

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2014**

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

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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 2014.

**Principal activity**

The Company is Regional Registry for Internet Number Resources for Africa and the Indian Ocean.

**Results**

The results for the year are shown on page 6 to 28.

**Office bearers and resignations**

Directors holding office at 31 December 2014 are listed below:

- Sunday FOLAYAN
- Badru NTEGE
- Krishna SEEBURN
- Christian D BOPE
- Vivegananda T PADAYATCHY
- Andrew ALSTON
- Amina A GARBA
- Haitham Z El NAKHAL
- Adiel AKPLOGAN
- Paulos Barton Timothy NYIRENDA

No Resignations

**Statement of directors’ responsibility in respect of the financial statements**

The Company’s directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act. The directors’ responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

**AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD**  
**ANNUAL REPORT (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Remuneration and benefits

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

	<b>2014</b>	2013
	<b>USD</b>	USD
▪ Executive Directors	<b>207,949</b>	195,994
	=====	=====

**Donation**

The Company made a donation of \$ **118,573** during the year (2013: \$146,316).

**Auditors**

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

	<b>2014</b>	2013
	<b>USD</b>	USD
Audit	<b>10,000</b>	5,000
	-----	-----
	<b>10,000</b>	5,000
	=====	=====

**By order of the Board**

.....

**Director**

Date: .....

.....

**Director**

Date: .....

**Afrinic Network Information Centre (AfrinIC) Ltd**

**Secretary's certificate under Section 166(d) of the Mauritius Companies Act 2001**  
*for the year ended 31 December 2014*

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

.....

**For and on behalf of**  
*Company secretary*

Date: .....

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD**

### **Report on the Financial Statements**

We have audited the financial statements of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (the "Company") which comprise the statement of financial position as at 31 December 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 28.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state to them in an auditors' 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.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (CONTINUED)**

**Report on the Financial Statements (continued)**

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

*Other matter*

The financial statements for the year ended 31 December 2013 was audited by another auditor whose report dated 1 June 2014 expressed an unmodified audit opinion on those statements.

**Report on Other Legal and Regulatory Requirements**

*Mauritius Companies Act*

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the 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.

**KPMG**  
Ebène, Mauritius

**Subhas Purgus**  
*Licensed by FRC*

Date:

**AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD**  
**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014**

**6.**

	Notes	<u>2014</u>	<u>2013</u>
		USD	USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	527,326	621,702
Intangible assets	5	96,700	66,357
		<u>624,026</u>	<u>688,059</u>
<b>Current assets</b>			
Trade and other receivables	6	502,498	554,282
Cash and cash equivalents	7	1,025,147	887,570
		<u>1,527,645</u>	<u>1,441,852</u>
<b>Total assets</b>		<u><b>2,151,671</b></u>	<u><b>2,129,911</b></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Revenue reserve	8	1,281,687	(85,337)
Other reserve		-	1,316,259
<b>Net assets attributable to members</b>		<u><b>1,281,687</b></u>	<u><b>1,230,922</b></u>
<b>Non current liabilities</b>			
Finance lease obligation	9	20,634	29,497
Deferred income	12	6,475	25,625
		<u>27,109</u>	<u>55,122</u>
<b>Current liabilities</b>			
Finance lease obligation	9	9,050	8,394
Trade and other payables	10	811,725	806,365
Deferred income	12	22,100	29,108
		<u>842,875</u>	<u>843,867</u>
<b>Total liabilities</b>		<u><b>869,984</b></u>	<u><b>898,989</b></u>
<b>Total reserves and liabilities</b>		<u><b>2,151,671</b></u>	<u><b>2,129,911</b></u>

These financial statements have been approved by the board of directors on .....

**Name of directors**

**Signature**

(1) .....

.....

(2) .....

.....

The notes on pages 10 to 28 form an integral part of these financial statements.



