

**AFRICAN NETWORK INFORMATION CENTRE
(AfrinIC) LTD**

FINANCIAL STATEMENTS - YEAR ENDED

31 DECEMBER 2019

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AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD ANNUAL REPORT - YEAR ENDED 31 DECEMBER 2019

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 2019.

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 2019 are listed below:

- Dr Christian Domilongo BOPE
- Subramanian MOONESAMY
- Serge Kabwika ILUNGA
- Ojedeji OLUWASEUN
- Dr Ousmane Ly (resigned on 20th June 2019)
- Alan Peter BARRETT (resigned on 26th July 2019)
- Robert Ford Nkusi (resigned on 13th October 2019)
- Vika William MPISANE
- Habib YOUSSEF
- Adewale Emmanuel ADEDOKUN
- Eddy Mabano KAYIHURA (appointed on 4th November 2019)

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.

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
ANNUAL REPORT - YEAR ENDED 31 DECEMBER 2019

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:

	<u>2019</u>	<u>2018</u>
	USD	USD
Mr Alan Barrett	167,912	161,174
Mr Eddy Kayihura	33,604	-
	<u>201,516</u>	<u>161,174</u>

In 2019, emoluments and other benefits for Mr Alan Barrett included termination benefits of USD 27,455. Mr Alan Barrett has resigned on 26th July 2019 and Mr Eddy Kayihura has been appointed on 4th November 2019.

Community Support and Engagement

During 2019, AFRINIC provided support to related regional and global organisations and community members amounting to USD 137,116 (2018: USD 165,367).

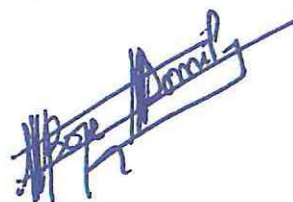
Auditors

BDO & Co were appointed as the auditors of the Company for the year 2019. PricewaterhouseCoopers resigned as auditors during the year. The fees paid to the auditors were as follows:

	<u>2019</u>	<u>2018</u>
	USD	USD
Audit	<u>15,000</u>	<u>10,500</u>

The auditors did not receive any fees for other services.

By order of the Board



.....
Director

Dr. Christian D. Bope

Date: 24-06-2020



.....
Director

Eddy M. Kayihura

Date: 24-06-2020

AFRICAN NETWORK INFORMATION CENTRE (AfrinIC) LTD
SECRETARY'S CERTIFICATE - 31 DECEMBER 2019

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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 2019.


EXECUTIVE SERVICES LIMITED

Per Christian ANGSEESING

Company Secretary

Date: 24 JUN 2020

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

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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

Opinion

We have audited the financial statements of African Network Information Centre (AfriNIC) Ltd (the Company), on pages 5 to 40 which comprise the statement of financial position as at 31 December 2019, 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 40 give a true and fair view of the financial position of the Company as at 31 December 2019, 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 Matter

The financial statements of African Network Information Centre (AfriNIC) Ltd for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on May 21, 2019.

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.



AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

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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

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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

Didier Dabydin, FCA

Licensed by FRC

Port Louis,
Mauritius.

