

NIGERIA INTERNET REGISTRATION ASSOCIATION

Audited Financial Statements
Period Ended 31st December, 2012

DEROGBA OLA & CO.

(Chartered Accountants)
32, Oshodi Road, Oshodi,
Lagos. Tel. 01-8934852

NIGERIA INTERNET REGISTRATION ASSOCIATION
Year Ended 31st December, 2012

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NIGERIA INTERNET REGISTRATION ASSOCIATION
(Established as an incorporated trustee in 2007)

CORPORATE INFORMATION

BOARD OF TRUSTEES

Dr. Isaac Adeola Odeyemi
Dr. (Mrs.) Adenike Osofisan
Mrs. Mary Uduma
Dr. Christopher Nwannenna
Mrs. Ibukun Odusote
Mr. Badaru Shina
Mr. Olaleye Alao
Mr. Yunusa Zakari Ya'u
Mr. Akinbo Adebunmi Adeola
Mr. Chima Onyekwere

MANAGEMENT BOARD

Mrs. Mary Uduma
Mr. Sunday Afolayan
Mr. Opeoluwa Odusan
Mr. Abimbola Olayinka
Mr. Sikiru Shehu
Mr. Adebisi Oladipo
Mr. Remmy Nweke
Mr. Rudman Muhammed
Mrs. Yetunde Johnson
Mr. Temitope Fashedemi

President
Vice President
Chief Operating Officer
Treasurer

CORPORATE OFFICE

9, Kofo Abayomi Street,
Victoria Island,
Lagos

BANKERS

Access Bank Plc
Zenith Bank Plc
Resort Savings & Loans Plc



DEROGBA OLA & CO.

(Chartered Accountants)

Office:

32, Oshodi Road, Oshodi, Lagos.
(Near the Post Office)
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Report of The Independent Auditors to the Directors of

NIGERIA INTERNET REGISTRATION ASSOCIATION

We have examined the financial statements of **NIGERIA INTERNET REGISTRATION ASSOCIATION** for the year ended 31st December, 2012 set out on pages 6 – 11 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 5.

Directors' Responsibility For The Financial Statements

The Association's Management Board is responsible for the preparation of the financial statements and fair presentation of these financial statements in accordance with Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act, CAP C20LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. **We conducted our audit in accordance with Nigeria Standards on Auditing (NSAs)** issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical standards and plan and perform the audit to obtain 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 the auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 opinion.

OPINION

In our opinion, and based on the information and explanation given to us, the financial statements give a true and fair view of the state of the Association's financial affairs as at 31st December, 2012 and of the Surplus for the year ended on that date.

Derogba Ola & Co.

Derogba Ola & Co.
(Chartered Accountants)

Lagos, NIGERIA
28 March, 2013



NIGERIA INTERNET REGISTRATION ASSOCIATION
Period Ended 31st December, 2012

SUMMARY OF ACCOUNTING POLICIES

1. Basis Of Accounting

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

2. Presentation of the Financial Statements

Details of specific funds provided by members are presented by way of notes to the accounts.

3. Revenue Recognition

Revenues to the Association are recognized on Accrual Basis.

4. Fixed Assets

Fixed Assets are stated at acquisition value less depreciation.



5. Depreciation

Depreciation is calculated on a straight line to write off the value of the fixed assets over their expected useful lives from the period in which they are first brought into use, at the following annual rates.

	%
Furniture & Fittings	15
Office Equipment	15
Computer	25
Motor Vehicles	25

NIGERIA INTERNET REGISTRATION ASSOCIATION
BALANCE SHEET
As at 31st December, 2012

		2012	2011
Fixed Assets	Notes 1	=N= 15,846,325	=N= 5,014,662
Current Assets			
Prepayments	2	510,033	548,070
Short Term Investments	3	20,093,613	43,129,276
Bank Balance	4	150,211,353	123,039,047
Cash Balance		273,775	248,485
		<u>171,088,774</u>	<u>166,964,879</u>
Less:			
CURRENT LIABILITIES			
Sundry Creditors	5	14,410,890	28,260,675
Accrued Expenses	6	6,839,377	2,698,913
Short Term Loan	7	100,000	100,000
		<u>21,350,267</u>	<u>31,059,588</u>
Net Current Assets		<u>149,738,508</u>	<u>135,905,291</u>
NET ASSETS		<u>165,584,833</u>	<u>140,919,953</u>
Financed by:			
Accumulated Fund	8	76,200,485	25,169,605
Long Term Domain Prepaid		<u>89,384,348</u>	<u>115,750,346</u>
		<u>165,584,833</u>	<u>140,919,952</u>

DIRECTORS

The accompanying notes on pages 9 -11 form an integral part of these accounts.

