AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
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AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

The directors are pleased to present the annual report and audited financial statements of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) Limited (the "Company") for the year ended 31 December 2018.

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 pages 8 to 31.

Office bearers and resignations

Directors holding office at 31 December 2018 are listed below:

- Christian Domilongo BOPE
- Subramanian MOONESAMY
- Serge Kabwika ILUNGA
- Ojedeji OLUWASEUN
- Alan Peter BARRETT
- Vika William MPSISANE (appointed on 23rd August 2018)
- Habib YOUSSEF (appointed on 23rd August 2018)
- Dorcas Muthoni GACHARI (appointed on 18th July 2018 and resigned on 26th November 2018)
- Sunday FOLAYAN (resigned on 25th March 2018)
- Haitham Z El NAKHAL (resigned on 9th May 2018)
- Lucky MASILELA (resigned on 10th May 2018)
- Abibu NTAHIGIYE (resigned on 10th May 2018)

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 Group and 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

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

- 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 Group 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.

Remuneration and benefits

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

	2018	2017
	USD	USD
▪ Executive Directors	**161,174**	160,827

Community Support and Engagement

During 2018, AFRINIC provided support to related regional and global organisations and community members amounting to USD **165,367** (2017: USD 247,130).

Auditors

Messrs PricewaterhouseCoopers were appointed as the auditors of the Company for the year. The directors approved the following as payable for services rendered during the year:

	2018	2017
	USD	USD
Audit	**10,500**	10,300

By order of the Board

....

Director

Date: 28 APR 2019

....

Director

Date: 28 APR 2019

I certify that, to the best of any 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 December 31, 2018.

....
EXECUTIVE SERVICES LIMITED
Per Christian ANGSEESING
Company Secretary

Date: 2 8 APR 2019

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Independent Auditor's Report

To the Registered Members of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (the "Company") as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD set out on pages 8 to 31 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes comprising significant accounting policies and other explanatory information.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Business Registration Number : F07000530

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Independent Auditor's Report

To the Registered Members of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (Continued)

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the annual report and the certificate from the company secretary 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 identified above 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 on the other information, 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 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 Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

The directors are responsible for overseeing the financial reporting process.

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Independent Auditor's Report

To the Registered Members of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report

To the Registered Members of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (Continued)

Report on the Audit of the Financial Statements (Continued)

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

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.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company other than in our capacity as auditor;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's registered members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

PricewaterhouseCoopers

Johanne How Cho Hee, licensed by FRC

21 May 2019

	Notes	2018	2017
		USD	USD
ASSETS			
Non-current assets			
Plant and equipment	4	118,435	163,883
Intangible assets	5	57,517	64,769
		175,952	228,652
Current assets			
Trade and other receivables	6	300,192	714,980
Fixed deposit	7	1,878,291	1,056,860
Cash and cash equivalents	7	4,074,147	2,958,717
		6,252,630	4,730,557
Total assets		6,428,582	4,959,209
RESERVES AND LIABILITIES			
Reserves			
Revenue reserve	8	4,755,574	3,452,973
Net assets attributable to members		4,755,574	3,452,973
Non current liabilities			
Deferred income	11	1,200	1,600
		1,200	1,600
Current liabilities			
Trade and other payables	9	1,671,408	1,503,886
Deferred income	11	400	750
		1,671,808	1,504,636
Total liabilities		1,673,008	1,506,236
Total reserves and liabilities		6,428,582	4,959,209

These financial statements have been approved by the board of directors on ....2 8 APR 2019....

Name of directors **Signature**

(1) CHRISTIAN DOMILONGO BOPE ....

(2) ALAN PETER BARRETT ....

The notes on pages 12 to 31 form an integral part of these financial statements.

	Notes	2018	2017
		USD	USD
Income	10	5,378,700	5,090,991
Distribution expenses		(1,035,173)	(1,190,543)
Administrative expenses		(3,003,385)	(2,966,063)
Surplus of income over expenditure	12	1,340,142	934,385
Finance income	13	126,332	6,319
Finance costs	13	(163,873)	(101,373)
Finance Cost - Net		(37,541)	(95,054)
Surplus before taxation		1,302,601	839,331
Taxation	14	-	-
Surplus for the year		1,302,601	839,331
Other comprehensive income		-	-
Total comprehensive income for the year		1,302,601	839,331

The notes on pages 12 to 31 form an integral part of these financial statements.

