AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2016

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
INDEX

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 2016.

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 8 to 30.

Office bearers and resignations

Directors holding office at 31 December 2016 are listed below:

- Sunday FOLAYAN
- Krishna SEEBURN
- Christian D BOPE
- Vivegananda T PADAYATCHY (resigned on 19th February 2016)
- Andrew ALSTON
- Aminata AMADOU GARBA (up to 30 June 2016)
- Ojedeji OLUWASEUN (appointed on 1 July 2016)
- Haitham Z El NAKHAL
- Alan Peter BARRETT
- Lucky MASILELA
- Abibu NTAHIGIYE

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 2016, and the statement of 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 2001. 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.

Remuneration and benefits

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

	2016	2015
	USD	USD
▪ Executive Directors	**164,727**	74,492

Community Support and Engagement

During 2016, AFRINIC provided support to related regional and global organisations and community members amounting to USD **138,230** (2015: USD 99,575).

Auditors

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

	2016	2015
	USD	USD
Audit	**8,820**	10,000

By order of the Board

……………………… ………………………
Director **Director**

Date: …………… Date: ……………

CERTIFICATE FROM THE COMPANY SECRETARY

I certify that, to the best of any knowledge and belief, African Network Information Centre (AfriNIC) Ltd (the "Company") has lodged with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the year ended December 31, 2016.

……………………………………..
Company Secretary

Date:………………………

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

	Notes	2016	2015
		USD	USD
ASSETS			
Non-current assets			
Plant and equipment	4	**254,562**	384,546
Intangible assets	5	**78,374**	97,485
		332,936	482,031
Current assets			
Trade and other receivables	6	**418,094**	446,046
Cash and cash equivalents	7	**3,123,359**	2,090,269
		3,541,453	2,536,315
Total assets		**3,874,389**	3,018,346
RESERVES AND LIABILITIES			
Reserves			
Revenue reserve	8	**2,613,642**	1,683,932
Net assets attributable to members		**2,613,642**	1,683,932
Non current liabilities			
Finance lease obligation	9	-	8,078
Deferred income	12	**2,350**	3,300
		2,350	11,378
Current liabilities			
Finance lease obligation	9	**7,997**	8,760
Trade and other payables	10	**1,249,450**	1,311,101
Deferred income	12	**950**	3,175
		1,258,397	1,323,036
Total liabilities		**1,260,747**	1,334,414
Total reserves and liabilities		**3,874,389**	3,018,346

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

Name of directors **Signature**

(1) ……...………………………………. ……...…………………………………

(2) ……...………………………………. ……...…………………………………

The notes on pages 12 to 30 form an integral part of these financial statements.

	Notes	2016	2015
		USD	USD
Income	11	**4,602,912**	4,084,709
Distribution expenses		**(988,022)**	(923,832)
Administrative expenses		**(2,635,997)**	(2,697,292)
Surplus of income over expenditure	13	**978,893**	463,585
Finance income	14	**2,931**	28,701
Finance costs	14	**(52,114)**	(90,041)
Finance Cost – Net		**(49,183)**	(61,340)
Surplus before taxation		**929,710**	402,245
Taxation	15	**-**	-
Surplus for the year		**929,710**	402,245
Other comprehensive income		**-**	-
Total comprehensive income for the year		**929,710**	402,245

The notes on pages 12 to 30 form an integral part of these financial statements.

	Revenue reserve	Total
	USD	USD
At January 1, 2015	1,281,687	1,281,687
Surplus for the year	402,245	402,245
At December 31, 2015	1,683,932	1,683,932
At January 1, 2016	**1,683,932**	1,683,932
Surplus for the year	**929,710**	929,710
At December 31, 2016	**2,613,642**	**2,613,642**

The notes on pages 12 to 30 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		USD	USD
Cash flows from operating activities			
Surplus for the year		**929,710**	402,245
Adjustments for:			
Depreciation	4	**158,657**	161,287
Amortisation	5	**19,111**	19,111
Impairment loss and write-off on trade receivables		**39,199**	26,098
Interest payable		**1,421**	2,454
Unrealised foreign exchange gain / loss	14	**(50,693)**	(24,620)
Sundry adjustments		**11,494**	-
Interest receivable		**(1,271)**	(4,081)
		1,107,628	582,494
Changes in:			
Decrease in trade and other receivables		**27,952**	56,452
Increase in trade and other payables		**(61,651)**	499,376
Decrease in deferred income		**(3,175)**	(22,100)
		1,070,754	1,116,222
Interest paid		**(1,421)**	(2,454)
Net cash from operating activities		**1,069,333**	1,113,768
Cash flows from investing activities			
Purchase of plant and equipment	4	**(28,673)**	(19,985)
Purchase of intangible assets	5	**-**	(19,896)
Interest received		**1,271**	4,081
Net cash used in investing activities		**(27,402)**	(35,800)
Cash flows from financing activities			
Payment of finance lease liabilities		**(8,841)**	(12,846)
Net cash used in financing activities		**(8,841)**	(12,846)
Net movement in cash and cash equivalents		**1,033,090**	1,065,122
Cash and cash equivalent as at January 01,		**2,090,269**	1,025,147
Cash and cash equivalent as at December 31,	7	**3,123,359**	2,090,269

The notes on pages 12 to 30 form an integral part of these financial statements.