24 JUN 2020

	Notes	2019 USD	2018 Restated USD	2017 Restated USD
ASSETS				
Non-current assets				
Plant and equipment	4	189,001	118,435	163,883
Right-of-use assets	5	776,446	-	-
Intangible assets	6	55,975	57,517	64,769
		<u>1,021,422</u>	<u>175,952</u>	<u>228,652</u>
Current assets				
Trade receivables	7	475,738	217,688	325,920
Prepayments and other receivables	8	110,112	82,504	389,060
Financial assets at amortised cost	9	3,262,769	1,878,291	1,056,860
Cash and cash equivalents	16(b)	3,537,051	4,074,147	2,958,717
		<u>7,385,670</u>	<u>6,252,630</u>	<u>4,730,557</u>
Total assets	USD	<u>8,407,092</u>	<u>6,428,582</u>	<u>4,959,209</u>
RESERVES AND LIABILITIES				
Reserves				
Revenue reserve	10	5,877,085	4,652,178	3,366,045
Actuarial reserve	17	(20,254)	3,510	-
Net assets attributable to members		<u>5,856,831</u>	<u>4,655,688</u>	<u>3,366,045</u>
Non-current liabilities				
Lease liabilities	5	629,322	-	-
Contract liabilities	11(b)	800	1,200	1,600
Retirement benefit obligations	13	140,013	99,886	86,928
		<u>770,135</u>	<u>101,086</u>	<u>88,528</u>
Current liabilities				
Lease liabilities	5	115,482	-	-
Trade and other payables	12	483,780	506,141	395,731
Contract liabilities	11(b)	1,180,864	1,165,667	1,108,905
		<u>1,780,126</u>	<u>1,671,808</u>	<u>1,504,636</u>
Total liabilities		<u>2,550,261</u>	<u>1,772,894</u>	<u>1,593,164</u>
Total equity and liabilities	USD	<u>8,407,092</u>	<u>6,428,582</u>	<u>4,959,209</u>

The financial statements have been approved for issue by the Board of Directors on 24 JUNE 2020

Dr. Christian D. Bope

Eddy M. Kayihura

DIRECTORS

The notes on pages 9 to 40 form an integral part of the financial statements.
Auditors' report on pages 4 to 4(b).

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2019

	Notes	2019 USD	Restated 2018 USD
Income	11	5,771,358	5,378,700
Distribution expenses	15	(1,148,425)	(965,528)
Administrative expenses	15	(3,171,286)	(3,019,853)
Net impairment losses on financial assets and bad debts	7	(276,303)	(69,645)
Surplus of income over expenditure		1,175,344	1,323,674
Finance income	14	142,851	126,332
Finance costs	14	(93,288)	(163,873)
Surplus before taxation		1,224,907	1,286,133
Taxation	18	-	-
Surplus for the year		1,224,907	1,286,133
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post employment benefit obligations	13/17	(23,764)	3,510
Other comprehensive income for the year		(23,764)	3,510
Total comprehensive income for the year	USD	1,201,143	1,289,643

The notes on pages 9 to 41 form an integral part of the financial statements.
Auditors' report on pages 4 to 4(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2019

	Notes	Revenue reserve USD	Actuarial reserve USD	Total USD
At 01 January 2019				
- as previously stated		4,755,574	-	4,755,574
- prior year adjustment	24	(103,396)	3,510	(99,886)
- as restated		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
At 01 January 2018				
- as previously stated		3,452,973	-	3,452,973
- prior year adjustment	24	(86,928)	-	(86,928)
- as restated		3,366,045	-	3,366,045
Surplus for the year - restated		1,286,133	-	1,286,133
Other comprehensive income for the year	17	-	3,510	3,510
Total comprehensive income for the year		1,286,133	3,510	1,289,643
At 31 December 2018	USD	4,652,178	3,510	4,655,688

The notes on pages 9 to 40 form an integral part of the financial statements.
Auditors' report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
Cash flows from operating activities			
Cash generated from operations	16(a)	1,155,146	1,983,214
Interest received		57,131	22,674
Net cash generated from operating activities		<u>1,212,277</u>	<u>2,005,888</u>
Cash flows from investing activities			
Purchase of plant and equipment	4	(158,016)	(40,677)
Purchase of intangible assets	6	(7,138)	-
New deposits		(3,235,422)	(1,878,291)
Proceeds from maturity of deposits		1,878,291	1,056,860
Proceeds from sale of plant and equipment		453	2,438
Net cash used in investing activities		<u>(1,521,832)</u>	<u>(859,670)</u>
Cash flows from financing activities			
Interest paid on lease liabilities	5	(61,213)	-
Principal paid on lease liabilities	5	(134,253)	-
Net cash used in financing activities		<u>(195,466)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(505,021)</u>	<u>1,146,218</u>
Movement in cash and cash equivalents:-			
At 1 January		4,074,147	2,958,717
Effects of exchange rate changes		(32,075)	(30,788)
(Decrease)/increase		(505,021)	1,146,218
At 31 December	16(b)	<u>3,537,051</u>	<u>4,074,147</u>

The notes on pages 9 to 40 form an integral part of the financial statements.
Auditors' report on pages 4 to 4(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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, 2019 were authorised for issue in accordance with a resolution of the directors on

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.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in note 2.9.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 7.25%.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.1 Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. This has not resulted in any measurement adjustments.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.1 Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset
- separately recognise any changes in the asset ceiling through other comprehensive income.