	Revenue reserve	Total
	USD	USD
At January 1, 2017	2,613,642	2,613,642
Surplus for the year	839,331	839,331
At December 31, 2017	3,452,973	3,452,973
At January 1, 2018	**3,452,973**	**3,452,973**
Surplus for the year	**1,302,601**	**1,302,601**
At December 31, 2018	**4,755,574**	**4,755,574**

The notes on pages 12 to 31 form an integral part of these financial statements.

	Notes	2018	2017
		USD	USD
Cash flows from operating activities			
Surplus for the year		**1,302,601**	839,331
Adjustments for:			
Depreciation	4	**86,125**	146,290
Amortisation	5	**7,252**	13,605
Impairment loss and write-off on trade receivables	6	**69,645**	38,424
Interest payable		**-**	416
Unrealised foreign exchange gain / loss	14	**61,305**	95,382
Profit on disposal of fixed assets		**(2,438)**	(1,611)
Interest income		**(22,674)**	(6,319)
		1,501,816	1,125,518
Changes in:			
Decrease / (Increase) in trade and other receivables		**345,143**	(335,313)
Increase / Decrease in trade and other payables		**137,005**	219,675
Change in fixed deposit		**(821,431)**	(505,589)
Decrease in deferred income		**(750)**	(950)
		1,161,783	503,341
Interest received		**22,674**	6,319
Interest paid		**-**	(416)
Net cash from operating activities		**1,184,457**	509,244
Cash flows from investing activities			
Purchase of plant and equipment	4	**(40,677)**	(57,456)
Proceeds from disposal of fixed assets	4	**2,438**	3,456
Net cash used in investing activities		**(38,239)**	(54,000)
Cash flows from financing activities			
Payment of finance lease liabilities	9	**-**	(7,997)
Net cash used in financing activities		**-**	(7,997)
Net movement in cash and cash equivalents		**1,146,218**	447,247
Effects of exchange rate changes		**(30,788)**	(60,618)
Cash and cash equivalent as at January 01,		**2,958,717**	2,572,088
Cash and cash equivalent as at December 31,	7	**4,074,147**	2,958,717

The notes on pages 12 to 31 form an integral part of these financial statements.

1. CORPORATE 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 Chartred 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, 2018 were authorised for issue in accordance with a resolution of the directors on ....2 8 APR 2019..........

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

(c) Functional and presentational currency

The financial statements are presented in United States dollars ("USD"), which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest USD, unless otherwise stated. The average exchange rate for USD to MUR as at December, 31 2018 as provided by the State Bank of Mauritius is MUR 34.40 (2017: MUR 33.765).

(d) 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.

2. BASIS OF PREPARATION (CONTINUED)

(d) Critical accounting estimates and judgements (continued)

Estimation and assumptions (continued)

(i) 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.

(ii) Impairment of trade and other receivables

In preparing those financial statements, the Directors have made estimates of the recoverable amounts of trade and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. Those receivables that are impaired are immediately written off. The estimation of recoverable amounts involves an assessment of the financial condition of the receivable concerned and an estimate of the timing and the extent of cash flows likely to be received by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue

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 client.
As at 31 December 2018, the Company did not have any contracts with multiple obligations or which would have resulted in the recognition of any contract assets or liabilities.

(b) Finance income and finance costs

The Company's finance income and finance costs include:

- interest payment on leases. Interest expense is recognised using the effective interest method;
- interest income on deposits. Interest income is recognised using the effective interest method; and
- the foreign currency gain or loss on financial assets and financial liabilities reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(c) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate prevailing when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency differences are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed to profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

State pension plan

Contributions to the National Pension Fund are expensed in profit or loss.