NIGERIA INTERNET REGISTRATION ASSOCIATION
REVENUE ACCOUNT
Year Ended 31st December, 2012

		12 Months Dec-12	7 Months Dec-11
	Notes	=N=	=N=
INCOME			
Annual Membership fees		80,000	162,500
Registration Fees (Registrar)		875,000	202,529
Domain Services Income	9	48,836,665	26,017,315
Donations & Sponsorship	10	76,461,620	30,916,667
Other Income	11	2,053,616	1,073,066
		<u>128,306,901</u>	<u>58,372,077</u>
EXPENDITURE			
Domain Management Expenses	12	2,418,688	1,151,446
Staff Costs	13	16,303,357	10,084,529
Administrative Expenses	14	43,577,540	21,570,123
Professional Services	15	5,085,000	637,500
Financial & Bank Charges	16	656,274	424,133
		<u>68,040,858</u>	<u>33,867,731</u>
Surplus/(Deficit) for period		60,266,043	24,504,346
Provision for Kalu Foundation		(12,053,209)	
Balance b/f		20,945,593	(3,558,753)
Transfer to Accumulated fund		<u>69,158,427</u>	<u>20,945,593</u>

The accompanying notes on pages 9 -11 form an integral part of these accounts.

NIGERIA INTERNET REGISTRATION ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended 31st December, 2012

	12 Months Dec-12 N	7 Months Dec-11 N
OPERATING ACTIVITIES		
Excess of Income over Expenditure	60,266,043	24,504,346
Adjustments for non-cash items		
Depreciation	4,945,138	1,153,302
	65,211,181	25,657,648
Other adjustments to reconcile expenses for the year to cash from operating activities		
(Decrease)/Increase in Trade Creditors	(25,902,994)	26,298,055
Prepayments	38,037	114,204
Decrease in Prepaid Domain	(26,365,998)	(12,198,643)
Decrease in Accrued Expenses	4,140,464	2,036,102
Cash used in operating activities	17,120,690	41,907,366
INVESTING ACTIVITIES		
Purchase of fixed assets	(15,776,802)	(1,251,500)
Short Term Deposit	23,035,663	(40,811,494)
Cash used for investing activities	7,258,861	(42,062,994)
FINANCING ACTIVITIES		
Domain Subscription	2,818,047	(1,397,458)
Cash from financing activities	2,818,047	(1,397,458)
Net Increase in Cash	27,197,599	(1,553,086)
Cash at the beginning of the year	123,287,528	124,840,614
Cash at the end of the year	150,485,129	123,287,528
Represented by the following:		
Petty Cash Balance	273,775	248,485
Bank Balance	150,211,353	123,039,047
	150,485,129	123,287,532

NIGERIA INTERNET REGISTRATION ASSOCIATION
Notes to the Accounts, Year Ended 31st December, 2012

1 **Fixed Assets**

	FURNITURES, & FITTINGS	OFFICE EQUIPMENT	COMPUTERS & ICT EQUIPMENT	MOTOR VEHICLE	TOTAL
	N	N	N	N	N
COST, 1 JAN. 2012	733,723	2,290,360	3,587,100	3,850,000	10,461,183
Additions		1,074,651	10,302,151	4,400,000	15,776,802
	733,723	3,365,011	13,889,251	8,250,000	26,237,985
DEPRECIATION					
As at 1 JAN. 2012	139,422	2,071,642	2,353,167	882,291	5,446,522
Charge for the Year	110,058	425,657	2,805,256	1,604,167	4,945,138
	249,480	2,497,299	5,158,423	2,486,458	10,391,660
NET BOOK VALUE					
at 31st December 2012	484,243	867,712	8,730,828	5,763,542	15,846,325
at DEC. 2011	594,301	218,718	1,233,933	2,967,709	5,014,661

2 **Prepayments**

	Dec-12 N	Dec-11 N
Group life insurance	142,497	-
Prepayment NHIS	367,536	548,070
	510,033	548,070

