AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

FINANCIAL STATEMENTS – YEAR ENDED

31 DECEMBER 2020

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

TABLE OF CONTENTS - 31 DECEMBER 2020

The directors are pleased to present the annual report and audited financial statements of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) Ltd (the "Company") for the year ended 31 December 2020.

Principal activity
The Company is the Regional Registry for Internet Number Resources for Africa and the Indian Ocean. The Company is a not for profit organisation.

Results
The results for the year are shown on page 6.

Office bearers and resignations
Directors holding office at 31 December 2020 are listed below:

- Dr Christian Domilongo BOPE (Resigned on 18 September 2020)
- Subramanian MOONESAMY
- Serge Kabwika ILUNGA
- Oluwaseun OJEDEJI
- Vika William MPISANE
- Habib YOUSSEF
- Adewale Emmanuel ADEDOKUN
- Eddy Mabano KAYIHURA
- Benjamin Adzenyamebeye ESHUN (Appointed on 18 September 2020)
- Abdalla OMARI (Appointed on 18 September 2020)

Statement of directors' responsibility in respect of the financial statements
The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.
Company law requires the directors to prepare the Financial Statements in accordance with International Financial reporting Standards ('IFRS') for each financial year, which present fairly the financial position, financial performance and cash flows of the Company.

The Directors confirm that, in preparing the Financial Statements, they have to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the Financial Statements
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the Financial Statements comply with the Mauritius Companies Act 2001, IFRS and the Financial Reporting Act 2004.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' service contracts
Mr Eddy Kayihura has service contracts with the Company commencing on 4th November 2019 for a period of 36 months which is renewable. The contract can be terminated by either party with 3 months' notice.

Remuneration and benefits
Total emoluments and other benefits given to directors by the Company during the year were as follows:

	2020	2019
	USD	USD
Mr Alan Barrett	-	167,912
Mr Eddy Kayihura	**179,122**	33,604
	179,122	201,516

Mr Alan Barrett resigned on 26th July 2019 and Mr Eddy Kayihura was appointed on 4th November 2019.

Community Support and Engagement
During 2020, AFRINIC provided support to related regional and global organisations and community members amounting to USD **27,950** (2019: USD 137,116).

Auditors
The fees paid to the auditors were as follows:

	2020	2019
	USD	USD
Audit fees to BDO & Co	**15,000**	15,000

The auditors did not receive any fees for other services.

By order of the Board

....
Director
Subramanian Moonesamy

....
Director
Eddy M. Kayihura

Date: ....

11 MAY 2021

Date: ....

SECRETARY'S CERTIFICATE - 31 DECEMBER 2020

I certify that, to the best of my knowledge and belief, African Network Information Centre (AfriNIC) Ltd (the "Company") has lodged with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the year ended 31 December 2020.

EXECUTIVE SERVICES LIMITED
Per Christian ANGSEESING
Company Secretary

Date: 11 MAY 2021

BDO

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AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

INDEPENDENT AUDITOR'S REPORT

To the Registered Members of African Network Information Centre (AfriNIC) Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of African Network Information Centre (AfriNIC) Ltd (the Company), on pages 5 to 37 which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 37 give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Secretary's Certificate, but 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 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.

BDO

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Registered Members of African Network Information Centre (AfriNIC) Ltd

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 judgment and maintain professional skepticism 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 directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Registered Members of African Network Information Centre (AfriNIC) Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the Registered Members of African Network Information Centre (AfriNIC) Ltd (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co

BDO & Co
Chartered Accountants

Didier Dabydin, FCA
Licensed by FRC

Port Louis,
Mauritius.

11 MAY 2021

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2020

	Notes	2020	2019
		USD	USD
ASSETS			
Non-current assets			
Plant and equipment	4	**493,507**	189,001
Right-of-use assets	5	**653,309**	776,446
Intangible assets	6	**37,436**	55,975
		1,184,252	1,021,422
Current assets			
Trade receivables	7	**159,729**	475,738
Prepayments and other receivables	8	**230,241**	110,112
Financial assets at amortised cost	9	**4,338,805**	3,262,769
Cash and cash equivalents	16(b)	**4,907,528**	3,537,051
		9,636,303	7,385,670
Total assets	USD	**10,820,555**	8,407,092
RESERVES AND LIABILITIES			
Reserves			
Revenue reserve	10	**8,016,181**	5,877,085
Actuarial reserve	17	**25,279**	(20,254)
Net assets attributable to members		**8,041,460**	5,856,831
Non-current liabilities			
Lease liabilities	5	**472,294**	629,322
Contract liabilities	11(b)	**400**	800
Retirement benefit obligations	13	**81,208**	140,013
		553,902	770,135
Current liabilities			
Lease liabilities	5	**116,456**	115,482
Trade and other payables	12	**547,669**	483,780
Contract liabilities	11(b)	**1,561,068**	1,180,864
		2,225,193	1,780,126
Total liabilities		**2,779,095**	2,550,261
Total equity and liabilities	USD	**10,820,555**	8,407,092

The financial statements have been approved for issue by the Board of Directors on ....

