



## **AfriNIC Audit Committee report**

Abuja  
May 3, 2007



## Agenda

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Audit Process

Statutory Audit

Audited Financial Statements 2005

Questions

Questions and Answers

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## Audit Process

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**The Audit Committee was formed in December 2005 and appointed Ernst and Young as independent auditor**

### **Audit Committee**

- The Audit committee consists of Mr Didier Kasole (Chair), Mr Sunday Folayan, Mr Kenny Yip Tong and Mr Brian Longwe
  - After the Audit for 2007 was completed, the audited financial statements were presented to the committee which examined and gave its approval
  - The Audit Committee will renew the appointment of Ernst and Young as auditors for the next financial year
  - It is planned to have an interim audit for in August 2007
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## Statutory Audit

**Afrinic has completed its 2006 Audit in March 2007**

### Statutory Audit

- The Audit was done according to the International Auditing Standards by a big four firm, Ernst and Young
- According to the auditors report, the accounting statements give a true and fair view of the state of affairs as at 31 December 2006
- The audit committee has approved the financial statements and recommended that the Board do the same. On 01May 2007, the Board gave its approval to the accounts

## Audited Income Statement as at 31 December 2006 (in RS)

AFRINIC LIMITED

INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2006

6.

	Notes	2006 Rs	2005 Rs
Income	7	<u>31,295,651</u>	<u>21,217,190</u>
Administrative expenses		(10,803,263)	(7,432,807)
Distribution expenses		<u>(9,657,563)</u>	<u>(5,159,155)</u>
<b>Total expenses</b>		<b>(20,460,826)</b>	<b>(12,591,963)</b>
<b>Surplus of income over expenditure</b>	8	<b>10,834,825</b>	<b>8,625,227</b>
Finance income	9	<u>3,246,399</u>	<u>1,872,019</u>
<b>Surplus for the year</b>		<b><u>14,081,224</u></b>	<b><u>10,497,246</u></b>

## Income Statement as at 31 December 2006 (in USD)

YEAR ENDED DECEMBER 31, 2006					
FINANCIAL SUMMARY					
PROFIT AND LOSS STATEMENT					
Annex (USD Comparative figures)					
	Year ended 31 December 2006		Year ended 31 December 2005		
	MRU	US\$	MRU	US\$	
<b>Income</b>					
Membership fees	24,963,924	832,131	13,720,070	457,336	
Grants	6,331,727	209,250	7,497,119	249,904	
	31,295,651	1,041,381	21,217,190	707,240	
<b>Administrative expenses</b>					
Human Resources	7,031,494	214,244	5,723,698	190,790	
Telephone & Communications	593,310	18,078	247,889	8,263	
Computer expenses	113,099	3,446	40,535	1,351	
Office expenses	1,309,038	39,885	904,161	30,139	
Motor vehicle expenses	133,870	4,079	7,000	233	
Insurance	58,992	1,797	11,755	392	
Printing, postage & stationery	302,294	9,211	96,121	3,204	
Bank charges	284,984	8,683	91,378	3,046	
Auditors fees	90,000	2,742	65,000	2,167	
Depreciation	556,787	16,965	181,953	6,065	
Legal & Consulting fees	329,395	10,036	63,316	2,111	
<b>Total Administrative expenses</b>	10,803,263	329,167	7,432,807	247,760	
<b>Distribution expenses</b>					
Advertising expenses	176,751	5,385	130,605	4,354	
Bad debts	667,500	20,338	151,925	5,064	
Meeting and seminars expenses	2,689,150	81,936	749,173	24,972	
Projects Sponsorship	843,343	25,696	225,789	7,526	
Travelling & Accommodation expense	4,747,589	144,655	2,621,013	87,367	
Entertaining expenses	27,945	851	37,168	1,239	
Car rental	87,069	2,653	133,442	4,448	
Rent	-	-	337,902	11,263	
Computer expenses	418,216	12,743	772,139	25,738	
<b>Total Distribution expenses</b>	9,657,563	294,258	5,159,155	171,972	
<b>Total Operating expenses</b>	20,460,826	623,426	12,591,963	419,732	
<b>Other income</b>					
Interest Received	1,109,095	33,793	283,672	9,456	
Exchange gain difference	2,137,304	17,625	1,588,347	-	
<b>Total other income</b>	3,246,399	51,418	1,872,019	9,456	
Surplus for the period	14,081,224	469,374	10,497,246	296,963	



