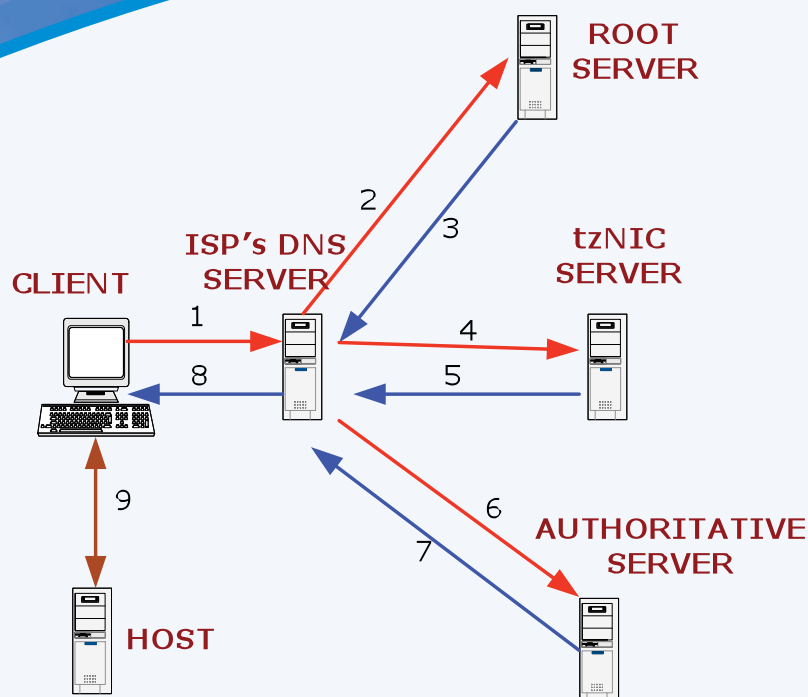


# TANZANIA NETWORK INFORMATION CENTRE



## ANNUAL REPORT 2008/09



Nothing identifies Tanzania in cyber space like .tz does



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Tanzania Network Information Centre (tzNIC) is a not-for-profit organization established in 2006 for the purpose of managing the .tz ccTLD. It is registered as a company limited by guarantee. tzNIC strives to promote the utilization of .tz domain names; enhance its technical capacity in administering and managing the .tz registry; protect registrants' interests and harmonize the .tz ccTLD management policies at National, Regional and International level. tzNIC facilitates e-commerce and e-governance, enhances creation and availability of local content online, ensures affordability of domain names and enables unique identity of Tanzania in cyber space.



10 reasons ...

# Why every Tanzanian needs a .tz domain name

**1** A .tz domain name provides Tanzanian identity in cyberspace

**2** .tz domain names are affordable and readily available

**3** .tz domain names enable businesses to be availed online

**4** .tz domain name usage facilitates the diminution of Internet connectivity costs

**5** .tz domain names offer fair market environment

**6** .tz domain names offer better search engine performance

**7** .tz domain name dispute resolutions are handled based on Tanzanian business environment

**8** .tz is a national communication resource just like +255 for telephone use

**9** .tz domain names have inbuilt credibility

**10** .tz domain names are meant for every Tanzanian



# TABLE OF CONTENTS

LETTER OF TRANSMITTAL .....	5
CHAIRMAN'S STATEMENT .....	6
INCOME FOR THE YEAR 2008/09 .....	6
ACHIEVEMENTS .....	7
CHALLENGES .....	7
FUTURE PROSPECTS .....	8
ACKNOWLEDGEMENTS .....	8
tzNIC AT A GLANCE.....	9
INTRODUCTION .....	9
THE ORGANIZATION STRUCTURE .....	9
THE POLICY ADVISORY COMMITTEE (PAC) .....	10
PAC MEMBERS .....	11
PAC MEETINGS .....	11
STATEMENT OF PAC MEMBER'S RESPONSIBILITY .....	12
THE SECRETARIAT .....	12
SECRETARIAT TEAM .....	13
tzNIC PERFORMANCE REVIEW .....	14
INTRODUCTION.....	14
SUMMARY OF ACHIEVEMENTS.....	14
DETAILED OPERATIONS REVIEW .....	14
REGISTRY DEVELOPMENT .....	14
REGISTRY MANAGEMENT AND ADMINISTRATION .....	15
CAPACITY BUILDING .....	16
PUBLICITY AND AWARENESS .....	17
.TZ DOMAINS REGISTRATION GROWTH .....	18
NETWORKING FORUMS.....	20
HUMAN RESOURCE .....	24
CHALLENGES AND FUTURE PROSPECTS .....	25
FINANCIAL STATEMENTS FOR THE YEAR 2008/09 .....	26
AUDIT MANDATE .....	26
REPORT OF THE AUDITOR .....	26
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS .....	26
AUDITOR'S RESPONSIBILITY .....	26
AUDITOR'S OPINION .....	27
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS .....	27
INCOME STATEMENT .....	28
FINANCIAL STATEMENT.....	29
STATEMENT OF CHANGES IN THE FUNDS .....	30
CASH FLOW STATEMENT .....	31
NOTES TO THE FINANCIAL STATEMENTS.....	32