Subramanian Moonesamy) DIRECTORS

Eddy M. Kayihura)

11 MAY 2021

The notes on pages 9 to 37 form an integral part of the financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
Income	11	**5,569,164**	5,771,358
Distribution expenses	15	**(345,461)**	(1,148,425)
Administrative expenses	15	**(3,135,774)**	(3,171,286)
Net impairment losses on financial assets and bad debts	7/15	**(56,738)**	(276,303)
Surplus of income over expenditure		**2,031,191**	1,175,344
Finance income	14	**154,286**	142,851
Finance costs	14	**(46,381)**	(93,288)
Surplus before taxation		**2,139,096**	1,224,907
Taxation	18	**-**	-
Surplus for the year		**2,139,096**	1,224,907
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations	13/17	**45,533**	(23,764)
Other comprehensive income for the year		**45,533**	(23,764)
Total comprehensive income for the year	USD	**2,184,629**	1,201,143

The notes on pages 9 to 37 form an integral part of the financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2020

	Notes	Revenue reserve	Actuarial reserve	Total
		USD	USD	USD
At 01 January 2020		5,877,085	(20,254)	5,856,831
Surplus for the year		2,139,096	-	2,139,096
Other comprehensive income for the year	17	-	45,533	45,533
Total comprehensive income for the year		2,139,096	45,533	2,184,629
At 31 December 2020	USD	**8,016,181**	**25,279**	**8,041,460**
At 01 January 2019		4,652,178	3,510	4,655,688
Surplus for the year		1,224,907	-	1,224,907
Other comprehensive income for the year	17	-	(23,764)	(23,764)
Total comprehensive income for the year		1,224,907	(23,764)	1,201,143
At 31 December 2019	USD	**5,877,085**	**(20,254)**	**5,856,831**

The notes on pages 9 to 37 form an integral part of the financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		USD	USD
Cash flows from operating activities			
Cash generated from operations	16(a)	**2,936,471**	1,155,146
Interest received		**90,372**	57,131
Net cash generated from operating activities		**3,026,843**	1,212,277
Cash flows from investing activities			
Purchase of plant and equipment	4	**(431,612)**	(158,016)
Purchase of intangible assets	6	**-**	(7,138)
New deposits		**(4,325,795)**	(3,235,422)
Proceeds from maturity of deposits		**3,235,422**	1,878,291
Proceeds from sale of plant and equipment		**13,793**	453
Net cash used in investing activities		**(1,508,192)**	(1,521,832)
Cash flows from financing activities			
Interest paid on lease liabilities	5	**(46,291)**	(61,213)
Principal paid on lease liabilities	5	**(109,537)**	(134,253)
Net cash used in financing activities		**(155,828)**	(195,466)
Increase/(decrease) in cash and cash equivalents		**1,362,823**	(505,021)
Movement in cash and cash equivalents:-			
At 1 January		**3,537,051**	4,074,147
Effects of exchange rate changes		**7,654**	(32,075)
Increase/(decrease)		**1,362,823**	(505,021)
At 31 December	16(b)	**4,907,528**	3,537,051

The notes on pages 9 to 37 form an integral part of the financial statements.
Auditor's report on pages 4 to 4(b).

1. GENERAL INFORMATION

African Network Information Centre (AfriNIC) Ltd, (the "Company") is a private company limited by guarantee incorporated in the Republic of Mauritius. Its registered address and place of business is situated at 11th Floor, Standard Chartered Tower, Cybercity, Ebène, Republic of Mauritius.

The principal activity has remained unchanged during the year and consists of being the Regional Registry for Internet Number Resources for Africa and the Indian Ocean. The Company is a not-for-profit organisation.

In January 2008, the AfriNIC Board passed the following Resolution Reference 200801.60 " AfriNIC should endeavour to build a reserve fund sufficient to cover two years of operational expenses."

The financial statements of the Company for the year ended December 31, 2020 were authorised for issue in accordance with a resolution of the directors on 11 May 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") and comply with the Mauritian Companies Act 2001.

These financial statements are those of an individual entity. The financial statements are presented in United States dollars ("USD").

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published Standards effective in the reporting period

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Company's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Amendments to published Standards effective in the reporting period (cont'd)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the company's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Company's financial statements.

Covid-19- Related Rent Concessions (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. The amendments have no impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);

IFRS 17 Insurance Contracts;

Classification of Liabilities as Current or Non-current (Amendments to IAS 1);

Annual Improvements 2018-2020;

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

At the reporting date of these financial statements, the following were in issue but not yet effective: (cont'd)

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
Reference to the Conceptual Framework (Amendments to IFRS 3)
Amendments to IFRS 17
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item, and are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Plant and equipment (cont'd)

(ii) *Subsequent expenditure*
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) *Depreciation*
Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Residual value is the estimated amount that the Company would currently obtain from disposal of the asset after deducting the estimated cost of disposal and if the asset was already of the age and in the condition expected at the end of its useful life.