**AFRICAN NETWORK INFORMATION CENTRE (AfrinIC) LTD**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**7.**

	Notes	<b>2014</b>	2013
		<b>USD</b>	USD
Income	11	<b>3,904,034</b>	3,443,945
Distribution expenses	13	<b>(1,081,180)</b>	(852,356)
Administrative expenses	14	<b>(2,802,869)</b>	(2,681,170)
<b>Surplus/(deficit) from operations</b>	15	<b>19,985</b>	(89,581)
Interest income		<b>5,582</b>	2,426
Net exchange gain		<b>26,317</b>	159,695
Interest expense		<b>(1,119)</b>	(3,578)
<b>Net interest income</b>	16	<b>30,780</b>	158,543
<b>Surplus before taxation</b>		<b>50,765</b>	68,962
Taxation	17	-	-
<b>Surplus for the year</b>		<b>50,765</b>	68,962
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>50,765</b>	68,962

The notes on pages 10 to 28 form an integral part of these financial statements.

**AFRICAN NETWORK INFORMATION CENTRE (AfrinIC) LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**8.**

	<b>Revenue reserve</b>	<b>Other reserve</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
At January 1, 2013	(154,299)	1,316,259	1,161,960
Surplus for the year	68,962	-	68,962
At December 31, 2013	(85,337)	1,316,259	1,230,922
At January 1, 2014	(85,337)	1,316,259	1,230,922
Surplus for the year	50,765	-	50,765
Movement in reserve	1,316,259	(1,316,259)	-
<b>At December 31, 2014</b>	<b>1,281,687</b>	<b>-</b>	<b>1,281,687</b>

The balance previously recognised under "Other reserve" was transferred to "Revenue reserve" during the year.

The notes on pages 10 to 28 form an integral part of these financial statements.

**AFRICAN NETWORK INFORMATION CENTRE (AfrinIC) LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**9.**

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		USD	USD
<b>Cash flows from operating activities</b>			
Surplus for the year		50,765	68,962
Adjustments for:			
Depreciation	4	185,665	168,202
Amortisation	5	-	22,025
Impairment loss on trade receivables		92,963	41,128
Interest payable		1,119	3,578
Unrealised foreign exchange gain		(89,960)	16
Interest receivable		(5,582)	(2,426)
		<u>234,970</u>	<u>301,485</u>
<b>Changes in:</b>			
Trade and other receivables		51,784	8,505
Trade and other payables		5,360	199,262
Deferred income		(26,158)	(37,104)
		<u>265,956</u>	<u>472,148</u>
Interest paid		(1,119)	(3,578)
<b>Net cash from operating activities</b>		<u>264,837</u>	<u>468,570</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	4	(91,289)	(358,280)
Purchase of intangible assets	5	(30,343)	(13,226)
Assets received as grant at carrying amount		8,560	-
Interest received		5,582	2,426
<b>Net cash used in investing activities</b>		<u>(107,490)</u>	<u>(369,080)</u>
<b>Cash flows from financing activities</b>			
Payment of finance lease liabilities		(8,207)	(7,516)
<b>Net cash used in financing activities</b>		<u>(8,207)</u>	<u>(7,516)</u>
<b>Net movement in cash and cash equivalents</b>		<b>149,140</b>	91,974
Cash and cash equivalent as at January 01,		<u>887,570</u>	795,596
<b>Cash and cash equivalent as at December 31,</b>	7	<u><u>1,025,147</u></u>	<u><u>887,570</u></u>

The notes on pages 10 to 28 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. The Company was incorporated on 3 February 2004 as a private company limited by guarantee without share capital. The Company's sole member is Mr. Vivegananda T. Padayatchy who contributed Rs 1,000 for the formation of the Company. Its registered address and place of business is situated at 11th Floor, Raffles Tower, Cybercity, Ebène, Republic of Mauritius. The principal activity has remained unchanged during the year and consists of managing internet resources in the African Regions. The Company is a not-for-profit organisation.

The financial statements of the Company for the year ended December 31, 2014 were authorised for issue in accordance with a resolution of the directors on .....