# LIST OF ABBREVIATIONS AND ACRONYMS

.tz	- ISO 3166-1 two letter code representation for Tanzania
ACRP	- Attack and Contingency Response Planning
AfNOG	- African Network Operators Group
AfriNIC	- African Network Information Centre
AfTLD	- African Top Level Domain
AGM	- Annual General Meeting
ASN	- Autonomous System Number
ATU	- Africa Telecommunications Union
ccTLD	- country code Top Level Domain
CMS	- Content Management System
CZNIC	- Czech Republic Network Information Centre
DNS	- Domain Name System
ENUM	- Electronic (e.164) Numbering Mapping
FRED	- Free Registry for ENUM and Domains
ICANN	- Internet Corporation for Assigned Names and Numbers
ICT	- Information and Communication Technology
IPv4	- Internet Protocol (version 4)
IPv6	- Internet Protocol (Version 6)
ISO	- International Standards Organization
kbps	- kilo bits per second
LAPF	- Local Authority Pension Fund
LIR	- Local Internet Registry
MEMART	- Memorandum and Articles of Association
OMS	- Office Management Secretary
P2P	- Point to Point
PAC	- Policy Advisory Committee
PPA	- Public Procurement Act
PPP	- Public Private Partnership
PPRA	- Public Procurement Regulatory Authority
RICTSP	- Regional ICT Support Program
RIR	- Regional Internet Registry
TCRA	- Tanzania Communications Regulatory Authority
TISPA	- Tanzania Internet Service Provider Association
TIX	- Tanzania Internet Exchange
tzNIC	- Tanzania Network Information Centre
UCC	- University Computing Centre
VSAT	- Very Small Aperture Terminal

# LETTER OF TRANSMITTAL



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P.O.Box 34543 Dar es Salaam, Tanzania. Tel: +255 22 2772659, Fax: +255 22 2772660  
E-mail: [info@tznic.ortz](mailto:info@tznic.ortz), Website: [www.tznic.ortz](http://www.tznic.ortz)

Prof. John Nkoma,  
Director General,  
Tanzania Communications Regulatory Authority (TCRA),  
P.O. BOX 474,  
DAR ES SALAAM.

Mr. Suhail Sheriff,  
Chairman,  
Tanzania Internet Service Providers Association (TISPA),  
P.O. BOX 80449,  
DAR ES SALAAM.

RE: FINANCIAL YEAR 2008/09 ANNUAL REPORT

In accordance with Article 11 (11) (1) of the Memorandum and Articles of Association of Tanzania Network Information Centre (tzNIC), I have the honour to submit the tzNIC's Annual report for the year ended 30<sup>th</sup> June 2009.

The report presents the Centre's operational review including achievements and challenges for the financial year 2008/09 and audited financial statements.

Sincerely,

A handwritten signature in blue ink, appearing to read "Beda Mutagahywa", is written over a light blue background.

Prof. Beda Mutagahywa

Chairman, tzNIC Policy Advisory Committee (PAC)

# 1.0 CHAIRMAN'S STATEMENT



Prof. Beda Mutagahywa  
*Policy Advisory Committee Chairman*  
*Tanzania Network Information Centre (tzNIC)*

All valued stakeholders and members of the Tanzania Network Information Centre (tzNIC), I have great honour to release the 2<sup>nd</sup> Annual Performance Report and Audited Financial Statements covering the period ended 30<sup>th</sup> June 2009.

The end of the financial year 2008/2009 coincided with the end of the first term of the first tzNIC Policy Advisory Committee (PAC). I'm glad to report that most of the members have been re-appointed for the second term following the strong foundation laid in regard to the .tz ccTLD management during the first term. The tzNIC Policy Advisory Committee's goal is to make sure that tzNIC takes over the .tz registration responsibilities from the existing registrars and successfully finalize the .tz ccTLD redelegation during the next financial year.

As tzNIC plans to conclude the migration plan during the next financial year, a strategic plan will be developed as a way forward towards provision of the world class registry services. The secretariat will therefore be continuously trained to remain relevant in this fast changing environment. The PAC will continue to guide the registry to grow in the right direction. I have no doubt that we will achieve this as the PAC is composed of experienced and knowledgeable individuals. We are conscious of the hurdles that lie ahead but we are equally up to the task as we believe that we have laid a firm foundation for the future growth of the .tz registry. Our children must grow up to embrace ICTs so that they too can participate and compete with other children in the global village. This will only be possible through tzNIC's contribution to the capacity building initiatives of the local Internet community.