The principal annual rates of depreciation are:

	%
Computer equipment	20
Motor vehicles	20
Office equipment	20
Fixtures & fittings	10
Building Improvements	10

Items of plant and equipment are depreciated for the full year in the year of purchase and ready for use and no depreciation is charged in the year of disposal. All plant and equipment have a nil residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.3 Intangible assets

(i) *Recognition and measurement*
Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) *Subsequent expenditure*
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iii) *Amortisation*
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the profit or loss.

The estimated useful lives for the current and comparative years are as follows:

Computer software: 3 - 5 Years

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets

(a) *Categories of financial assets*

The Company classifies its financial assets in the following categories:

(i) *At amortised cost*

These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Company's financial assets measured at amortised cost comprise trade receivables, financial assets at amortised cost and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents include cash in hand and at bank.

2.5 Financial liabilities

The Company classifies its financial liabilities as follows, depending on the purpose for which the liability was acquired.

(i) *Other financial liabilities*

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Income tax

The Company is exempted from income tax by the Mauritian tax authority.

2.8 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using United States dollars ("USD"), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States dollars ("USD"), which is the Company's functional and presentation currency.

The Company has obtained the approval of the Registrar of Companies to present its financial statements in United States dollars ("USD"). The average exchange rate for USD to MUR as at 31 December 2020 as provided by the State Bank of Mauritius was MUR 39.40 (2019: MUR 36.65).

(ii) *Transactions and balances*

Transactions in foreign currencies are translated to the USD at exchange rates at the dates of the transactions. Foreign exchnage 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.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.9 Leases

Leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

Identifying Leases (cont'd)

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

Identifying Leases (cont'd)

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Retirement benefit obligations

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company operates a defined contribution retirement benefit plan for certain employees. Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitles them to the contributions.

Gratuity on retirement

For certain employees where the statutory gratuity is insufficiently covered by the above pension plans, the net present value of retirement gratuity payable under the Workers' Rights Act is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 the effect of the time value of money is material).

2.12 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled for those services.

Revenue consists principally of membership fees charged for the use of Internet Number Resources. The Company recognises revenue over the time of the contract through which these resources are provided to the customers.

Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Revenue recognition

(a) Revenue from contracts with customers

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each service sold, with reductions given for early settlement. Therefore, there is no judgement involved in allocating the contract price to each service in such contracts.

(b) Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(c) Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.13 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Estimation and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) **Pension benefits**

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on past and current market conditions. Additional information is disclosed in Note 13.

(b) **Estimated useful lives and residual values of plant and equipment**

Determining the carrying amounts of plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain plant and equipment of the Company are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purposes of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The Directors have used historical information relating to the Company and the relevant industry in which the Company operates in order to best determine the useful lives and residual values of plant and equipment.

4. PLANT AND EQUIPMENT

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Work in Progress	Total
	USD	USD	USD	USD	USD	USD	USD
(a) COST							
At 1 January 2020	906,638	71,988	114,334	64,376	274,482	-	1,431,818
Additions	149,987	-	2,822	104,579	151,011	23,213	431,612
Disposals	-	(71,988)	-	(43,914)	-	-	(115,902)
Scrapped assets	(93,925)	-	(14,505)	(11,819)	(254,191)	-	(374,440)
At 31 December 2020	**962,700**	**-**	**102,651**	**113,222**	**171,302**	**23,213**	**1,373,088**
DEPRECIATION							
At 1 January 2020	759,793	71,988	89,971	51,544	269,521	-	1,242,817
Charge for the year	74,510	-	7,942	11,294	17,131	-	110,877
Disposals adjustment	-	(71,988)	-	(34,675)	-	-	(106,663)
Scrapped assets adjustment	(90,522)	-	(14,001)	(9,700)	(253,227)	-	(367,450)
At 31 December 2020	**743,781**	**-**	**83,912**	**18,463**	**33,425**	**-**	**879,581**
NET BOOK VALUES							
At 31 December 2020 USD	**218,919**	**-**	**18,739**	**94,759**	**137,877**	**23,213**	**493,507**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions (cont'd)

(c) Impairment of financial assets

The loss allowances for financial assets are based on judgements about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) Leases

In determining the lease term for the property being rented, management considers the broader economics of its arrangement with the lessor, including the economic penalties for both the lessor and the Company if the Company were to vacate the leased premises.