## Audited Balance Sheet as at 31 December 2006 (in RS)

AFRINIC LIMITED			
BALANCE SHEET AS AT DECEMBER 31, 2006			
			5.
ASSETS	Notes	2006	2005
		Rs	Rs
<b>Non-current assets</b>			
Property, plant and equipment	4	2,224,566	903,629
<b>Current assets</b>			
Trade and other receivables	5	850,953	231,729
Cash in hand and at bank		30,629,425	15,729,676
		31,480,378	15,961,405
<b>Total assets</b>		<b>33,704,944</b>	<b>16,865,034</b>
<b>EQUITY AND LIABILITIES</b>			
Other reserves		18,681,500	-
Revenue reserves		5,956,686	10,556,962
Grant		4,222,569	5,135,336
<b>Total equity</b>		<b>28,860,755</b>	<b>15,692,298</b>
<b>Current liabilities</b>			
Trade and other payables	6	4,844,189	1,172,736
<b>Total equity and liabilities</b>		<b>33,704,944</b>	<b>16,865,034</b>

## YEAR ENDED DECEMBER 31, 2006

## STATEMENT OF ASSETS AND LIABILITIES

Annex (USD Comparative figures)

**Balance Sheet as at  
31 December 2006 (in USD)**

ASSETS	Year ended 31 December 2006		Year ended 31 December 2005	
	MRU	US\$	MRU	US\$
<b>Non-current assets</b>				
Property, plant and equipment	2,224,566	74,152	903,629	30,421
<b>Current assets</b>				
Trade and other receivables	850,953	28,365	231,729	7,801
Cash in hand and at bank	30,629,425	1,020,981	15,729,676	529,547
	31,480,378	1,049,346	15,961,405	537,349
<b>Total assets</b>	<b>33,704,944</b>	<b>1,123,498</b>	<b>16,865,034</b>	<b>567,770</b>
<b>EQUITY AND LIABILITIES</b>				
Other reserves	18,681,500	622,717	-	-
Grant	4,222,569	140,752	5,135,336	172,884
Revenue reserves	5,956,686	198,556	10,556,962	355,405
<b>Total equity</b>	<b>28,860,755</b>	<b>962,025</b>	<b>15,692,298</b>	<b>528,289</b>
<b>Current liabilities</b>				
Trade and other payables	4,844,189	161,473	1,172,736	39,481
	4,844,189	161,473	1,172,736	39,481
<b>Total equity and liabilities</b>	<b>33,704,944</b>	<b>1,123,498</b>	<b>16,865,034</b>	<b>567,770</b>



**ERNST & YOUNG**  
 INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AFRINIC LTD

3.

**Report on the Financial Statements**

We have audited the financial statements of Afrinic Ltd on pages 2 to 14 which comprise the balance sheet at 31 December, 2006 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

**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 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

**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. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditors' 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.

**ERNST & YOUNG**  
 INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AFRINIC LTD

4.

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

**Opinion**

In our opinion, the financial statements on pages 5 to 14 give a true and fair view of the financial position of the Company at 31 December 2006 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 Mauritius Companies Act 2001.

**Other matter**

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

**Report on Other Legal and Regulatory Requirements Companies Act 2001**

We have no remarking to report with or in respect of the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

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 appears from our examination of those records.

  
 ERNST & YOUNG

  
 ANDRE LALLWAN  
 Signing Partner  
 AMBULI WANI COMPANY, A.C.C.A.

Port Louis  
 Mauritius

Date: 17 APR 2007



## Questions