## **1.1 Income for the year 2008/09**

During the financial year 2008/09, the Centre received a grant from TCRA amounting to TZS 227,132,880.00 meant for continued efforts in the development of the .tz registry and recurrent expenditure. Extra funds amounting to TZS 23,000,000.00 were received from TCRA, The Ministry of Communications Science and Technology and other stakeholders for hosting the AfTLD 2009 event. There were no any other funds generated internally for execution of the planned activities as tzNIC was yet to start the provision of .tz registry services. During the same period tzNIC spent TZS 32,883,626.00 on capital investment and TZS 231,315,890.39 as recurrent expenditure.

## 1.2 Achievements

Throughout the reporting period, the Centre continued to build the .tz registry on the foundation it had established during the previous financial year. The main target was readiness of the Centre to take over the .tz registration responsibilities, .tz re-delegation and sensitization of the local Internet community on the registration and usage of .tz domains. The achievements realized during the reporting period included the following:-

- a) Successful installation of a .tz registry system using FRED open source from Czech Republic;
- b) Procurement of redundant and reliable Internet links;
- c) Hosting of the 3<sup>rd</sup> African Top Level Domain (AfTLD) Organization annual event that included a technical training on registry security and an Annual General Meeting (AGM);
- d) Development of policies and rules for .tz domain names registration based on Tanzanian laws, traditions and norms;
- e) Acquisition of the Autonomous System Number (ASN) and IPv4 resources from AfriNIC;
- f) Full membership to African Top level domain organization (AfTLD). AfTLD is an organization that acts as a focal point for African Country Code Top Level Domain (ccTLD) managers in coordinating, formulating, developing and presenting a unified approach on issues related to Domain Name System (DNS). It is also a forum for sharing ideas between the Continent's Internet communities with the aim of promoting the utilization of ccTLDs. tzNIC is represented in the AfTLD Board by its Manager in the capacity of a Treasurer;
- g) Membership to African Network Information Centre (AfriNIC), the Regional Internet Registry (RIR) for Africa whose main role is to manage Internet Number resources for the Africa region;
- h) Participation in various ICT related capacity building and policy development activities/events at national and regional level;
- i) Clean audit report for the financial year 2008/09.

## 1.3 Challenges

In spite of the above mentioned achievements, tzNIC encountered both administrative and technical challenges including:

- Delay in procurement of some services and goods;
- Minimal awareness on the value the .tz domain names have to local businesses and services. The majority of the local Internet community have a perception that generic domain names such as .com and .org are superior to .tz domain names.

As we begin the new financial year 2009/10, the above challenges will be turned into opportunities and will act as catalysts in speeding up the tzNIC operationalization. Once the centre becomes ready for registry services provis, more effort will be dedicated to publicity and awareness campaigns so that there is more take up of .tz domain names.

## **1.4 Future prospects**

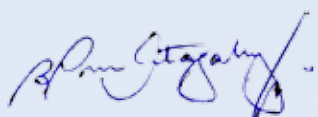
During the coming financial year, the centre will continue with the .tz registry development initiatives. Specifically the Centre will concentrate on the following activities:

- a) Finalizing the data population and taking over the .tz registration responsibilities from the existing registrars;
- b) Decentralizing the registry services through registrars accreditation;
- c) Executing the .tz redelegation;
- d) Sensitizing the local internet community on registration and usage of .tz domain names and ;
- e) Contributing towards capacity building of tzNIC staff and the overall local internet community.

## **1.5 Acknowledgement**

On behalf of tzNIC PAC Members, once again, I wish to register my sincere gratitude to the tzNIC Members (TCRA and TISPA). Special thanks go to Prof. John S. Nkoma, the Director General of TCRA for the good leadership and continued moral, administrative and financial support.

Last but not least, I wish to record my appreciation to all PAC Members for their untiring efforts in overseeing the Centre's operations throughout the year. I also recognize the immense contribution of tzNIC secretariat. Finally, I reiterate assurance of our continued commitment, efforts and dedication in establishing a world class registry system for the benefit of the whole Internet community.