(e) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

4. **PLANT AND EQUIPMENT (CONT'D)**

		Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
(b) **COST**		USD	USD	USD	USD	USD	USD
At 1 January 2019		777,183	71,988	92,343	59,247	274,482	1,275,243
Additions		130,896	-	21,991	5,129	-	158,016
Disposals		(1,441)	-	-	-	-	(1,441)
At 31 December 2019		**906,638**	**71,988**	**114,334**	**64,376**	**274,482**	**1,431,818**
DEPRECIATION							
At 1 January 2019		713,189	71,988	82,304	46,825	242,502	1,156,808
Charge for the year		47,757	-	7,667	4,719	27,019	87,162
Disposals adjustment		(1,153)	-	-	-	-	(1,153)
At 31 December 2019		**759,793**	**71,988**	**89,971**	**51,544**	**269,521**	**1,242,817**
NET BOOK VALUES							
At 31 December 2019	USD	**146,845**	**-**	**24,363**	**12,832**	**4,961**	**189,001**

(c) Depreciation charge of USD 110,877 (2019: USD 87,162) has been charged to administrative expenses.

5. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

		Building and parking	
		2020	2019
		USD	USD
At 1 January		**776,446**	929,190
Amortisation		**(129,793)**	(152,744)
Effect of modification to lease terms		**6,656**	-
At 31 December	USD	**653,309**	776,446

LEASE LIABILITIES

		Building and parking	
		2020	2019
		USD	USD
At 1 January		**744,804**	929,190
Interest expense		**46,291**	61,213
Effect of modification to lease terms		**6,656**	-
Lease payments		**(155,828)**	(195,466)
Exchange differences		**(53,173)**	(50,133)
At 31 December	USD	**588,750**	744,804
Current		**116,456**	115,482
Non current		**472,294**	629,322
	USD	**588,750**	744,804

(a) **Nature of leasing activities (in the capacity as lessee)**

The Company leases property for its office and parking, with payments to increase by 5% p.a from February 2022 and 8% p.a respectively.

(b) **Lease term**

In determining the period over which the lease remains enforceable, the Company has considered the broader economics of the arrangement with the lessor including the economic penalties for both the Company and the lessor if the Company were to vacate the premises. The lease is for a period of 5 years from 1/02/2020 to 1/01/2025. Either party shall have the right to terminate the lease by giving 6 months notice after the first 3 years. Management considers that the lease is for a period of 5 years, mainly given that the Company has undertaken major refurbishment in 2020, hence will incur significant penalty if they terminate the lease before 5 years.

(c)

	2020	2019
	USD	USD
Interest expense (included in finance cost)	**46,291**	61,213
Expense relating to short-term lease (included in administrative expenses)	**8,874**	9,752

The total cash outflow for leases in 2020 was USD 155,828 (2019: USD 195,466).

6. INTANGIBLE ASSETS

		2020	2019
		USD	USD
Computer software:			
COST			
At 1 January		**174,542**	167,404
Additions		**-**	7,138
Scrapped assets		**(26,495)**	-
At 31 December		**148,047**	174,542
AMORTISATION			
At 1 January		**118,567**	109,887
Charge for the year		**1,427**	8,680
Scrapped adjustment		**(9,383)**	-
At 31 December		**110,611**	118,567
NET BOOK VALUES	USD	**37,436**	55,975

(a) Amortisation charge of USD 1,427 (2019: USD 8,680) for the Company has been charged to administrative expenses.

7. TRADE RECEIVABLES

		2020	2019
		USD	USD
Trade receivables		**262,573**	678,381
Less: provision for impairment		**(102,844)**	(202,643)
Trade receivables - net	USD	**159,729**	475,738

(i) *Impairment of trade receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Specific circumstances for some debtors are also taken into consideration in arriving at specific impairment.

7. TRADE RECEIVABLES (CONT'D)

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables:

At December 31, 2020	1 - 30 days	31 -60 days	61 - 90 days	More than 90 days	Total
	USD	USD	USD	USD	USD
Expected loss rate	17%	26%	20%	44%	39%
Gross carrying amount - trade receivable	39,935	1,574	3,209	217,855	262,573
Loss allowance	(6,719)	(413)	(636)	(95,076)	(102,844)

At December 31, 2019	1 - 30 days	31 -60 days	61 - 90 days	More than 90 days	Total
	USD	USD	USD	USD	USD
Expected loss rate	5%	10%	20%	31%	30%
Gross carrying amount - trade receivable	7,426	31,910	6,400	632,645	678,381
Loss allowance	(371)	(3,191)	(1,280)	(197,801)	(202,643)

The closing loss allowances for trade receivables as at December 31, 2020 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2020	2019
	USD	USD
At January 1,	**202,643**	-
Loss allowance recognised in profit or loss during the year	**56,738**	276,303
Receivables written off during the year as uncollectible	**(156,537)**	(73,660)
At December 31,	**102,844**	202,643

(ii) The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2020	2019
	USD	USD
United States dollars	**154,300**	475,538
Euro	**5,429**	200
	159,729	475,738

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

8. PREPAYMENTS AND OTHER RECEIVABLES

		2020	2019
		USD	USD
Prepayments		61,621	12,278
Deposits		35,797	35,797
Other receivables		132,823	62,037
	USD	230,241	110,112

The carrying amounts of other receivables are denominated in United States dollar and approximate their fair value. Other receivables do not include any overdue balances, hence no loss allowance is recorded.

