeholders (including Executive Council) and staff of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those. The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The directors have received a declaration from the auditor of APNIC Pty Ltd. This has been included on page 3.

Signed in accordance with a resolution of the directors.

Paul Byron Wilson
Director
26 February 2024

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Yoshinobu Matsuzaki
Director
26 February 2024

DocuSigned by:
松崎吉伸
2FFB8A4B43C5418...

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Auditor's Independence Declaration to the Directors of APNIC Pty Ltd

As lead auditor for the audit of the financial report of APNIC Pty Ltd for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst + Young.

Ernst & Young

Susie Kuo
Partner
26 February 2024

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	2023 $	2022 $
Revenue from contracts with customers	3	26,644,240	25,432,372
Other income	4.a	6,138,344	4,740,644
Finance income	4.b	281,691	105,505
Communication and meeting expenses		(1,283,975)	(1,074,220)
Computer expenses		(2,058,609)	(1,883,390)
APNIC Foundation funded project expenses		(4,589,804)	(3,702,680)
Contributions to ICANN		(244,964)	(231,762)
Depreciation expense		(659,019)	(652,215)
Donations and sponsorships		(442,442)	(477,512)
Employee benefits expense		(19,480,777)	(17,174,941)
Insurance expenses		(242,611)	(255,322)
Professional fees		(1,583,658)	(1,971,460)
Travel expenses		(1,672,768)	(1,370,504)
Occupancy costs		(461,253)	(569,776)
Other expenses		(934,455)	(1,215,373)
Loss before income tax and fair value gain/(loss) on financial assets		(590,060)	(300,634)
Gain/(loss) on financial assets held at fair value through profit or loss		1,674,163	(4,028,706)
Profit/(loss) before income tax		1,084,103	(4,329,340)
Income tax benefit		65,769	1,069,082
Profit/(loss) for the year		1,149,872	(3,260,258)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Revaluation of land and building		1,645,064	-
Total comprehensive income/(loss) for the year		2,794,936	(3,260,258)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2023

	Notes	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	5	7,298,216	7,302,763
Trade and other receivables	6	5,126,915	4,736,137
Prepayments		1,508,411	1,247,343
Total current assets		13,933,542	13,286,243
Non-current assets			
Financial assets	7	35,554,548	33,161,465
Property, plant and equipment	8	8,716,661	6,803,390
Total non-current assets		44,271,209	39,964,855
Total assets		58,204,751	53,251,098
Liabilities			
Current liabilities			
Trade and other payables	10	2,158,304	1,780,433
Employee benefit liabilities	11	3,338,476	3,086,849
Contract liabilities	12	13,263,072	12,379,552
Total current liabilities		18,759,852	17,246,834
Non-current liabilities			
Employee benefit liabilities	11	524,859	361,744
Net deferred tax liabilities	9	539,799	57,215
Total non-current liabilities		1,064,658	418,959
Total liabilities		19,824,510	17,665,793
Net assets		38,380,241	35,585,305
Equity			
Issued capital	13	1	1
Reserve	13	1,645,064	-
Retained earnings		36,735,176	35,585,304
Total equity		38,380,241	35,585,305

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2023

	Issued capital (Note 13) $	Asset revaluation reserve (Note 13) $	Retained earnings $	Total equity $
At 1 January 2023	1	-	35,585,304	35,585,305
Profit for the year	-	-	1,149,872	1,149,872
Other comprehensive income	-	1,645,064	-	1,645,064
Total comprehensive income for the year	-	1,645,064	1,149,872	2,794,936
At 31 December 2023	1	1,645,064	36,735,176	38,380,241
At 1 January 2022	1	-	38,845,562	38,845,563
Loss for the year	-	-	(3,260,258)	(3,260,258)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(3,260,258)	(3,260,258)
At 31 December 2022	1	-	35,585,304	35,585,305