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, 2020 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

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Plant and equipment (cont'd)****(i) Recognition and measurement (cont'd)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.3 Intangible assets (cont'd)****(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

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Financial assets (cont'd)****(i) At amortised cost (cont'd)**

Cash and cash equivalents include cash in hand and – for the purpose of the statement of cash flows - bank overdrafts.

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.

2.6 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 2019 as provided by the State Bank of Mauritius is MUR 36.65 (2018: MUR 34.40).

(ii) Transactions and balances

Transactions in foreign currencies are translated to the USD at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.9 Leases**

In 2018, leases were classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, all 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.9 Leases (cont'd)***Identifying Leases (cont'd)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.9 Leases (cont'd)***Identifying Leases (cont'd)*

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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.10 Retirement benefit obligations (cont'd)***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 (2018 - Employment Rights Act 2008) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 Revenue recognition (cont'd)****(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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

4. PLANT AND EQUIPMENT

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
(a) 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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

4. PLANT AND EQUIPMENT (CONT'D)

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
	USD	USD	USD	USD	USD	USD
(b) COST						
At 1 January 2018	750,261	63,882	90,601	59,247	274,482	1,238,473
Additions	30,829	8,106	1,742	-	-	40,677
Disposal	(3,907)	-	-	-	-	(3,907)
At 31 December 2018	777,183	71,988	92,343	59,247	274,482	1,275,243
DEPRECIATION						
At 1 January 2018	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 31 December 2018	713,189	71,988	82,304	46,825	242,502	1,156,808
NET BOOK VALUES						
At 31 December 2018	USD 63,994	-	10,039	12,422	31,980	118,435

(c) Depreciation charge of USD 87,162 (2018: USD 86,125) has been charged to administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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

RIGHT-OF-USE ASSETS

	Building and parking
	USD
At 1 January 2019	929,190
Amortisation	(152,744)
At 31 December 2019	USD <u>776,446</u>

LEASE LIABILITIES

	Building and parking
	USD
At 1 January 2019	929,190
Interest expense	61,213
Lease and interest payments	(195,466)
Exchange differences	(50,133)
At 31 December 2019	USD <u>744,804</u>
Current	115,482
Non current	629,322
	USD <u>744,804</u>

(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 is undergoing major refurbishment in 2020, hence will incur significant penalty if they terminate the lease before 5 years.

(c)

	2019
	USD
Interest expense (included in finance cost)	61,213
Expense relating to short-term lease (included in administrative expenses)	<u>9,752</u>

The total cash outflow for leases in 2019 was USD 195,466.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

6. INTANGIBLE ASSETS	2019 USD	2018 USD
<i>Computer software:</i>		
COST		
At 1 January	167,404	167,404
Additions	7,138	-
At 31 December	174,542	167,404
AMORTISATION		
At 1 January	109,887	102,635
Charge for the year	8,680	7,252
At 31 December	118,567	109,887
NET BOOK VALUES	USD 55,975	57,517

- (a) Amortisation charge of USD 8,680 (2018: USD 7,252) for the Company has been charged to administrative expenses.

7. TRADE RECEIVABLES	2019 USD	2018 USD
Trade receivables	678,381	217,688
Less: provision for impairment	(202,643)	-
Trade receivables - net	475,738	217,688

- (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, 2019 or January 1, 2019 respectively 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

7. TRADE RECEIVABLES (CONT'D)

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables:

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)
At December 31, 2018	1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
	USD	USD	USD	USD	USD
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivable	15,090	7,720	4,700	190,178	217,688
Loss allowance	-	-	-	-	-

The closing loss allowances for trade receivables as at December 31, 2019 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2019	2018
	USD	USD
At January 1,	-	-
Loss allowance recognised in profit or loss during the year	276,303	69,645
Receivables written off during the year as uncollectible	(73,660)	(69,645)
At December 31,	202,643	-