9. FINANCIAL ASSETS AT AMORTISED COST

			2020		2019	
			USD	USD	USD	USD
(a)			Current	Non-current	Current	Non-current
	Fixed deposits	USD	4,338,805	-	3,262,769	-

A Board Resolution dated 27 November 2015, authorised the creation of a strategic Cash Reserve from AFRINIC's own cash holdings with the following rules:
(a) that a suitable interest-bearing bank account be created for the Strategic Cash Reserve;
(b) that any expenditure or transfers out of the Strategic Cash Reserve bank account shall require three signatories, comprising the CEO, the Financial Director and either the Chairman or the Vice-chairman of the Board; and
(c) that any expenditure or transfers out of the Strategic Cash Reserves shall be authorised by the Board.

As at 31 December 2020, the Strategic Cash Reserve consisted of a total of USD 4,338,805 (2019: USD 3,262,769) which is held in fixed deposits accounts bearing interest rates varying from 1.00% to 1.10% per annum with a maturity of twelve months from December 2020, except for two which are in July 2021 and September 2021 respectively.

(b) Impairment and risk exposure
(i) The loss allowance for financial assets at amortised cost as at December 31, 2020 and December 31, 2019 amounted to Nil.
(ii) The carrying amounts of the financial assets at amortised cost are denominated in USD. There is no exposure to price risk as the investments will be held to maturity.

10. REVENUE RESERVE

The Company does not have a share capital.
Funding for the running of the Company shall be realised from the following:
(i) membership fees from members;
(ii) setup fees for bulk registration services;
(iii) assignment/allocation fees for individual address space assignments / allocation;
(iv) maintenance fees for non-contiguous, non ISP address space;
(v) registration fees for individual address space transfers;
(vi) setup fees for autonomous system number ("ASN") assignments;
(vii) grants and/or voluntary donations; and
(viii) such other sources as may be deemed appropriate from time to time by the Board.

The fees mentioned above shall be subject to review from time to time by the Board.

10. REVENUE RESERVE (CONT'D)

Revenue reserve

Revenue reserve refers to the undistributed and accumulated surpluses over the years the Company has been in existence.

In January 2008, the AFRINIC Board passed the following Resolution Reference 200801.60 " AfriNIC should endeavour to build a reserve fund sufficient to cover two years of operational expenses."

11. INCOME

The following is an analysis of the Company's income for the year:		**2020**	2019
		USD	USD
Revenue from rendering of services:			
Membership renewal fees		**4,988,362**	5,004,352
Allocation or assignment fees		**544,258**	673,000
Revenue from contracts with customers (note (a))		**5,532,620**	5,677,352
Sponsorship for Afrinic events		**19,000**	82,483
Other income (note (d))		**17,544**	11,523
	USD	**5,569,164**	5,771,358

Note on discounts		**2020**	2019
		USD	USD
Early settlement		**47,908**	49,032
Educational & critical Infrastructure		**113,338**	157,163
	USD	**161,246**	206,195

(a) Disaggregation of revenue from contracts with customers		**2020**	2019
		USD	USD
Product type			
Membership renewal fees		**4,988,362**	5,004,352
Allocation or assignment fees		**544,258**	673,000
	USD	**5,532,620**	5,677,352

		2020	2019
Timing of revenue recognition		**USD**	USD
At a point in time		-	-
Over time		**5,532,620**	5,677,352
	USD	**5,532,620**	5,677,352

(b) Liabilities related to contracts with customers		**Contract Liabilities**	
		2020	2019
		USD	USD
At 1 January		**(1,181,664)**	(1,166,867)
Cash received in advance of performance and not recognised as revenue during the period		**(1,450,987)**	(1,088,642)
Amounts included in contract liabilities that were recognised as revenue during the period		**1,071,183**	1,073,845
At 31 December	USD	**(1,561,468)**	(1,181,664)

11. INCOME (CONT'D)

		Contract Liabilities	
		2020	2019
		USD	USD
Analysed as follows:			
Current		**(1,561,068)**	(1,180,864)
Non current		**(400)**	(800)
	USD	**(1,561,468)**	(1,181,664)

Contract liabilities arise from fees received in one period relating to future membership years.

(c) *Remaining performance Obligations*

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

At 31 December 2020	**2021**	**2022**	**Total**
	USD	**USD**	**Rs.**
Membership renewal fees	**1,408,004**	**400**	**1,408,404**
Allocation or assignment fees	**17,859**	**-**	**17,859**
Others	**135,205**	**-**	**135,205**
	1,561,068	**400**	**1,561,468**

At 31 December 2019	2020	2021	2022	Total
	USD	USD	USD	Rs.
Membership renewal fees	994,353	400	400	995,153
Allocation or assignment fees	6,029	-	-	6,029
Others	180,482	-	-	180,482
	1,180,864	400	400	1,181,664

(d) Other income

		2020	2019
		USD	USD
Certification income		**2,685**	3,615
Bad debts recovered		**14,000**	7,908
Others		**859**	-
	USD	**17,544**	11,523

12. TRADE AND OTHER PAYABLES

		2020	2019
		USD	USD
Trade payables		**162,143**	115,348
Other payables		**385,526**	368,432
	USD	**547,669**	483,780

The carrying amount of trade and other payables approximates their fair value.