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 $	2022 $
Operating activities			
Receipts from customers		32,291,751	30,277,150
Payments to suppliers and employees		(32,385,075)	(29,522,394)
Interest received		279,133	99,753
Net cash flows from operating activities	5	185,809	854,509
Investing activities			
Proceeds from sale of property, plant and equipment		24,940	6,372
Purchase of property, plant and equipment		(420,532)	(827,823)
Investment distribution income		924,156	666,042
Purchase of financial assets		(718,920)	(462,044)
Net cash flows used in investing activities		(190,356)	(617,453)
Financing activities		-	-
Net cash flows from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(4,547)	237,056
Cash and cash equivalents at 1 January		7,302,763	7,065,707
Cash and cash equivalents at 31 December	5	7,298,216	7,302,763

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2023

1. Corporate information

The financial statements of APNIC Pty Ltd (the "Company") for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 26 February 2024.

APNIC Pty Ltd is a not-for-profit (NFP) company limited by shares, incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is 6 Cordelia Street, South Brisbane, Queensland, 4101.

Further information on the nature of the operations and principal activity of the Company are described in the directors' report.

2. Accounting policies

a. Basis of preparation

These are special purpose financial statements that have been prepared at the request of the Executive Council for the interest of the APNIC members and for the purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the members and must not be used for any other purpose.

The financial statements have been prepared in accordance with *Corporations Act 2001* and with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. It contains the disclosures that are mandatory under the following Accounting Standards:

AASB 101: *Presentation of Financial statements*
AASB 107: *Cash Flow Statements*
AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 1054: *Australian Additional Disclosures*

These financial statements have been prepared under the historical cost convention, except for land and building, financial assets and liabilities measured at fair value.

b. Changes in accounting policies, disclosure, standards and interpretations

Revaluation of land and building
The Company re-assessed its accounting for land and building with respect to measurement after initial recognition. The Company had previously measured all land and building using the cost model whereby, after initial recognition of the assets classified as land and building, the assets were carried at cost less accumulated depreciation and accumulated impairment losses.

For the financial year commencing 1 January 2023, the Company elected to change the method of accounting for land and building as the Company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the assets' fair value. The Company applied the revaluation model prospectively.

After initial recognition, land and building are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

New and amended standards and interpretations
The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2023 do not materially impact the financial statements of the Company.

Accounting Standards and Interpretations issued but not yet effective
Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 31 December 2023. The Company intends to adopt the new or amended standards or interpretations, when they become effective.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

b. Changes in accounting policies, disclosure, standards and interpretations (continued)

AASB 1060 - ***General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities***

Not-For-Profit entities will be required to follow the recognition and measurement requirement under Australian Accounting Standards, but may apply the simplified disclosure requirements in AASB 1060. AASB 1060 is the new simplified disclosures standard developed by the AASB based on IFRS for Small and Medium-sized Entities. The standard will be applicable when the AASB removes the ability for Not-For-Profit entities to prepare special purpose financial statements.

c. Going concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The financial statements show the Company has negative working capital of $4,826,310 (2022: $3,960,591). Whilst the Company is in a negative working capital position, there are non-current financial assets of $35,554,548 which can be realised on a short-term basis should the Company require funds to meet their current obligations.

For the year ended 31 December 2023, there was a cash inflow from operating activities amounting to $185,809 (2022: $ 854,509). As at this date, the Company had cash and cash equivalents amounting to $7,298,216 (2022: $7,302,763) and total net assets of $38,380,241 (2022: $35,585,305). With the strong cash and financial position, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

d. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

e. Functional and presentation currency

i. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian Dollars ($), which is the Company's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

f. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, as defined above.

g. Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement between 30-60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method, less loss allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (future expected credit losses) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original EIR. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

h. Investments and other financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. It has been elected that changes in fair value be designated through profit and loss.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

h. Investments and other financial assets (continued)

iii. Measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the EIR method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the EIR method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv. Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent year.

Subsequent measurement

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by obtaining independent valuation statements or by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

i. Contract liabilities

A contract liability is recognised if a payment is received from or invoice is issued to (whichever is earlier) a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

j. Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Land and building at 6 Cordelia Street are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of a class of assets previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation on assets acquired are calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Building	2.5-50%
Computer equipment	5%-50%
Furniture and fittings	2.5-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

k. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

k. Impairment of non-financial assets (continued)

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

l. Employee benefit liabilities

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, bonus, time-in-lieu, long service, and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The Company also has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and years of service.