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

	2019	2018
	USD	USD
United States dollars	475,538	217,688
Euro	200	-
	475,738	217,688

- (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

	2019	2018
	USD	USD
Prepayments	12,278	8,000
Deposits	35,797	39,094
Other receivables	62,037	35,410
USD	110,112	82,504

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

9. FINANCIAL ASSETS AT AMORTISED COST

		2019		2018	
		USD Current	USD Non-current	USD Current	USD Non-current
(a)	Fixed deposits	USD 3,262,769	-	1,878,291	-

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 2019, the Strategic Cash Reserve consists of a total of USD 3,262,769 (2018: USD 1,878,291) which is held in fixed deposits accounts bearing interest rates varying from 2.45% to 3% per annum with a maturity of twelve months from December 2019, except for two which are in July 2020 and September 2020 respectively.

- (b) Impairment and risk exposure
- (i) The loss allowance for financial assets at amortised cost as at December 31, 2019 and December 31, 2018 amounts to Nil.
- (ii) The carrying amounts of the financial assets at amortised cost are denominated in Mauritian Rupees. 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.

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."

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

11. INCOME

The following is an analysis of the Company's income for the year:

	2019	2018
	USD	USD
Revenue from rendering of services:		
Membership renewal fees	5,004,352	4,683,083
Allocation or assignment fees	673,000	617,800
Revenue from contracts with customers (note (a))	5,677,352	5,300,883
Sponsorship for Afrinic events	82,483	64,973
Other income (note (d))	11,523	12,844
USD	5,771,358	5,378,700

Note on discounts

	2019	2018
	USD	USD
Early settlement	49,032	46,425
Educational & critical Infrastructure	157,163	175,687
USD	206,195	222,112

(a) Disaggregation of revenue from contracts with customers

	2019	2018
	USD	USD
<i>Product type</i>		
Membership renewal fees	5,004,352	4,683,083
Allocation or assignment fees	673,000	617,800
USD	5,677,352	5,300,883

Timing of revenue recognition

	2019	2018
	USD	USD
At a point in time	-	-
Over time	5,677,352	5,300,883
USD	5,677,352	5,300,883

(b) Liabilities related to contracts with customers

	Contract Liabilities	
	2019	2018
	USD	USD
At 1 January	(1,166,867)	(2,350)
Cash received in advance of performance and not recognised as revenue during the period	(1,088,642)	(1,165,267)
Amounts included in contract liabilities that were recognised as revenue during the period	1,073,845	750
At 31 December	USD (1,181,664)	(1,166,867)
 Analysed as follows:		
Current	(1,180,864)	(1,165,667)
Non current	(800)	(1,200)
USD	(1,181,664)	(1,166,867)

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

11. INCOME (CONT'D)

(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 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
	<u>1,180,864</u>	<u>400</u>	<u>400</u>	<u>1,181,664</u>

At 31 December 2018	2019	2020	2021-2022	Total
	USD	USD	USD	Rs.
Membership renewal fees	1,028,966	400	800	1,030,166
Allocation or assignment fees	-	-	-	-
Others	136,701	-	-	136,701
	<u>1,165,667</u>	<u>400</u>	<u>800</u>	<u>1,166,867</u>

(d) Other income	2019	2018
	USD	USD
Certification income	3,615	12,844
Bad debts recovered	7,908	-
	<u>USD 11,523</u>	<u>12,844</u>

12. TRADE AND OTHER PAYABLES

	2019	2018
	USD	USD
Trade payables	115,348	100,040
Other payables	368,432	406,101
	<u>USD 483,780</u>	<u>506,141</u>

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 (2018- Employment 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	2019	2018
	USD	USD
<u>Other post employment benefits</u>		
Present value of unfunded defined benefit obligations	USD 140,013	99,886