Trade payables represent amount owed to trade creditors as well as suppliers of goods and services.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of six months.

13. RETIREMENT BENEFIT OBLIGATIONS

The liability relates to retirement gratuities payable under the Workers' Rights Act. The latter provides for a lump sum at retirement based on final salary and years of service. Half of any lumpsum and 5 years pension (relating to the employer's share of contribution only) payable from the funds have been offset from the retirement gratuities.

(i) The amounts recognised in the statement of financial position are as follows:

		2020	2019
		USD	USD
Other post employment benefits			
Present value of unfunded defined benefit obligations	USD	**81,208**	140,013

(ii) Movement in liability recognised in statement of financial position:

		2020	2019
		USD	USD
At 1 January,		**140,013**	99,886
Charged to profit or loss		**14,771**	23,586
Actuarial (gains)/losses recognised in other comprehensive income		**(45,533)**	23,764
Exchange gain		**(11,393)**	(7,223)
Benefit Paid		**(16,650)**	-
At 31 December,	USD	**81,208**	140,013

(iii) The movement in the present value of defined benefit obligation over the year is as follows:

		2020	2019
		USD	USD
At 1 January,		**140,013**	99,886
Current service cost		**8,493**	17,420
Interest cost		**6,278**	6,166
Actuarial (gains)/losses		**(45,533)**	23,764
Exchange gain		**(11,393)**	(7,223)
Benefit Paid		**(16,650)**	-
At 31 December,	USD	**81,208**	140,013

(iv) The amounts recognised in profit or loss are as follows:

		2020	2019
		USD	USD
Current service cost		**8,493**	17,420
Net interest cost		**6,278**	6,166
Total included in employee benefit expense (Note 15)	USD	**14,771**	23,586

(v) The amounts recognised in other comprehensive income are as follows:

		2020	2019
		USD	USD
Experience gains on the liabilities		**45,276**	11,868
Changes in assumptions underlying the present value of the scheme		**257**	(35,632)
	USD	**45,533**	(23,764)

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vi) Sensitivity analysis on defined benefit obligations at end of the reporting date:

December 31,	**2020** Increase/ (Decrease) USD	2019 Increase/ (Decrease) USD
Increase of 1% in Discount rate	**(24,773)**	(29,549)
Decrease of 1% in Discount rate	**30,871**	36,906
Increase of 1% in Future long-term salary assumption	**30,640**	36,595
Decrease of 1% in Future long-term salary assumption	**(25,055)**	(29,853)

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

(vii) The sensitivity above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

The sensitivity analysis may not be representative of the actual change in the unfunded obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(viii) The average remaining working life of the employees at 31 December 2020 is 20 years (2019: 16 years).

(ix) The principal actuarial assumptions used for accounting purposes were:

	2020 %	2019 %
Discount rate	**3.30**	5.20
Future long-term salary increase	**3.00**	5.00

14. NET FINANCE COSTS

		2020 USD	2019 USD
Finance income			
Bank interest income		**76,035**	84,478
Realised gain on exchange		**6,030**	1,017
Unrealised gain on exchange		**72,221**	57,356
		154,286	142,851
Finance cost			
Interest expense:			
- Leases		**(46,291)**	(61,213)
Unrealised loss on exchange		**(90)**	(32,075)
	USD	**(46,381)**	(93,288)
Net finance costs	USD	**107,905**	49,563

15. EXPENSES BY NATURE

		2020	2019
		USD	USD
Depreciation (note 4)		**110,877**	87,162
Depreciation on right-of-use assets (note 5)		**129,793**	152,744
Amortisation (note 6)		**1,427**	8,680
Meeting expenses		**76,330**	276,295
Office expenses		**82,551**	247,387
Travelling expenses		**90,707**	538,282
Employee benefit expense (note (a))		**2,137,379**	2,135,870
Net impairment losses on financial assets/bad debts		**56,738**	276,303
Other expenses		**852,171**	873,291
	USD	**3,537,973**	4,596,014
Analysed into:			
Distribution expenses		**345,461**	1,148,425
Administrative expenses		**3,135,774**	3,171,286
Net impairment losses on financial assets		**56,738**	276,303
	USD	**3,537,973**	4,596,014

(a) EMPLOYEE BENEFIT EXPENSE

		2020	2019
		USD	USD
Salaries		**1,625,342**	1,647,056
Pension costs:			
- Other post employment benefits (Note 13)		**14,771**	23,586
Social security costs and other benefits		**497,266**	465,228
	USD	**2,137,379**	2,135,870

16. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2020	2019
		USD	USD
(a) Cash generated from operations			
Surplus before taxation		**2,139,096**	1,224,907
Adjustments for:			
Depreciation of plant and equipment	4	**110,877**	87,162
Amortisation of right-of-use assets	5	**129,793**	152,744
Amortisation of intangible assets	6	**1,427**	8,680
Losses on scrapped intangible assets		**17,112**	-
Losses on scrapped plant and equipment		**6,990**	-
Net impairment losses on financial assets	7	**56,738**	276,303
Gain on unrealised foreign exchange		**(72,220)**	(25,281)
Effect of modification to lease terms		**-**	-
Retirement benefit obligations		**(1,879)**	23,586
Profit on disposal of plant and equipment		**(4,554)**	(165)
Interest expense	14	**46,291**	61,213
Interest income	14	**(76,035)**	(84,478)
		2,353,636	1,724,671
Changes in working capital			
- trade receivables		**259,271**	(534,353)
- prepayments and other receivables		**(120,129)**	(27,608)
- trade and other payables and contract liabilities		**443,693**	(7,564)
Cash generated from operations	USD	**2,936,471**	1,155,146

16. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(b) Cash and cash equivalents

		2020	2019
		USD	USD
Bank balance		4,907,267	3,532,512
Cash in hand		261	4,539
	USD	4,907,528	3,537,051

Bank balance is analysed as follows:		2020	2019
		USD	USD
Own Cash Holdings		3,329,803	2,339,130
Fees received in advance		1,561,468	1,181,664
Cash Held - Project/Other FIRE		16,257	16,257
	USD	4,907,528	3,537,051

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment was immaterial.

Cash for FIRE (Fund for Internet Research and Education) represents funding received from IDRC, ISOC and Google earmarked for FIRE initiatives.

(c) Reconciliation of liabilities arising from financing activities

	1 January 2020	Cash flows	Non-cash changes	31 December 2020
	USD	USD	USD	USD
Lease liabilities	744,804	(155,828)	(226)	588,750

	1 January 2019	Adoption of IFRS 16	Cash flows	Non-cash changes	31 December 2019
	USD	USD	USD	USD	USD
Lease liabilities	-	929,190	(195,466)	11,080	744,804

17. ACTUARIAL RESERVE

		2020	2019
		USD	USD
At 01 January,		(20,254)	3,510
Actuarial gain/(loss) recognised in other comprehensive income		45,533	(23,764)
At 31 December,	USD	25,279	(20,254)

Actuarial reserve represents the cumulative remeasurement of defined benefit obligation recognised.

18. TAXATION

The Company has been granted exemption from payment of tax by the Ministry of Finance of the Republic of Mauritius on 16 November 2005.

19. RELATED PARTY DISCLOSURES

		2020	2019
		USD	USD
(a)	Transaction with members		
	Membership fees	**5,532,620**	5,677,352

		2020	2019
(b)	Transactions with key management personnel (CEO) of the Company:	USD	USD
	Short term employee benefit	**179,122**	174,061
	Termination benefit	-	27,455
		179,122	201,516

20. FINANCIAL INSTRUMENTS

Fair value of instruments

Fair value is defined as the amount for which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's-length transaction, other than in a forced or liquidation sale. The fair values of the Company's financial instruments, which principally comprise cash and cash equivalents, trade receivables, financial assets at amortised cost and trade and other payables approximate their carrying values as stated in the statement of financial position.

	Carrying value		Fair value	
	2020	2019	**2020**	2019
	USD	USD	**USD**	USD
Financial assets:-				
Trade receivables	**159,729**	475,738	**159,729**	475,738
Financial assets at amortised cost	**4,338,805**	3,262,769	**4,338,805**	3,262,769
Cash and cash equivalents	**4,907,528**	3,537,051	**4,907,528**	3,537,051
	9,406,062	7,275,558	**9,406,062**	7,275,558

	Carrying value		Fair value	
	2020	2019	**2020**	2019
	USD	USD	**USD**	USD
Financial liabilities:-				
Trade and other payables	**547,669**	483,780	**547,669**	483,780
	547,669	483,780	**547,669**	483,780

Prepayments and other receivables are not financial assets, and advance payments from members are not financial liabilities.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management

The Company's principal financial liabilities comprise trade and other payables and lease liabilities. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, market risk (including foreign exchange risk and interest rate risk) and credit risk. The Board of directors reviews and agrees policies for managing each of these risks which are summarised below.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Risk Management

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Company's financial liabilities at year end based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	USD	USD	USD	USD
December 31, 2020				
Non-derivative financial liabilities				
Trade and other payables	**547,669**	-	-	-
Lease liabilities	**153,444**	**161,463**	**365,642**	-
	701,113	**161,463**	**365,642**	-
December 31, 2019				
Non-derivative financial liabilities				
Trade and other payables	483,780	-	-	-
Lease liabilities	165,622	165,221	567,525	-
	649,402	165,221	567,525	-

Fair value of instruments

At 31 December 2020, if the USD had strengthened/weakened by 1% against the MUR and Euro with all other variables held constant, surplus for the year would have been lower/higher by USD 4,370 (2019: USD 8,240) mainly as a result of foreign exchange differences on translation of MUR and Euro denominated bank balances, trade receivables and trade and other payables.