(e) Income tax

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

(f) 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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

(h) Financial assets and liabilities

(i) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(ii) Initial recognition and measurement

The Company initially recognises loans and advances on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are incremental and directly attributable to its acquisition or issue. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ('FVOCI'), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets and liabilities (continued)

(ii) Initial recognition and measurement (continued)

advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(iii) Classification and subsequent measurement of financial assets

Policy applicable from 1 January 2018

From 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ('FVPL');
- Fair value through other comprehensive income ('FVOCI'); or
- Amortised cost

The Company classifies its trade and other payables and trade and other receivables at amortised cost. Prior to 01 January 2018, trade and other receivables were classified under loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Classification and subsequent measurement of financial assets (continued)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

(v) Derecognition

Financial assets or a portion thereof, are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition) or the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(i) Impairment

(i) Financial assets

Policy applicable from 1 January 2018
Under IFRS 9, the Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at the end of each reporting period. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (Continued)

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Leased asset

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) New standards, amendments and interpretations adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018. None of these is expected to have a significant effect on the Company's financial statements, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

Impact

The Company has reviewed its financial assets and liabilities and the following impact has been identified :

The majority of the Company's financial assets and liabilities were already classified at amortised cost and hence there was no change to the accounting for these assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken, the Company deems no significant increase in the loss allowance for trade debtors.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

Impact

Management has assessed the effects of applying the new standard on the company's financial statements. Revenue from services is recognised upon provision of services and customer acceptance, net of Value Added Taxes. Some services span over more than one year. The consideration received is then deferred over the duration of the contract. As such, there is no change in the way the company recognises revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) New standards, amendments and interpretations not yet effective

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16, 'Leases'. IFRS 16 will replace the current IAS 17 standard on leases. The effective date is 01 January 2019. The new standard requires that for lessees all leases, regardless of whether they are operating or financial in nature, will be on the statement of financial position and accounted for as "financial leases". There are some exemptions which could be applied and these relate to leases of 12 months or less (short-term leases), and leases of low-value assets. For such leases, the lease costs will be accounted for in the same way as operating leases are accounted for today. IFRS 16 will significantly change the way lessees account for leases, however lessor accounting remains largely the same and the classification as a finance lease or operating lease is still a consideration. This means that straight-lining of operating leases will remain for lessors. The Company has not yet assessed the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. PLANT AND EQUIPMENT

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
	USD	USD	USD	USD	USD	USD
COST						
At January 1, 2017	730,435	63,882	81,555	57,944	274,482	1,208,298
Additions	44,534	-	9,046	3,876	-	57,456
Disposals	(24,708)	-	-	(2,573)	-	(27,281)
At December 31, 2017	**750,261**	**63,882**	**90,601**	**59,247**	**274,482**	**1,238,473**
Additions	**30,829**	**8,106**	**1,742**	-	-	**40,677**
Disposals	**(3,907)**	-	-	-	-	**(3,907)**
At December 31, 2018	**777,183**	**71,988**	**92,343**	**59,247**	**274,482**	**1,275,243**
DEPRECIATION						
At January 1, 2017	595,682	55,364	75,250	39,580	187,860	953,736
Charge for the year	101,545	8,518	3,815	5,091	27,321	146,290
Disposal ajustment	(22,999)	-	-	(2,437)	-	(25,436)
At December 31, 2017	**674,228**	**63,882**	**79,065**	**42,234**	**215,181**	**1,074,590**
Charge for the year	**42,868**	**8,106**	**3,239**	**4,591**	**27,321**	**86,125**
Disposal adjustment	**(3,907)**	-	-	-	-	**(3,907)**
At December 31, 2018	**713,189**	**71,988**	**82,304**	**46,825**	**242,502**	**1,156,808**
CARRYING AMOUNTS						
At December 31, 2018	**63,994**	-	**10,039**	**12,422**	**31,980**	**118,435**
At December 31, 2017	76,033	-	11,536	17,013	59,301	163,883

5. INTANGIBLE ASSETS

	Computer Software
	USD
COST	
At January 1, 2017	167,404
Additions	-
At December 31, 2017	**167,404**
Additions	-
At December 31, 2018	**167,404**
AMORTISATION	
At January 1, 2017	89,030
Charge for the year	13,605
At December 31, 2017	**102,635**
Charge for the year	**7,252**
At December 31, 2018	**109,887**
CARRYING AMOUNTS	
At December 31, 2018	**57,517**
At December 31, 2017	64,769

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	USD	USD
Trade receivables	217,688	325,920
Other receivables		
- Vat	3,929	28,762
- Prepayments and deposits	39,094	68,663
- Receivable from other Regonal Internet Registry	-	204,787
- Others	39,481	86,848
	300,192	714,980

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

Other receivables are non-interest bearing and are generally on 30-60 days' terms and are neither past due nor impaired.