1. CORPORATE INFORMATION

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

The financial statements of the Company for the year ended December 31, 2016 were authorised for issue in accordance with a resolution of the directors on …………………………….

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentational currency

The financial statements are presented in United States dollars ("USD"), which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest USD, unless otherwise stated. The average exchange rate for USD to MUR as at December, 31 2016 as provided by the State Bank of Mauritius is **MUR 36.404** (2015: MUR 36.0385).

(d) Critical accounting estimates and judgements

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

Estimation and assumptions

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

2. BASIS OF PREPARATION (CONTINUED)

(d) Critical accounting estimates and judgements (continued)

Estimation and assumptions (continued)

(i) Estimated useful lives and residual values of plant and equipment

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

(ii) Impairment of trade and other receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue

Revenue 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 provision of services and customer acceptance, net of Value Added Taxes. Some services span over more than one year. The consideration received is then deferred over the duration of the contract.

(b) Finance income and finance costs

The Company's finance income and finance costs include:

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

(c) Foreign currency transactions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Employee benefits

Defined contribution plan

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

State pension plan

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

(e) Income tax

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

(f) Plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

The principal annual rates of depreciation are:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

(i) Recognition and measurement

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortisation

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

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

Computer software: 3 - 5 Years

(h) Financial 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(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. Subsequent 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 banks that are highly liquid (with original maturities of three months or less).

(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.

(i) Impairment

(i) *Non-derivative financial assets*

Financial assets not classified as 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.

ii) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(iii) 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.

(j) Leases

Determining whether an arrangement contains a lease

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

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

Leased asset

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

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

Lease payments

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

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

(k) New standards, amendments and interpretations adopted

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 01 January 2016 that would be expected to have a material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the Company's financial statements, except the following set out below:

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

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The company is assessing the impact of IFRS 15.

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16, 'Leases'. IFRS 16 will replace the current IAS 17 standard on leases. The effective date is 01 January 2019. The new standard requires that for lessees all leases, regardless of whether they are operating or financial in nature, will be on the statement of financial position and accounted for as "financial leases". There are some exemptions which could be applied and these relate to leases of 12 months or less (short-term leases), and leases of low-value assets. For such leases, the lease costs will be accounted for in the same way as operating leases are accounted for today. IFRS 16 will significantly change the way lessees account for leases, however lessor accounting remains largely the same and the classification as a finance lease or operating lease is still a consideration. This means that straight-lining of operating leases will remain for lessors. The Company is assessing the impact of IFRS 16.

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

4 PLANT AND EQUIPMENT

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
COST						
At January 1, 2015	690,666	63,882	75,998	57,944	273,120	1,161,610
Additions	17,466	-	1,157	-	1,362	19,985
Disposal	(1,970)	-	-	-	-	(1,970)
At December 31, 2015	**706,162**	**63,882**	**77,155**	**57,944**	**274,482**	**1,179,625**
Additions	**24,273**	**-**	**4,400**	**-**	**-**	**28,673**
At December 31, 2016	**730,435**	**63,882**	**81,555**	**57,944**	**274,482**	**1,208,298**
DEPRECIATION						
At January 1, 2015	368,152	38,328	65,350	29,236	133,218	634,284
Charge for the year	114,820	8,518	5,423	5,205	27,321	161,287
Disposal adjustment	(492)	-	-	-	-	(492)
At December 31, 2015	**482,480**	**46,846**	**70,773**	**34,441**	**160,539**	**795,079**
Charge for the year	**113,202**	**8,518**	**4,477**	**5,139**	**27,321**	**158,657**
At December 31, 2016	**595,682**	**55,364**	**75,250**	**39,580**	**187,860**	**953,736**
CARRYING AMOUNTS						
At December 31, 2016	**134,753**	**8,518**	**6,305**	**18,364**	**86,622**	**254,562**
At December 31, 2015	223,682	17,036	6,382	23,503	113,943	384,546

4. PLANT AND EQUIPMENT (CONTINUED)

Finance leases

Included under plant and equipment is the following carrying amount of motor vehicle held under finance lease:

	2016	2015
	USD	USD
Cost	**63,882**	63,882
Accummulated depreciation	**(55,364)**	(46,846)
Carrying amount	**8,518**	17,036