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

	2019	2018
	USD	USD
At 1 January,		
- as previously stated	-	-
- Prior year adjustment (note 24)	99,886	86,928
- as restated	99,886	86,928
Charged to profit or loss	23,586	18,000
Actuarial losses/(gains) recognised in other comprehensive income	23,764	(3,510)
Exchange gain	(7,223)	(1,532)
At 31 December,	USD 140,013	99,886

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

	2019	2018
	USD	USD
At 1 January,		
- as previously stated	-	-
- Prior year adjustment (note 24)	99,886	86,928
- as restated	99,886	86,928
Current service cost	17,420	13,283
Interest cost	6,166	4,717
Actuarial losses/(gains)	23,764	(3,510)
Exchange gain	(7,223)	(1,532)
At 31 December,	USD 140,013	99,886

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

	2019	2018
	USD	USD
Current service cost	17,420	13,283
Net interest cost	6,166	4,717
Total included in employee benefit expense (Note 15)	USD 23,586	18,000

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

	2019	2018
	USD	USD
Experience gains/(losses) on the liabilities	11,868	(6,431)
Changes in assumptions underlying the present value of the scheme	(35,632)	9,941
	USD (23,764)	3,510

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

	2019	2018
	Increase/ (Decrease)	Increase/ (Decrease)
	USD	USD
<u>December 31,</u>		
Increase of 1% in Discount rate	(29,549)	(21,565)
Decrease of 1% in Discount rate	36,906	26,835
Increase of 1% in Future long-term salary assumption	36,595	26,948
Decrease of 1% in Future long-term salary assumption	(29,853)	(22,010)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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 2019 is 16 years (2018: 14 years).

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

	2019	2018
	%	%
Discount rate	5.20	6.40
Future long-term salary increase	5.00	5.00

14. NET FINANCE COSTS

	2019	2018
	USD	USD
Finance income		
Bank interest income	84,478	22,674
Realised gain on exchange	1,017	5,325
Unrealised gain on exchange	57,356	98,333
	<u>142,851</u>	<u>126,332</u>
Finance cost		
Interest expense:		
- Leases	(61,213)	-
Unrealised loss on exchange	(32,075)	(159,638)
Realised loss on exchange	-	(4,235)
	<u>(93,288)</u>	<u>(163,873)</u>
Net finance costs	<u>USD 49,563</u>	<u>(37,541)</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

15. EXPENSES BY NATURE

	2019	2018
	USD	USD
Depreciation (note 4)	87,162	86,125
Depreciation on right-of-use assets (note 5)	152,744	-
Amortisation (note 6)	8,680	7,252
Meeting expenses	276,295	147,802
Office expenses	247,387	241,867
Travelling expenses	538,282	450,475
Employee benefit expense (note (a))	2,135,870	2,206,046
Net impairment losses on financial assets/bad debts	276,303	69,645
Other expenses	873,291	845,814
USD	<u>4,596,014</u>	<u>4,055,026</u>

Analysed into:

Distribution expenses	1,148,425	965,528
Administrative expenses	3,171,286	3,019,853
Net impairment losses on financial assets	276,303	69,645
USD	<u>4,596,014</u>	<u>4,055,026</u>

(a) EMPLOYEE BENEFIT EXPENSE

	2019	2018
	USD	USD
Salaries	1,647,056	1,639,914
Pension costs:		
- Other post employment benefits (Note 13)	23,586	18,000
Social security costs and other benefits	465,228	548,132
USD	<u>2,135,870</u>	<u>2,206,046</u>

16. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2019	Restated 2018
		USD	USD
(a) Cash generated from operations			
Surplus before taxation		1,224,907	1,286,133
Adjustments for:			
Depreciation of plant and equipment	4	87,162	86,125
Amortisation of right-of-use assets	5	152,744	-
Amortisation of intangible assets	6	8,680	7,252
Bad debts written off on trade receivables	7	73,660	69,645
Net impairment losses on financial assets	7	202,643	-
Unrealised foreign exchange (gain) / loss		(25,281)	61,305
Retirement benefit obligations		23,586	16,468
Profit on disposal of plant and equipment		(165)	(2,438)
Interest expense	14	61,213	-
Interest income	14	(84,478)	(22,674)
		<u>1,724,671</u>	<u>1,501,816</u>
Changes in working capital			
- trade receivables		(534,353)	262,639
- prepayments and other receivables		(27,608)	82,504
- trade and other payables and contract liabilities		(7,564)	136,255
Cash generated from operations		<u>1,155,146</u>	<u>1,983,214</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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