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired < 30 days	30 - 60 days	61 - 90 days	> 90 days
	USD	USD	USD	USD	USD	USD
2018	**217,688**	**15,000**	**90**	**7,720**	**4,700**	**190,178**
2017	325,920	30	310	3,100	-	322,480

At 31 December 2018, trade receivables amounting to **USD 59,980** (2017 : USD 38,424), were impaired and written off during the year.

7. CASH AND CASH EQUIVALENTS

	2018	2017
	USD	USD
Cash at bank	4,073,607	2,951,285
Cash in hand	540	7,432
Cash and cash equivalents	4,074,147	2,958,717

7. CASH AND CASH EQUIVALENTS (CONTINUE)

The Company maintains a number of bank accounts to manage its daily operations. The balance of USD 5,952,438 consists of the following balances:

	2018	2017
Own Cash Holdings	**2,896,724**	1,814,177
Fees received in advance	**1,165,267**	1,108,155
Cash Held - Project/Other		
FIRE	**12,156**	36,220
AFTLD	**-**	165
	4,074,147	2,958,717
Fixed deposits	**1,878,291**	1,056,860

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 2018, the Strategic Cash Reserves consists of a total of **USD 1,878,291** (2017: USD 1,056,860)

which is held in fixed deposits accounts bearing an interest rate of 3% per annum with a maturity of twelve months from December 2018, except for one which if from September 2018.The fixed deposits balances are included in Own Cash Holdings.
Cash for FIRE represent funding received from IDRC, ISOC and Google earmarked for FIRE initiatives.

8. 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.

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."

9. TRADE AND OTHER PAYABLES

	2018	2017
	USD	USD
Trade payables	**100,040**	47,859
Other payables	**406,101**	347,872
Advance receipts from members	**1,165,267**	1,108,155
	1,671,408	1,503,886

Trade Payables represent amount owed to trade creditors as well as supplier of goods & services.
Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normaly settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Advance receipts from members represent membership fees for 2019 received in 2018.

10. INCOME

	2018	2017
	USD	USD
Membership fees		
Membership renewal fees	**4,683,083**	4,311,021
Allocation or assignment fees	**617,800**	581,600
	5,300,883	4,892,621
Sponsorship for Afrinic events	**64,973**	191,423
Other income	**12,844**	6,947
	5,378,700	5,090,991

Note on discounts	2018	2017
	USD	USD
Early settlement	**46,425**	33,502
Educational & critical Infrastructure	**175,687**	126,701
	222,112	**160,203**

11. DEFERRED INCOME

	2018	2017
	USD	USD
Members fees in advance	**1,600**	2,350
Analysed as follows:		
Current liabilities	**400**	750
Non-current liabilities	**1,200**	1,600
	1,600	2,350

Deferred Income represents fees received in one period relating to future membership years.These are mostly for End Sites members

12. SURPLUS OF INCOME OVER EXPENDITURE

	2018	2017
	USD	USD
The surplus is arrived at after charging:		
Depreciation on property, plant and equipment	**86,125**	146,290
Amortisation of intangible assets	**7,252**	13,605
Meeting expenses	**147,802**	216,735
Office expenses	**241,867**	225,988
Travelling expenses	**450,475**	525,446
Staff cost	**2,328,604**	2,093,317
Staff cost is analysed as follows:		
Salaries	**1,639,914**	1,569,750
Social security costs and other benefits	**688,690**	523,567

Meeting expenses covers the cost of the Afrinic meetings.
Office Expenses include rent for office premises amounting to **USD 161,472** (2017 : USD 149,666).
Social Security Costs & other benefits exclude staff Training, Recruitment Expenses & Staff Welfare.

13. FINANCE INCOME AND COST

	2018	2017
	USD	USD
Finance income		
Bank interest receivable	22,674	6,319
Realised gain on exchange	5,325	
Unrealised gain on exchange	98,333	-
	126,332	6,319
Finance cost		
Unrealised loss on exhange	(159,638)	(95,382)
Realised loss on exchange	(4,235)	(5,575)
Finance charges payable under finance lease	-	(416)
	(163,873)	(101,373)
Net finance costs	(37,541)	(95,054)

14. 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.

