

# Kenya Network Information Centre (KeNIC)



## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

Prepared By:



**MATENGO & ASSOCIATES**

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**Kenya Network Information Centre (KeNIC)**  
**Report of the Directors**  
**For the Year Ended 31st December 2020**

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The directors submit their report together with the audited financial statements for the year ended 31st December 2020 which disclose the state of affairs of the company.

**Incorporation**

The company is domiciled in Kenya where it is incorporated as a company limited by guarantee under the Kenya Companies Act. The address of the registered office is set out on page 1.

**Principal Activities**

The principal activity of the company is to manage and administer the .ke country code top level domain (.ke ccTLD) name.

**Results:**

	2020	2019
	Kshs	Kshs
Revenue	75,306,676	72,333,861
Other income	9,499,855	13,473,339
Expenditure	(56,420,460)	(48,855,491)
Tax expense	(7,385,366)	(10,873,150)
Net Surplus/(Deficit) for the year after tax	<u>21,000,705</u>	<u>26,078,559</u>

**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.

**Kenya Network Information Centre (KeNIC)**  
**Report of the Directors (Cont.)**  
**For the Year Ended 31st December 2020**

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**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 director is aware, no relevant audit information of which the company's auditor is unaware; and
- (b) the director has taken all the steps that the director 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 information.

**Terms of appointment of the auditor**

During the year, Matengo & Associates, Certified Public Accountants, were appointed as the company's auditors and have expressed their willingness to continue in office in accordance with the Sections 717 of the Kenyan Companies Act.

The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also 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 KES 180,000 has been charged to profit or loss in the year.

**By order of the board**



\_\_\_\_\_  
**Director**

**Nairobi**

26/04 2021



**Kenya Network Information Centre (KeNIC)**  
**Statement of Directors' Responsibilities**  
**For the Year Ended 31st December 2020**

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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 profit or loss 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.

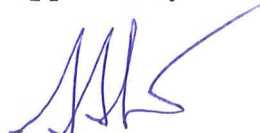
The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:


- 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;
- selecting suitable accounting policies and applying them consistently; and
- 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 \_\_\_\_\_ 2021 and signed on its behalf by:

  
\_\_\_\_\_  
**Director**

  
\_\_\_\_\_  
**Director**

Kenya Network Information Centre (KeNIC)  
Financial Statements  
For the Year Ended 31st December 2020

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Statement of Comprehensive Income


		2020	2019
	Notes	Kshs	Kshs
Revenue	4	75,306,676	72,333,861
Other operating income	5 (i)	9,096,165	8,482,790
Other non-operating income	5 (ii)	117,690	3,020,549
<b>Total income</b>		<b>84,520,531</b>	<b>83,837,200</b>
Administrative expenses	SC 1	(53,615,325)	(46,150,744)
Establishment expenses	SC 2	(2,805,135)	(2,704,747)
<b>Surplus/(Deficit) before tax expense</b>		<b>28,100,071</b>	<b>34,981,709</b>
Tax expense	13	(7,385,366)	(10,873,150)
<b>Surplus/(Deficit) for the year after tax</b>		<b>20,714,705</b>	<b>24,108,559</b>
<b>Other Income/(Loss)</b>			
Gain/ (Loss) on asset revaluation		286,000	1,970,000
<b>Net Surplus/(Deficit) for the year after tax</b>		<b>21,000,705</b>	<b>26,078,559</b>


Kenya Network Information Centre (KeNIC)  
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Statement of Financial Position

	Notes	2020 Kshs	2019 Kshs
<b>Non-current assets</b>			
Property and equipment	6	2,617,005	3,390,062
Intangible assets	7	247,206	408,224
		<u>2,864,211</u>	<u>3,798,286</u>
<b>Current assets</b>			
Trade and other receivables	8	4,085,645	4,777,743
Financial assets at amortised cost	9	125,002,661	107,356,769
Current tax recoverable		4,144,200	4,144,200
Tax asset		3,176,648	-
Cash at bank and in hand	10	14,845,722	18,074,974
		<u>151,254,876</u>	<u>134,353,686</u>
<b>TOTAL ASSETS</b>		<u><u>154,119,087</u></u>	<u><u>138,151,972</u></u>
<b>REPRESENTED BY:</b>			
Accumulated fund		<u><u>116,693,342</u></u>	<u><u>95,692,637</u></u>
<b>Current liabilities</b>			
Trade and other payables	11	5,092,612	6,688,164
Prepaid income	12	32,333,133	30,772,747
Taxation	13	-	4,998,424
		<u>37,425,745</u>	<u>42,459,335</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><u>154,119,087</u></u>	<u><u>138,151,972</u></u>

These financial statements on pages 9 to 24 were approved by the directors on 26/04/2021 and were signed on its behalf by:

  
Director

  
Director