Expected future payments are discounted using market yields at the end of the reporting year of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

m. Issued capital

Ordinary shares are classified as equity.

n. Revenue from contracts with customers

The Company has applied revenue recognition methodologies provided both under AASB 1058 *Income of not-for-profit entities* as well as AASB 15 for the purpose of recognising revenue.

Revenue recognition under AASB 15

Under AASB 15, the Company recognises revenue when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

n. Revenue from contracts with customers (continued)

Revenue recognition and application of AASB 1058

AASB 1058 provides that an entity receiving certain 'volunteer services' or entering to 'certain transactions' and where the consideration to acquire an asset is significantly less than the fair value of the asset. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 *Property, Plant and Equipment*).

AASB 1058 does not apply when a transaction completely falls under the scope of AASB 15 as a contract with a customer. This is when the transaction has all the following characteristics:

- The transaction is enforceable and has sufficiently specific obligations;
- The goods or services are not retained by the entity for its own use; and
- The transaction is neither a donation transaction nor a volunteer service.

Accordingly, AASB 1058 applies to entity's transactions that are not ordinarily contracts at fair value with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

The Company has confirmed that there are no transactions significantly below the fair value, therefore AASB 1058 has no application on the entity, and therefore revenue is recognised for the major business activities using the methods outlined under AASB 15 as provided below:

i. Member fees

Member fees are recognised over time where the performance obligation is satisfied over the period of membership. Member fees received in advance of the service being provided are classified as unearned income. Transfer fees, reactivation fees and application fees are recognised at a point in time where the performance obligation is satisfied when the service is performed.

Under AASB 1058, if the above fees include a donation element, the same is treated as 'donation' transactions and the value of the same is required to be recognised in the financial statements. A donation component, and thereby a donation transaction, exists if:

- The consideration to acquire an asset is significantly less than its fair value; and
- The intent is to primarily to enable the NFP entity to further its objectives

At present, there are no significant 'donation' components included within member fees. Therefore, there are no donation transactions to be recognised in the financial statements.

ii. Volunteer services

Volunteer services received by the Company are recognised by principles enunciated under AASB 1058 to ascertain donation element contained in them and recognise the equivalent fair market value in the books of accounts.

Under AASB 1058 a NFP entity may, as an accounting policy choice to recognise volunteer services, or a class of volunteer services, if the fair value of those services can be measured reliably, whether the services would have been purchased if they had not been donated. The value of such volunteer services shall be measured at fair value. On the initial recognition of volunteer services as an asset or an expense, an entity shall recognise any related amounts as well. The entity shall recognise the excess of the fair value of the volunteer services over the recognised related amounts as income immediately in profit or loss account.

The Company has represented to us that it cannot reliably measure the value of volunteer services received by it given the nature of its business, sparsity of volunteering received apart from inability to obtain comparative market estimates. Therefore, the Company has not recognised the value of volunteering services in its financial statements in accordance with the exemption provided by the AASB 1058.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

n. Revenue from contracts with customers (continued)

ii. Volunteer services (continued)

Under AASB 1058, if the volunteer services include a donation element, the same is treated as 'donation' transactions and the value of the same is required to be recognised in the financial statements. A donation component, and thereby a donation transaction, exists if:

- The consideration to acquire an asset is significantly less than its fair value; and
- The intent is to primarily to enable the NFP entity to further its objectives

At present, there are no significant 'donation' components included in the volunteer services. Therefore, there are no donation transactions to be recognised in the financial statements.

iii. Grants

Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

o. Taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company has self-assessed that the "principle of mutuality" applies to its affairs and has calculated its income tax using this principle for the year ended 31 December 2023.