(b) Cash and cash equivalents

	2019	2018
	USD	USD
Bank balance	3,532,512	4,073,607
Cash in hand	4,539	540
USD	<u>3,537,051</u>	<u>4,074,147</u>

Bank balance is analysed as follows:

	2019	2018
	USD	USD
Own Cash Holdings	2,339,130	2,895,124
Fees received in advance	1,181,664	1,166,867
Cash Held - Project/Other FIRE	16,257	12,156
USD	<u>3,537,051</u>	<u>4,074,147</u>

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.

17. ACTUARIAL RESERVE

	2019	2018
	USD	USD
At 01 January,		
- as previously stated	-	-
- prior year adjustment (Note 24)	3,510	-
- as restated	3,510	-
Actuarial (loss)/ gain recognised in other comprehensive income	(23,764)	3,510
At 31 December,	<u>USD (20,254)</u>	<u>3,510</u>

Actuarial loss reserve represents the cumulative remeasurement of defined benefit obligation

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

	2019	2018
	USD	USD
(a) Transaction with members.		
Membership fees	<u>5,677,352</u>	<u>5,300,883</u>
(b) Transactions of key management personnel (CEO) of the Company:		
	2019	2018
	USD	USD
Short term employee benefit	174,061	161,174
Termination benefit	27,455	-
	<u>201,516</u>	<u>161,174</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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	
	2019	2018	2019	2018
	USD	USD	USD	USD
Financial assets:-				
Trade receivables	475,738	217,688	475,738	217,688
Financial assets at amortised cost	3,262,769	1,878,291	3,262,769	1,878,291
Cash and cash equivalents	3,537,051	4,074,147	3,537,051	4,074,147
	<u>7,275,558</u>	<u>6,170,126</u>	<u>7,275,558</u>	<u>6,170,126</u>
	Carrying value		Fair value	
	2019	2018	2019	2018
	USD	USD	USD	USD
Financial liabilities:-				
Trade and other payables	483,780	506,141	483,780	506,141
	<u>483,780</u>	<u>506,141</u>	<u>483,780</u>	<u>506,141</u>

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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

Risk Management

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 USD	Between 1 and 2 years USD	Between 2 and 5 years USD	Over 5 years USD
December 31, 2019				
Non-derivative financial liabilities				
Trade and other payables	483,780	-	-	-
Lease liabilities	165,622	165,221	567,525	-
	<u>649,402</u>	<u>165,221</u>	<u>567,525</u>	<u>-</u>
December 31, 2018				
Non-derivative financial liabilities				
Trade and other payables	506,141	-	-	-
	<u>506,141</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fair value of instruments

At 31 December 2019, 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 8,240 (2018 : surplus would be lower/higher by USD 1,490) 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

	2019 USD	2018 USD
Financial assets at amortised cost	<u>7,275,558</u>	<u>6,209,607</u>
Financial liabilities at amortised cost	<u>1,228,584</u>	<u>506,141</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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
2019**

	Trade receivables 2019	Cash and cash equivalent 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
	<u>475,738</u>	<u>3,537,051</u>	<u>3,262,769</u>	<u>7,275,558</u>

	Trade and other receivables 2018	Cash and cash equivalents 2018	Financial assets at amortised cost 2018	Total 2018
	USD	USD	USD	USD
MUR	-	142,200	-	142,200
EURO	-	42,923	-	42,923
USD	257,169	3,889,024	1,878,291	6,024,484
	<u>257,169</u>	<u>4,074,147</u>	<u>1,878,291</u>	<u>6,209,607</u>

**Financial liabilities
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
	<u>744,804</u>	<u>483,780</u>	<u>1,228,584</u>

	Trade and other payables 2018	Total 2018
	USD	USD
USD	171,972	171,972
MUR	334,169	334,169
	<u>506,141</u>	<u>506,141</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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, 2019. The gearing ratio is nil.