15. RELATED PARTY DISCLOSURES

(a) Transaction with members.

	2018	2017
	USD	USD
Membership fees	5,300,883	4,892,621

(b) Transactions of key management personnel (CEO) of the Company:

	2018	2017
	USD	USD
Short term employee benefit	161,174	160,827

16. 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 arms-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 and other receivables, and trade and other payables approximate their carrying values as stated in the statement of financial position.

	Carrying value		Fair value	
	2018	2017	**2018**	2017
	USD	USD	**USD**	USD
Financial assets:-				
Fixed deposit	**1,878,291**	1,056,860	**1,878,291**	1,056,860
Cash and cash equivalents	**4,074,147**	2,958,717	**4,074,147**	2,958,717
Trade and other receivables	**257,169**	617,555	**257,169**	617,555
	6,209,607	4,633,132	**6,209,607**	4,633,132

	Carrying value		Fair value	
	2018	2017	**2018**	2017
	USD	USD	**USD**	USD
Financial liabilities:-				
Trade and other payables	**506,141**	395,731	**506,141**	395,731
	506,141	**395,731**	**506,141**	**395,731**

Advance receipts from members are excluded from Trade and other payables as not considered financial liabilities.

Vat and prepayments have been excluded from trade and other receivables

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management

The Company's principal financial liabilities comprise trade and other payables and finance lease obligation. 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.

Liquidity risk

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.

	Contractual cash flows			
	Less than 3 months	**3 to 12 months**	**More than 1 year**	**Total**
	USD	**USD**	**USD**	**USD**
December 31, 2018				
Non-derivative financial liabilities				
Trade and other payables	**498,509**	**1,697**	-	**500,206**
	498,509	**1,697**	**0**	**500,206**
December 31, 2017				
Non-derivative financial liabilities				
Trade and other payables	387,995	7,736	-	395,731
	387,995	7,736	-	395,731

Fair value of instruments

At 31 December 2018, if the USD had strengthened/weakened by 1% against the MUR with all other variables held constant, surplus for the year would have been higher/lower by USD **3,640** (2017 : surplus will be higher/lower by USD 3,704 mainly as a result of foreign exchange differences on translation of MUR denominated bank balances, net of MUR denominated trade and other payables and net of MUR denominated trade and other receivables.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Financial assets and liabilities by category

	2018	2017
	USD	USD
Financial assets at amortised cost (2017 - Loans and receivables)	6,209,607	4,633,132
Financial liabilities at amortised cost	506,141	395,731

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").

Financial assets	**Trade and other receivables**	**Cash and cash equivalent**	**Fixed deposits**	**Total**
	2018	**2018**	**2018**	**2018**
	USD	**USD**	**USD**	**USD**
MUR	-	**142,191**	-	**142,191**
USD	**257,169**	**3,931,956**	**1,878,291**	**6,067,416**
	257,169	**4,074,147**	**1,878,291**	**6,209,607**

Financial assets	Trade and other receivables	Cash and cash equivalent	Fixed deposits	Total
	2017	2017	2017	2017
	USD	USD	USD	USD
MUR	-	25,328	-	25,328
USD	617,555	2,933,390	1,056,860	4,607,805
	617,555	2,958,718	1,056,860	4,633,133

Financial liabilities	**Trade and other payables**	**Total**
	2018	**2018**
	USD	**USD**
MUR	**506,141**	**506,141**

	Trade and other payables	Total
	2017	2017
	USD	USD
MUR	395,731	395,731

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Management (Continued)

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, 2018. The Company manages the following as its capital:

	2018	2017
	USD	USD
Reserve revenue	**4,755,574**	3,452,973
Gearing ratio	**0%**	0%

18. CONTINGENT LIABILITIES

(a) As at 31 December 2018, 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:

	2018		2017	
	USD	MUR	USD	MUR
Bank guarantee	**291**	**10,000**	296	10,000

(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.

(b) **Operating lease commitments**

The Company has entered in a rental agreement for office space which is renewable every 3 years. The amount still to be paid under the current contract is USD 96,937 till 30 June 2019.