Notes to the financial statements

For the year ended 31 December 2023

2. Accounting policies (continued)

p. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

The Company is registered for Singapore GST and Cambodia VAT during the year.

q. Significant accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Revaluation of land and building

The Company measures the land and building at 6 Cordelia Street at revalued amounts, with changes in fair value being recognised in OCI. The land and building were valued by reference to transactions involving properties of a similar nature, location and condition. The Company engaged an independent valuation specialist to assess fair values on 21 February 2023 for the land and building.

APNIC Pty Ltd intends to revalue its property with sufficient frequency to ensure that the carrying amount does not differ materially from that which would be determined using fair value. APNIC Pty Ltd intends to revalue its property at the sooner of 3 years from valuation date of February 2023 or any material changes in market value of the property.

Notes to the financial statements

For the year ended 31 December 2023

3. Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2023 $	2022 $
Type of service		
Membership fees	25,781,903	24,717,563
Non-membership fees	315,511	259,616
Sign-up fees	255,750	258,750
Transfer fees	271,076	177,643
Member reactivation fees	20,000	14,000
Non-member reactivation fees	-	4,800
Total revenue from contracts with customers	26,644,240	25,432,372
Timing of revenue recognition		
Services transferred over time	26,097,414	24,977,179
Services transferred at a point in time	546,826	455,193
Total revenue from contracts with customers	26,644,240	25,432,372

4. Other income

a. Other income

	2023 $	2022 $
Investment distribution income	924,156	666,042
Sundry income	623,225	300,097
Foundation receipts	4,589,804	3,762,837
Net foreign exchange gain	1,159	11,668
	6,138,344	4,740,644

b. Finance income

	2023 $	2022 $
Interest income	281,691	105,505

Notes to the financial statements

For the year ended 31 December 2023

5. Cash and cash equivalents

	2023 $	2022 $
Petty cash	1,000	400
Cash at bank	7,297,216	7,302,363
	7,298,216	7,302,763

	2023 $	2022 $
Cash flow reconciliation		
Reconciliation of net profit/(loss) after tax to net cash flows from operations		
Profit/(loss) for the year	1,149,872	(3,260,258)
Adjustments for:		
Depreciation expense	659,019	652,215
Investment distribution income	(924,156)	(666,042)
Loss on disposal of property, plant and equipment	16,719	92,835
(Gain)/loss on financial assets held at fair value through profit or loss	(1,674,163)	4,028,706
Expected credit losses/(recovery)	61,977	(23,995)
Net foreign exchange gain	(1,159)	(11,668)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(451,596)	639,640
Increase in prepayments	(261,068)	(274,302)
Decrease in net deferred tax liabilities	(65,769)	(1,069,081)
Increase in trade and other payables	377,871	244,797
Increase in employee benefit liabilities	414,742	365,210
Increase in contract liabilities	883,520	136,452
Net cash flows from operating activities	185,809	854,509

6. Trade and other receivables

	2023 $	2022 $
Trade receivables	1,682,428	1,614,025
Allowance for expected credit losses	(118,743)	(56,767)
	1,563,685	1,557,258
Interest receivable	12,480	9,922
Short term deposits	2,650,000	2,650,000
Other receivables	900,750	518,957
	5,126,915	4,736,137

Notes to the financial statements

For the year ended 31 December 2023

7. Financial assets

	2023 $	2022 $
Non-current		
Units in managed investment funds – at fair value	35,554,548	33,161,465

8. Property, plant and equipment

	2023 $	2022 $
Land		
At cost	-	2,100,000
At fair value	6,700,000	-
Net carrying amount	6,700,000	2,100,000
Building		
At cost	-	5,370,265
Accumulated depreciation	-	(2,137,486)
	-	3,232,779
At fair value	800,000	-
Accumulated depreciation	(64,369)	-
	735,631	-
Net carrying amount	735,631	3,232,779
Computer equipment		
At cost	4,126,269	4,114,243
Accumulated depreciation	(3,082,009)	(2,916,169)
Net carrying amount	1,044,260	1,198,074