## **2. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the Mauritius Companies Act.

### **(b) Basis of measurement**

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

### **(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 2014 as provided by the Bank of Mauritius is MUR 31.603 (2013: MUR 30.112).

#### *Change in functional currency and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Effective 1 July 2014 (the 'Conversion Date'), the Company adopted the US dollar ('USD') as its functional currency. The Company's significant major underlying transactions and events are sourced and incurred in USD. Prior to the conversion date, the Company's operations were measured in Mauritian rupees ("Rs").

On the Conversion Date the assets, liabilities and equity transactions were translated into USD using the exchange rate in effect on that date except for assets, liabilities and equity transactions which were historically denominated into USD.

In conjunction with this change in functional currency, the Company chose the USD as the Company's presentation currency. Historical financial statement information was restated into USD as required by the recommendations of IAS 21 - The effects of changes in foreign exchange rate.

### **(d) Use of 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) Use of 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 industries in which the latter operate in order to best determine the useful lives and residual values of plant and equipment.

#### **(ii) Estimation of recoverable amounts on 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. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors 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 is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of whether payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contracting defined terms of payment and excluding taxes and duty.

Revenue from services is recognised upon providing 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.

### **(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 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 measured at cost less accumulated depreciation and accumulated impairment losses.

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 from the date that they are installed 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**

#### **(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. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss.

##### *(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 statement of profit or loss comprehensive income.

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

Computer software: 3 - 5 Years

#### **(h) Grants**

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

Grants relating to expenses are deducted in reporting the related expenses. Operational grants include rent and assistance in the form of human resources from various governments in the Africa region and income received from various organisations to sponsor meetings held during the year. Grants relating to assets are deducted against the carrying amount of the assets.

The Company also receives donations-in-kind of long-lived assets, such as equipment, from time to time from external parties, where the Company retains title to these assets. The asset would be recognised at the asset's fair value or at cost if the fair value cannot be determined. An unrestricted contribution, as other income, and asset are initially recorded and depreciation is charged accordingly. The reduction in expenses matches the economic benefits received from the use of the assets.

#### **(i) Financial instruments**

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes party to the contractual provisions of the financial instruments. Except where stated separately, the carrying amounts of the Company's financial instruments approximate their fair values. The classification of financial instruments depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

##### *(i) Non-derivative financial assets and financial liabilities – recognition and derecognition*

Financial assets in the scope of IAS 39 are classified into the following category: loans and receivables. The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company classifies non-derivative financial liabilities into the other financial liabilities category.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Financial instruments (continued)**

*(i) Non-derivative financial assets and financial liabilities – recognition and derecognition (continued)*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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 offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

*(ii) Non-derivative financial assets - measurement*

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequently to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with that are highly liquid (with original maturities of three months or less that can be sold at any time).

*(iii) Non-derivative financial liabilities - Measurement*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Impairment

##### (i) *Non-derivative financial assets*

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

##### *Financial assets measured at amortised cost*

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

##### (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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) 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.

#### (l) New standards, interpretations and amendments not yet adopted

Standards issued but not yet effective up to the date of issuance and relevant to the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company expects to adopt those standards when they become effective.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

Standard/Interpretation		Effective date
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2018

The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(I) New standards, interpretations and amendments not yet adopted (continued)**

***IFRS 9: Financial Instruments***

IFRS 9 will be adopted by the Company for the first time for its financial reporting period ending 31 December 2018. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9, there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

Under IFRS 9, the classification and measurement requirements of financial liabilities are the same as per IAS 39, barring the following two aspects:

Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining change is recognised in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

Under IFRS 9, derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value. The impact on the financial statements for the Company has not yet been estimated.

6. TRADE AND OTHER RECEIVABLES

	2014	2013
	USD	USD
Trade receivables	322,943	349,428
Other receivables	179,555	204,854
	<u>502,498</u>	<u>554,282</u>

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

Other assets 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:

	Neither past due nor impaired		Past due but not impaired		
	Total	< 30 days	30 - 60 days	61 - 90 days	> 90 days
	USD	USD	USD	USD	USD
2014	322,943	16,293	2,200	4,891	22,784
2013	349,428	10,855	-	1,610	8,700
					328,263

At December 31, 2014, trade receivables amounting to USD 92,962 were impaired and written off during the year.