3 **Short Term Investments - Fixed Deposit**

Resort Savings & Loans	10,958,398	10,271,042
Access Bank	-	917,696
Zenith Bank Plc 2	9,135,215.37	31,940,538
	20,093,613	43,129,276

4 **Bank Balances**

Access Bank Plc	1,237,466	738,856
Zenith Bank Plc	41,725,235	12,713,052
Resort Savings and Loans	103,141	936,851
Domiciliary Accounts		
Zenith Bank Plc	\$ 713,633.00	106,966,556
Access Bank	\$ 429.34	95,356
Access Bank Plc -	€ 290	83,600
	150,211,353	123,039,047

5 **Creditors**

Trade Creditors - Contractors	188,750	188,750
COCCA Registry Services	-	1,822,222
Deferred Donation Income	-	25,583,333
Kalu Foundation	12,719,579	666,370
NIGF Payable	1,502,561	
	14,410,890	28,260,675

NIGERIA INTERNET REGISTRATION ASSOCIATION
Notes to the Accounts, Year Ended 31st December, 2012

	12 Months Dec-12	7 Months Dec-11
6 Accrued Expenses	N	N
Staff Pensions Payable	107,621	219,765
Audit Fees	400,000	200,000
Accrued - Co-Location Expenses	387,559	608,238
Accrued Legal Expenses	-	437,500
Professional Fees	750,000	-
Other Payable	1,715,626	864,635
Provision	2,570,351	-
NHF Payable	-	15,682
NHIS Payable	908,221	353,093
	<u>6,839,377</u>	<u>2,698,913</u>
7 Short Term Loan		
Loan from Chima Onyekwere	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
8 Accumulated Fund		
Domain Subscription	7,042,058	4,224,011
Transfer from Revenue Account	69,158,427	20,945,594
	<u>76,200,485</u>	<u>25,169,605</u>
9 Domain Services Income		
Premium Domain Income	27,327,698	15,797,332
Regular Domain Income	21,508,967	11,627,741
	<u>48,836,665</u>	<u>27,425,073</u>
10 Donations & Sponsorship		
Nigeria Communications Commission	-	1,250,000
Nig. Information Tech. Dev. Agency	50,000,000	29,666,667
Deferred Income - NITDA	25,583,333	-
Others	878,287	-
	<u>76,461,620</u>	<u>30,916,667</u>
11 Other Income		
Interest	1,983,616	811,666
Others	70,000	261,400
	<u>2,053,616</u>	<u>1,073,066</u>
12 Domain Service Expenses		
Co-Location Expenses	942,004	944,346
Bandwith expenses	821,647	-
Technical Maintenance	655,037	207,100
	<u>2,418,688</u>	<u>1,151,446</u>

NIGERIA INTERNET REGISTRATION ASSOCIATION
Notes to the Accounts, Year Ended 31st December, 2012

	12 Months Dec-12 N	7 Months Dec-11 N
13 Staff Costs		
Staff Salaries & Allowances	13,669,861	7,948,991
Employee Benefits	2,173,339	512,506
Leave allowance & Compensation	460,157	-
	<u>16,303,357</u>	<u>10,084,529</u>
14 Administrative Expenses		
AGM Expenses	1,030,150	1,418,731
Telephone, Internet & Postages	1,087,075	632,366
Meetings	4,472,725	4,600,422
Training & Capacity Building	8,575,385	1,623,033
Workshops	5,191,057	-
Printing & Stationery	567,615	206,710
Travelling Expenses	10,512,395	8,928,876
Entertainment Expenses	582,912	314,645
Advertisement & Publicity	1,681,922	1,783,083
Repairs & Maintenance	476,100	181,400
IT Membership Subscription	270,500	250,000
Car Maintenance	639,130	413,388
Other expenses	1,449,768	-
Computer Accessories	105,214	-
Sponsorship & Participation	1,785,000	-
Insurance Premium	205,454	64,167
Depreciation	4,945,138	1,153,302
	<u>43,577,540</u>	<u>21,570,123</u>
15 Professional Services		
Audit fees	400,000	200,000
Legal Expenses	3,435,000	437,500
Professional Fee	1,250,000	-
	<u>5,085,000</u>	<u>637,500</u>
16 Financial & Bank Charges		
Bank Charges	656,274	296,453
Exchange Loss	-	127,680
	<u>656,274</u>	<u>424,133</u>