Notes to the financial statements

For the year ended 31 December 2023

8. Property, plant and equipment (continued)

Furniture and fittings		
At cost	476,259	489,236
Accumulated depreciation	(239,489)	(216,699)
Net carrying amount	236,770	272,537

Total property, plant and equipment		
At cost	4,602,528	12,073,744
Accumulated depreciation	(3,321,498)	(5,270,354)
	1,281,030	6,803,390
At fair value	7,500,000	-
Accumulated depreciation	(64,369)	-
	7,435,631	-
Net carrying amount	8,716,661	6,803,390

9. Net deferred tax liabilities

	2023 $	2022 $
Total deferred tax assets	828,806	340,025
Total deferred tax liabilities	(1,368,605)	(397,240)
Net deferred tax liabilities	(539,799)	(57,215)

10. Trade and other payables

	2023 $	2022 $
Current		
Trade payables	459,808	673,151
Accrued expenses	1,494,306	1,019,165
GST/VAT payable	204,190	88,117
	2,158,304	1,780,433

Notes to the financial statements

For the year ended 31 December 2023

11. Employee benefit liabilities

	2023 $	2022 $
Current		
Annual leave	1,670,145	1,533,134
Long service leave	1,588,691	1,500,877
Time in lieu leave	79,640	52,838
	3,338,476	3,086,849
Non-current		
Long service leave	524,859	361,744

12. Contract liabilities

	2023 $	2022 $
Current		
Unearned member and non-member fees	13,205,898	12,319,879
Unearned sponsorship income	7,805	10,000
Unearned research service income	49,369	49,673
	13,263,072	12,379,552

13. Issued capital and reserve

Issued capital

	2023 $	2022 $
1 fully paid ordinary share (2022: 1)	1	1

There was one movement in issued capital during the year (2022: none).

Paul Byron Wilson was the sole shareholder in the Company, holding the one share on issue in the Company on Trust for the persons who from time to time constitute the members of the APNIC Executive Council pursuant to a Deed of Trust dated 24 June 1998. A new company, APNIC EC Limited (a company limited by guarantee), was incorporated by the members of the APNIC Executive Council for the purpose of acting as the new Trustee shareholder of the sole share in APNIC Pty Ltd.

The transfer of the one share on issue in the Company from Paul Byron Wilson to APNIC EC Limited was effected on 11 September 2023 and the share is now held by APNIC EC Limited as Trustee pursuant to the terms of a Deed of Retirement and Appointment of Trustee dated 11 September 2023. There has been no change to the terms of the Trust and the class of beneficiaries remain the same.

Notes to the financial statements

For the year ended 31 December 2023

13. Issued capital and reserve (continued)

Reserve

	2023 $	2022 $
Asset revaluation reserve	1,645,064	-

	Asset revaluation reserve $
At 1 January 2023	-
At 31 December 2023	1,645,064

Nature and purpose of reserve

Asset revaluation reserve

The asset revaluation reserve records fair value movements on property held under the revaluation model.

14. Commitments and contingencies

Commitments

The Company had no capital commitments at 31 December 2023 (2022: $nil).

Contingencies

The Company had no contingent assets or contingent liabilities at 31 December 2023 (2022: $nil).

15. Auditor's remuneration

The auditor of APNIC Pty Ltd is Ernst & Young (Australia).

	2023 $	2022 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity	49,770	42,200
Other services	6,000	5,500
	55,770	47,700

16. Events after the reporting period

There were no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of APNIC Pty Ltd, we state that:

In the opinion of the directors:

a. the Company is not a reporting entity as defined in the Australian Accounting Standards;
b. the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
    i. giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the year ended on that date; and
    ii. complying with Australian Accounting Standards to the extent described in Note 2.a to the financial statements and complying with the *Corporations Regulations 2001;*
c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Paul Byron Wilson
Director
26 February 2024

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Yoshinobu Matsuzaki
Director
26 February 2024

DocuSigned by:
松崎吉伸
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Building a better working world

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Independent Auditor's Report to the members of APNIC Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of APNIC Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards to the extent described in Note 2, and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young

Susie Kuo
Partner
Brisbane
26 February 2024