Interest rate risk

The Company has interest bearing deposits with fixed rates. It could be exposed to fair value interest rate risk arising from changes in market interest rates. However, the deposits are short term.

Financial assets and liabilities by category	**2020**	2019
	USD	USD
Financial assets at amortised cost	**9,406,062**	7,275,558
Financial liabilities at amortised cost	**1,136,419**	1,228,584

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally but is exposed to foreign exchange risks arising primarily with respect to Mauritian rupees ("MUR") and Euro.

Financial assets 2020	**Trade receivables 2020**	**Cash and cash equivalent 2020**	**Financial assets at amortised cost 2020**	**Total 2020**
	USD	**USD**	**USD**	**USD**
MUR	**-**	**73,264**	**-**	**73,264**
EURO	**5,429**	**299,124**	**-**	**304,553**
USD	**154,300**	**4,535,140**	**4,338,805**	**9,028,245**
	159,729	**4,907,528**	**4,338,805**	**9,406,062**

2019	Trade and other receivables 2019	Cash and cash equivalents 2019	Financial assets at amortised cost 2019	Total 2019
	USD	USD	USD	USD
MUR	-	24,253	-	24,253
EURO	200	129,427	-	129,627
USD	475,538	3,383,371	3,262,769	7,121,678
	475,738	3,537,051	3,262,769	7,275,558

Financial liabilities 2020	**Lease liabilities 2020**	**Trade and other payables 2020**	**Total 2020**
	USD	**USD**	**USD**
MUR	**588,750**	**206,583**	**795,333**
RAND	**-**	**19,482**	**19,482**
USD	**-**	**321,604**	**321,604**
	588,750	**547,669**	**1,136,419**

2019	Lease liabilities 2019	Trade and other payables 2019	Total 2019
	USD	USD	USD
MUR	744,804	230,727	975,531
RAND	-	2,368	2,368
USD	-	250,685	250,685
	744,804	483,780	1,228,584

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables and from its financing activities, including foreign exchange transactions, and other financial instruments.

The Company trades with recognised, creditworthy third parties only. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Cash and cash equivalents

The Company only deposits cash surpluses with major banks of high quality credit standing (MCB: BBB and SBM: Baa1-Baa3).

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise net assets attributable to its members.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended December 31, 2020. The gearing ratio is nil.

	2020	2019
	USD	USD
Total debt	**588,750**	744,804
Less: cash and bank balances (Note 16(b))	**(4,907,528)**	(3,537,051)
Net debt	**(4,318,778)**	(2,792,247)
Net assets attributable to members	**8,041,460**	5,856,831
Gearing ratio	N/A	N/A

22. CONTINGENT LIABILITIES

(a) As at 31 December 2020, there were contingent liabilities in respect of guarantees for which no provisions have been made in the financial statements. The guarantees are denominated in Mauritian rupees ("MUR"), and are follows:

	2020		2019	
	USD	**Rs.**	USD	Rs.
Bank guarantee	**254**	**10,000**	274	10,000

22. CONTINGENT LIABILITIES (CONT'D)

(b) In 2015, Afrinic Board agreed to participate in The Joint Regional Internet Registry Stability Fund. This is a fund which will be established through voluntary pledges of funds, publicly documented, from individual RIRs. The Fund is to be used in case of need, to guarantee the continuity of registry operations and related support activities, the latter prominently including regional and global policy development processes. Any use of funds will be contingent upon having public reporting of audited financial statements. Afrinic has pledged USD 50,000 towards the Funds.

23. SIGNIFICANT EVENT

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on the global and local economy. In Mauritius, the Government announced a lockdown which lasted between the 19th March 2020 and 31th May 2020.

Consequently, the effects of COVID-19 on the Company's financial performance over the financial year ended 31st December 2020 have been as follows: -
Members had difficulty settling their due amount due to some restrictions imposed in their country during the lockdown.
Bad debts written off of USD 50,885.

Despite the above adverse impact, the Company has not encountered liquidity issues and has been able to pay its obligations on time. The net assets attributable to members amounted to USD 8.0m as at December 31, 2020. It is, however, difficult to predict any long term impact at this stage.

Based on the above, management has assessed the Company's ability to continue as a going concern for the next twelve months from the date of signature of these financial statements and believes that the going concern assumption to be appropriate.

24. EVENTS AFTER REPORTING PERIOD

Due to a resurgence of Covid-19 cases, the Mauritian Government announced another national lockdown on the 10th of March 2021 until 30th of April 2021. The Government has also started a campaign of vaccination in 2021. This is considered to be a non-adjusting event after the reporting period.