7. CASH AND CASH EQUIVALENTS

	2014	2013
	USD	USD
Cash at bank	1,019,140	885,617
Cash in hand	6,007	1,953
Cash at bank and on hand	<u>1,025,147</u>	<u>887,570</u>

The Company maintains a number of bank accounts ( e.g.operations account, suppliers account, Fire Project) to manage its daily operations. The balance of USD 1,025,147 consists of the following balances:

	2014	2013
<i>Own Cash Holding</i>	325,373	208,348
<i>Fees received in Advance</i>	489,853	456,595
<i>Cash Held - Projects/Other</i>		
<i>FIRE</i>	150,367	186,544
<i>AfTLD</i>	59,554	36,083
	<u>1,025,147</u>	<u>887,570</u>

The call deposit, denominated in MUR 6,000,000, bears an interest at floating rate of 4.85% - 4.9% p.a and has a maturity of six months.

8. 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) setup fees for individual address space assignments;
- (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.

*Other reserve*

Other reserve has been created through a book entry through transfers from the Revenue Reserve.

**12. DEFERRED INCOME**

	<u>2014</u>	<u>2013</u>
	USD	USD
Members fees in advance	<b>28,575</b>	54,733
Analysed as follows:		
Current liabilities	<b>22,100</b>	29,108
Non-current liabilities	<b>6,475</b>	25,625
	<b>28,575</b>	54,733

Deferred revenue refers to payments received in advance for services relating to future financial years and for which cannot be recognise as revenue in the current financial year. These are mostly for End Sites members.

**13. DISTRIBUTION EXPENSES**

Distribution expenses include the following:

	<u>2014</u>	<u>2013</u>
	USD	USD
Meeting expenses	<b>294,180</b>	99,784
Bad debts	<b>92,963</b>	48,636
Travelling expenses	<b>529,678</b>	506,220
Contribution	<b>118,578</b>	145,556
Others	<b>45,781</b>	52,160
	<b>1,081,180</b>	852,356

**14. ADMINISTRATION EXPENSES**

Administrative expenss include the following:

	<u>2014</u>	<u>2013</u>
	USD	USD
Staff and other related costs	<b>2,108,768</b>	2,015,267
Office expenses	<b>235,222</b>	248,037
Depreciation and amortization	<b>185,665</b>	190,227
Others	<b>273,214</b>	227,639
	<b>2,802,869</b>	2,681,170

**15. SURPLUS/(DEFICIT) FROM OPERATIONS**

	<u>2014</u>	<u>2013</u>
	USD	USD
The surplus is arrived at after charging:		
Depreciation on property, plant and equipment	<b>185,665</b>	168,202
Amortisation of intangible assets	-	22,025
Staff cost	<b>1,892,871</b>	1,967,376
<b>Staff cost is analysed as follows:</b>		
Salaries	<b>1,411,855</b>	1,362,016
Social security costs and other benefits	<b>481,016</b>	605,360

Social Security Costs & other benefits exclude staff Training, Recruitment Expenses & Staff Welfare

16. FINANCE INCOME AND COST

	<u>2014</u>	<u>2013</u>
	USD	USD
<b>Finance income</b>		
Bank interest receivable	5,582	2,426
Net foreign exchange gain	<u>26,317</u>	<u>159,695</u>
	<u>31,899</u>	<u>162,121</u>
<b>Finance cost</b>		
Finance charges payable under finance lease	<u>(1,119)</u>	<u>(3,578)</u>
<b>Net finance income</b>	<u>30,780</u>	<u>158,543</u>

Net foreign exchange gain is the result of foreign transactions translated into the functional currency, and also as a result of converting opening balances into the new functional currency adopted in 2014.

17. 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.

**18. RELATED PARTY DISCLOSURES**

(a) Transaction with members.