	2019	2018
	USD	USD
Total debt	744,804	-
Less: cash and bank balances (Note 16(b))	(3,537,051)	(4,074,147)
Net debt	(2,792,247)	(4,074,147)
Net assets attributable to members	5,856,831	4,655,688
Gearing ratio	N/A	N/A

22. CONTINGENT LIABILITIES

- (a) As at 31 December 2019, 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:

	2019		2018	
	USD	Rs.	USD	Rs.
Bank guarantee	274	10,000	291	10,000

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

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. CHANGES IN ACCOUNTING POLICIES**(a) Impact on the financial statements - IFRS 16**

The Company adopted IFRS 16 with a transition date of 1 January 2019. The Company has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances.

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The optional practical expedients were not relevant for the Company.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for all its leases.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

23. CHANGES IN ACCOUNTING POLICIES (CONT'D)

On adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Operating leases	Office and parking space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 January 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 7.25 %.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	31 December 2018 As originally presented	IFRS 16	Prior year adjustment (Note 24)	1 January 2019
	USD	USD	USD	USD
<u>Assets</u>				
Right-of-use assets	-	929,190	-	929,190
<u>Liabilities</u>				
Lease liabilities	-	929,190	-	929,190
<u>Reserves</u>				
Revenue reserve	4,755,574	-	(103,396)	4,652,178

Leases were previously classified as operating leases.

- (a) The following table reconciles the minimum lease commitments disclosed in the Company's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

	1 January 2019 USD
Minimum operating lease commitment at 31 December 2018	96,153
Plus: effect of extension options reasonably certain to be exercised	1,078,484
	1,174,637
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(245,447)
Lease liabilities for leases classified as operating type under IAS 17	929,190
Plus: leases previously classified as finance type under IAS 17	-
Lease liability as at 1 January 2019	929,190
Of which are:	
Current lease liabilities	195,466
Non-current lease liabilities	733,724
	929,190

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2019

24. PRIOR YEAR ADJUSTMENT

The Company did not record the retirement benefit obligations in prior years and as such, a prior year adjustment has been made to record the liability in the earliest period. The retirement benefit obligations were computed by Swan Life. The liability relates to employees who were entitled to Retirement Gratuities payable under the Employment Rights Act.

Statement of comprehensive income:

The effect of the above adjustment on the statement of comprehensive income for the year ended 31 December 2018 is as follows:

	Other comprehensiv income USD	Administrative expenses USD	Surplus for the year USD
<u>2018</u>			
As previously stated	-	3,003,385	1,302,601
Effect of prior year adjustment	3,510	16,468	(16,468)
As restated	<u>3,510</u>	<u>3,019,853</u>	<u>1,286,133</u>

Statement of financial position:

The effect of the above adjustment on the statement of financial position is as follows:

	Retirement benefit obligations	Actuarial reserve USD	Revenue reserve USD
<u>2018</u>			
As previously stated	-	-	4,755,574
Effect of prior year adjustment	99,886	3,510	(103,396)
As restated	<u>99,886</u>	<u>3,510</u>	<u>4,652,178</u>
<u>2017</u>			
As previously stated	-	-	3,452,973
Effect of prior year adjustment	86,928	-	(86,928)
As restated	<u>86,928</u>	<u>-</u>	<u>3,366,045</u>

25. EVENTS AFTER REPORTING PERIOD

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on the global and local economy. It may have an impact on the Company. With the global lockdown in many countries, our members may find it difficult to pay their amount due. This may lead to an increased risk of bad debts. There may be a reduction in resources requests (new and additional) which will have an impact on additional revenue for the forthcoming year. There may be a huge decline in the amount of funds we receive from supporters during our meetings but the converse is that we will save on amounts spent in physical events/meetings.

But there is also the huge social capital that we generate from meetings and other physical interactions. We may not monetise this, or indeed measure it. But it will nevertheless be unavailable this year although it is understandable because this is a global crisis.

It is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Company at this stage. This is considered to be a non-adjusting event after the reporting period. The Company will continue to remain alert to the situation and monitor the situation.