5. INTANGIBLE ASSETS

	Computer Software
	USD
COST	
At January 1, 2015	147,508
Additions	19,896
At December 31, 2015	**167,404**
Additions	**-**
At December 31, 2016	**167,404**
AMORTISATION	
At January 1, 2015	50,808
Charge for the year	19,111
At December 31, 2015	**69,919**
Charge for the year	**19,111**
At December 31, 2016	**89,030**
CARRYING AMOUNTS	
At December 31, 2016	**78,374**
At December 31, 2015	97,485

6. TRADE AND OTHER RECEIVABLES

	2016	2015
	USD	USD
Trade receivables	**252,231**	255,588
Other receivables		
- Vat	**20,688**	7,844
- Prepayments and deposits	**80,810**	127,350
- Other receivables	**64,365**	55,264
	418,094	446,046

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.
Other receivables are non-interest bearing and are generally on 30-60 days' terms and are neither past due nor impaired.

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 60 days	61 - 90 days	> 90 days
	USD	USD	USD	USD	USD	USD
2016	**252,231**	**2,740**	**500**	**1,400**	**3,430**	**244,161**
2015	255,588	1,750	1,530	1,425	22,060	228,823

At 31 December 2016, trade receivables amounting to **USD 39,199** (2015 : USD 26,098), were impaired and written off during the year.

7. CASH AND CASH EQUIVALENTS

	2016	2015
	USD	USD
Cash at bank	**3,116,088**	2,082,072
Cash in hand	**7,271**	8,197
Cash and cash equivalent	**3,123,359**	2,090,269

7. CASH AND CASH EQUIVALENTS (CONTINUED)

The Company maintains a number of bank accounts to manage its daily operations. The balance of USD 3,123,359 consists of the following balances:

	2016	2015
Own Cash Holdings	***2,089,123***	*1,038,836*
Fees received in advance	***839,589***	*764,510*
Cash Held - Project/Other		
Fire	***184,171***	*223,048*
ICANN	***6,329***	*2,395*
AFTLD	***4,147***	*61,480*
	3,123,359	*2,090,269*

As per the board resolution dated 27 November 2016, a fixed deposit of USD 551,271, bearing an interest rate of 1% per annum and a maturity of twelve months from 30 December 2016, has been set aside as the 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 reserve shall be authorised by the Board.

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) 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.

9. FINANCE LEASE OBLIGATION

In 2012, the Company entered into a finance lease agreement for a duration of five years with AXYS Leasing Ltd for the purchase of a motor vehicle for the COO.

	2016	2015
	USD	USD
Not later than 1 year	**8,409**	10,193
Later than 1 year and within 5 years	**-**	8,494
Total minimum lease payments	**8,409**	18,687
Less amounts representing finance charges	**(412)**	(1,849)
Present value of minimum lease payments	**7,997**	**16,838**

The present value of finance lease liabilities is analysed as follows:

	Interest rate (%)	**Maturity**	**2016**	2015
			USD	USD
Within one year	11.1% p.a	2016	**7,997**	8,760
After one year but not more than five years	11.1% p.a	2016-2017	**-**	8,078
			7,997	16,838

Leased liabilities is effectively secured as the rights to the leased assets reverts to the lessor in the event of default.

10 TRADE AND OTHER PAYABLES

	2016	2015
	USD	USD
Trade payables	**82,281**	59,900
Other payables	**327,580**	486,691
Advance receipts from members	**839,589**	764,510
	1,249,450	1,311,101

Trade Payables represent amount owed to trade creditors as well as supplier of goods & services.

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normaly settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Advance receipts from members represent membership fees for 2017 received in 2016.

11 INCOME

	2016	2015
	USD	USD
Membership fees		
Membership renewal fees	**3,946,739**	3,587,650
Allocation or assignment fees	**480,500**	350,145
	4,427,239	3,937,795
Sponsorship for Afrinic events	**170,410**	139,854
Other income	**5,263**	7,060
	4,602,912	4,084,709

<u>Note on discounts</u>	2016	2015
	USD	USD
Early settlement	**30,448**	19,670
Educational & critical Infrastructure	**148,188**	121,673
	178,636	**141,343**

12 DEFERRED INCOME

	2016	2015
	USD	USD
Members fees in advance	**3,300**	6,475
Analysed as follows:		
Current liabilities	**950**	3,175
Non-current liabilities	**2,350**	3,300
	3,300	6,475

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

13. SURPLUS OF INCOME OVER EXPENDITURE

	2016	2015
	USD	USD
The surplus is arrived at after charging:		
Depreciation on property, plant and equipment	**158,657**	161,287
Amortisation of intangible assets	**19,111**	19,111
Meeting expenses	**279,223**	275,024
Office expenses	**231,029**	231,837
Travelling expenses	**414,386**	467,710
Staff cost	**1,858,827**	1,878,740
Staff cost is analysed as follows:		
Salaries	**1,372,440**	1,368,015
Social security costs and other benefits	**486,387**	510,725

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

14 FINANCE INCOME AND COST

	2016	2015
	USD	USD
Finance income		
Bank interest receivable	**1,271**	4,081
Realised / Unrealised gain on exchange	**1,660**	24,620
	2,931	28,701
Finance cost		
Unrealised / Realised loss on exhange	**(50,693)**	(87,587)
Finance charges payable under finance lease	**(1,421)**	(2,454)
	(52,114)	(90,041)
Net finance costs	**(49,183)**	(61,340)

15. 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.