	<b>2014</b>	2013
	<b>USD</b>	USD
Membership fees	<b>3,559,660</b>	3,113,095

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

	<b>2014</b>	2013
	<b>USD</b>	USD
Total remuneration paid to key management personnel	<b>207,949</b>	195,994

**19. 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 bank and cash balances, trade receivables, and trade and other payables approximate their carrying values as stated in the statement of financial position. All financial instruments have been measured as level 3 in accordance with *IFRS 13 Fair Value Measurements*.

	<b>Carrying value</b>		<b>Fair value</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>USD</b>	USD	<b>USD</b>	USD
<b>Financial assets:-</b>				
Cash and cash equivalents	<b>1,025,147</b>	887,570	<b>1,025,147</b>	887,570
Trade and other receivables	<b>502,498</b>	471,989	<b>502,498</b>	471,989
	<b>1,527,645</b>	1,359,559	<b>1,527,645</b>	1,359,559
	<b>1,527,645</b>	1,359,559	<b>1,527,645</b>	1,359,559
	<b>Carrying value</b>		<b>Fair value</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>USD</b>	USD	<b>USD</b>	USD
<b>Financial liabilities:-</b>				
Finance lease obligation	<b>29,684</b>	37,891	<b>34,526</b>	46,695
Trade and other payables	<b>321,872</b>	349,770	<b>321,872</b>	349,770
	<b>351,556</b>	387,661	<b>356,398</b>	396,465
	<b>351,556</b>	387,661	<b>356,398</b>	396,465

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Risk Management**

The Company's principal financial liabilities comprise trade and other payables and finance lease obligation. The main purpose of these financial liabilities is to raise finance for the Company's operations. 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 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 and marketable securities, 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.

	<b>Contractual cash flows</b>			
	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>More than 1 year</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>31 December 2014</b>				
<b>Non-derivative financial liabilities</b>				
Finance lease obligation	2,169	9,590	22,767	34,526
Trade and other payables	245,674	76,198	-	321,872
	<u>247,843</u>	<u>85,788</u>	<u>22,767</u>	<u>356,398</u>
31 December 2013				
<b>Non-derivative financial liabilities</b>				
Finance lease obligation	3,045	9,136	34,514	46,695
Trade and other payables	313,687	36,083	-	349,770
	<u>316,732</u>	<u>45,219</u>	<u>34,514</u>	<u>396,465</u>



**20. 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, 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.

*Foreign currency risk*

Foreign currency 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"). The currency profile of the Company is as follows:

	<b>Financial assets</b>		<b>Financial liabilities</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>USD</b>	USD	<b>USD</b>	USD
Mauritian rupees ("MUR")	<b>307,751</b>	-	-	-
US Dollar ("USD")	<b>1,219,894</b>	1,359,559	<b>351,556</b>	387,661
	<b>1,527,645</b>	1,359,559	<b>351,556</b>	387,661

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	<b>Foreign currency denomination</b>	<b>Change in exchange rate</b>	<b>Effect on profit before tax</b>
		%	USD
<b>2014</b>	<b>MUR</b>	+10	<b>28,271</b>
	<b>MUR</b>	-10	<b>(28,271)</b>
2013	MUR	+10	104,656
	EUR	+10	9,375
	MUR	-10	(104,656)
	EUR	-10	(9,375)

**20. 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.

*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 maximize 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, 2014. The Company manages the following as its capital:

	<u>2014</u>	<u>2013</u>
	USD	USD
Reserve revenue	<b>1,281,687</b>	(85,337)
Other reserve	-	1,316,259
	<b><u>1,281,687</u></b>	<u>1,230,922</u>
Finance lease obligation	<b>29,684</b>	37,891
Trade and other payables	<b>321,872</b>	349,770

**21. CONTINGENT LIABILITIES**

As at 31 December 2014, 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 ("Rs"), and are follows:

	Rs	
Expatriate guarantee	480,000	(USD 15,360)
Bank guarantee	10,000	(USD 320)
Custom guarantee	150,000	(USD 4,800)