



KENYA NETWORK INFORMATION CENTRE(KeNIC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

KENYA NETWORK INFORMATION CENTRE (KeNIC)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors submit their report together with the audited financial statements for the year ended 31st December 2019.

Directorate

The Directors who held office during the year and to the date of this report are set out on page 1.

Principal activities

The principal activities of the company are managing the .ke domain name space.

Business review

The Company's revenue increased from Shs. 64,440,773 to Shs. 72,333,861, this was owing to increased domain registration and renewals in year 2019. While the overall income increased from Shs. 74,188,088 to Shs.83,837,200. This resulted to a surplus before tax increase from Shs. 32,415,020 to Shs. 34,931,708.

Key performance indicators	2019 KSH	2018 KSH
Revenue	72,333,861	64,440,773
Net surplus for the year	24,108,559	26,637,763
Net assets	95,692,636	69,614,078

Principal risks and uncertainties

The overall business environment continues to remain challenging and this has a resultant effect on overall growth of .Ke domains. The company's strategic focus is to enhance domain growth whilst maintaining stability of the registry as a going concern. The registry as a company is exposed to the following risks.

Liquidity risk

The company maintains a cashflow management system to monitor cash inflows and out flows to ensure there is availability of funds to effectively run the registry operations. Further to this, the company seeks to continuously diversify its income to enhance cash inflows.

Compliance risk

The Company's compliance risk is derived from failure to comply with the Communication Authority licensing conditions as mandated by Kenya Information Communication Act (KICA) which might result to non-issuance of the ASP compliance certificate and the Audit license.

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

Compliance risk(Continued)

The company ensures the required quarterly returns are made on a timely basis, payment of licenses fee is promptly done and the Communication Authority audit is conducted as scheduled with all relevant and requested information submitted to the authority on time.

Customer retention risk

Customer retention is vital to the success of any B2B or B2C business. The company is exposed to the risk of high deletions as we register growth in domain registrations.

The Company has employed various marketing strategies to mitigate on high deletions and ensure retention of customers.

Statement as to disclosure to the company's auditor

With respect to each Director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the Company's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that

Terms of appointment of the auditor

The Directors approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 200,000 has been charged to statement of income in the year.

By order of the Board



Director/Company Secretary

Nairobi 31/03/2020

KENYA NETWORK INFORMATION CENTRE (KeNIC)

STATEMENT OF DIRECTORS RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its comprehensive income for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards for Small and Medium Entities (IFRS for SME's) and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 31/03/ 2020 and signed on its behalf by:



DIRECTOR



DIRECTOR

KENYA NETWORK INFORMATION CENTRE (KeNIC)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 KSH	2018 KSH
Revenue	4	72,333,861	64,440,773
		<u>72,333,861</u>	<u>64,440,773</u>
Other income	5	11,503,339	9,747,315
Administrative expenses	6	(46,150,744)	(38,460,527)
Operating expenses	7	(2,704,747)	(3,312,540)
		<u>(48,855,491)</u>	<u>(41,773,067)</u>
Surplus before tax expense		<u>34,981,709</u>	<u>32,415,020</u>
Tax expense	10	(10,873,150)	(5,777,257)
Surplus for the year after tax		<u>24,108,559</u>	<u>26,637,763</u>
Other comprehensive income			
Gain on asset revaluation		1,970,000	2,319,000
Total comprehensive income		<u><u>26,078,559</u></u>	<u><u>28,956,763</u></u>

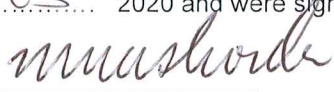
KENYA NETWORK INFORMATION CENTRE (KeNIC)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 KSH	2018 KSH
Non-current assets			
Property, plant and equipment	18	3,390,062	3,221,973
Intangible assets	11	408,224	569,242
		<u>3,798,286</u>	<u>3,791,215</u>
Current assets			
Accounts receivables	12	4,777,743	3,172,164
Tax recoverable		4,144,200	4,144,200
Financial assets	13	107,356,769	78,444,953
Cash and cash equivalents	14	18,074,974	14,374,847
		<u>134,353,686</u>	<u>100,136,165</u>
Total Assets		<u>138,151,972</u>	<u>103,927,379</u>
REPRESENTED BY:			
Accumulated fund (Page 8)		<u>95,692,637</u>	<u>69,614,078</u>
Current liabilities			
Accounts payables	15	6,688,164	3,790,897
Prepaid income	16	30,772,747	26,792,788
Tax payable	17	4,998,424	3,729,616
		<u>42,459,335</u>	<u>34,313,301</u>
Total Equity and liabilities		<u>138,151,972</u>	<u>103,927,379</u>

The financial statements were approved and authorized for issue by the Board of Directors on 31/03/2020 and were signed on its behalf by:



 DIRECTOR



 DIRECTOR