16 RELATED PARTY DISCLOSURES

(a) Transaction with members.

	2016	**2015**
	USD	USD
Membership fees	**4,427,239**	3,937,795

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

	2016	2015
	USD	USD
Short term employee benefit	**164,727**	74,492

17. FINANCIAL INSTRUMENTS

Fair value of instruments

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

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of instruments (continued)

	Carrying value		Fair value	
	2016	2015	**2016**	2015
	USD	USD	**USD**	USD
Financial assets:-				
Cash and cash equivalents	**3,123,359**	2,090,269	**3,123,359**	2,090,269
Trade and other receivables	**316,596**	310,852	**316,596**	446,046
	3,439,955	2,401,121	**3,439,955**	2,536,315

	Carrying value		Fair value	
	2016	2015	**2016**	2015
	USD	USD	**USD**	USD
Financial liabilities:-				
Finance lease obligation	**7,997**	16,838	**7,997**	16,838
Trade and other payables	**409,861**	546,591	**409,861**	546,591
	417,858	563,429	**417,858**	563,429

Advance receipts from members are excluded from Trade and other payables as not considered financial liabilities.
Vat and prepayments have been excluded from trade and other receivables

Fair value of instruments

. Disclosure of fair value measurements by level of the following fair value measurement hierarchy

. Quoted prices (unadjusted) in active markets for identical assetes and liabilities (level 1)

. Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs (level 3)

Trade and other receivables, finance lease obligation and trade and other payables are classified within level 2 whereas cash and cash equivalents are classified within level 1 of the fair value hierarchy.

Fair value of instruments

At 31 December 2016, if the USD had strengthened/weakened by 1% against the MUR with all other variables held constant, surplus for the year would have been higher/lower by USD 17,487 (2015 : surplus
will be lower/higher by USD 16,561) mainly as a result of foreign exchange differences on translation of MUR denominated bank balances, net of MUR denominated trade and other payables and net of MUR denominated trade and other receivables.

Deferred income of USD 3,300 (2015: USD 3,175) and advance receipts from members of USD 839,589 (2015 : USD 764,510) have been excluded from financial liabilities.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management

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

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

Liquidity risk

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

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

	Contractual cash flows			
	Less than 3 months 3 months	**3 to 12 months**	**More than 1 year**	**Total**
	USD	**USD**	**USD**	**USD**
December 31, 2016				
Non-derivative financial liabilities				
Finance lease obligation	**2,322**	**6,087**	**-**	**8,409**
Trade and other payables	**408,248**	**1,613**	**-**	**409,861**
	410,570	**7,700**	**-**	**418,270**
December 31, 2015				
Non-derivative financial liabilities				
Finance lease obligation	2,100	8,093	8,494	18,687
Trade and other payables	474,104	72,487	-	546,591
	476,204	80,580	8,494	565,278

Market risk

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

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

.

Risk Management (Continued)

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").

Financial assets	**Trade and other receivables**	**Cash and cash equivalent**	**Total**
	2016	**2016**	**2016**
	USD	**USD**	**USD**
MUR	-	52,309	52,309
USD	316,596	3,071,050	3,387,646
	316,596	3,123,359	3,439,955

Financial assets	Trade and other receivables	Cash and cash equivalent	Total
	2015	2015	2015
	USD	USD	USD
MUR	-	1,095	1,095
USD	446,046	2,089,174	2,535,220
	446,046	2,090,269	2,536,315

Financial liabilities	**Trade and other payables**	**Finance lease obligations**	**Total**
	2016	**2016**	**2016**
	USD	**USD**	**USD**
MUR	409,861	7,997	417,858

	Trade and other payables	Finance lease obligations	Total
	2015	2015	2015
	USD	USD	USD
MUR	546,591	16,838	563,429

18. 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 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, 2016. The Company manages the following as its capital:

	2016	2015
	USD	USD
Reserve revenue	**2,613,642**	1,683,932
Finance lease obligation	**7,997**	16,838
Gearing ratio	**0.3%**	1%

19. CONTINGENT LIABILITIES

(a) As at 31 December 2016, 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:

	2016		2015	
	USD	MUR	USD	MUR
Bank guarantee	**275**	**10,000**	277	10,000

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