Prof. Beda Mutagahywa

Chairman, tzNIC Policy Advisory Committee (PAC)

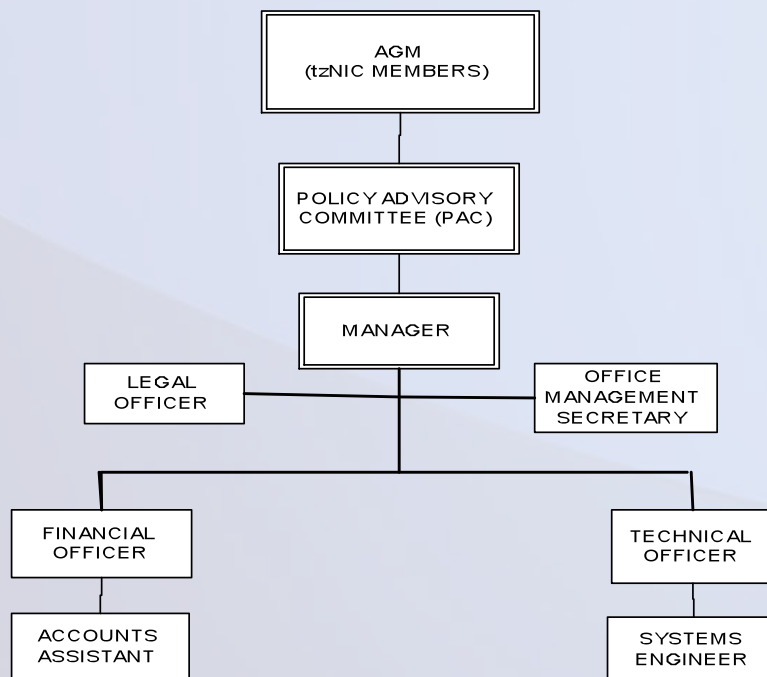
# 2.0 tzNIC AT A GLANCE

## 2.1 Introduction

Tanzania Network Information Centre (tzNIC) is a non-profit making company established in 2006 through a multi-stakeholder involvement (PPP) to manage and administer the .tz Country Code Top Level Domain - the Tanzania's Internet communication resource. As of today, the company has its two founding Members, namely The Tanzania Communication Regulatory Authority (TCRA) and Tanzania Internet Service Providers Association (TISPA). In future, the membership will be open to any association or institution with the interest in .tz ccTLD management. The overall operational oversight is provided by tzNIC Board, also known as the Policy Advisory Committee (PAC).

The tzNIC Secretariat currently comprises the Manager, Technical officer, Assistant Accountant and Office Management Secretary (OMS). Its main function is to execute all tzNIC daily operations which include registry maintenance and service provision. In future, the centre will recruit three more staff – the Finance Officer, Legal Officer and Systems Engineer.

## 2.2 Organization structure



tzNIC organization structure

### **2.3 The Policy Advisory Committee (PAC)**

As per section 15 (1) of the Memorandum and Articles of Association, the Policy Advisory Committee comprises four (4) Directors appointed by each of the Members, in such a manner that these Directors represent a wide range of the relevant stakeholders. The Manager of the Secretariat is a non-voting member and the tenure of the PAC members is two (2) years.

The main function of the Policy Advisory Committee is to oversee the overall management of the business and affairs of the Centre. During the period under review the Policy Advisory Committee (PAC) continued to execute its duties of providing guidance to the tzNIC Secretariat. Out of eight (8) PAC members who served for two years term (March 2007 to May 2009), seven (7) members were re-appointed to serve for another term (June 2009 – May 2011).

### 2.3.1 PAC members



Prof. Beda Mutagahywa  
Chairman  
Managing Director, University Computing Centre Ltd (UCC)



Mr. William Sangiwa  
Vice Chairman  
Director, Tembo World Ltd



Eng. James Kilaba  
Member  
Deputy Director ICT Developments, Tanzania Communications  
Regulatory Authority (TCRA).



Mr. Suhail Sheriff  
Member  
Managing Director, Simbanet (T) Ltd



Mr. Eric Rowberg  
Member  
Managing Director, Habari Node Ltd



Mr. Jacob Mtui  
Member  
Managing Partner, Twigatech Ltd



Mr. Masegese Kamulika  
Member  
IT Officer, Ministry of Communications, Science and  
Technology



Mr. Peter Shilla  
Member  
Director of Information Technology, Public  
Procurement Regulatory Authority (PPRA)

### 2.3.2 PAC meetings

To discharge its obligations, the tzNIC Policy Advisory Committee (PAC) held three (3) ordinary and two (2) extraordinary meetings as per section 11 of Memorandum and Articles of Association. During the meetings, PAC members deliberated on matters relating to performance of the Centre including plans, policies, quarter performance reports and staff matters.

### **2.3.3 Statement of PAC Member's responsibility**

The PAC members are required by Memorandum and Articles of Association (MEMART) to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Centre. The MEMART also requires the PAC members to ensure tzNIC keeps proper accounting records which can disclose with reasonable accuracy the financial position of tzNIC at any time. They are also responsible for safeguarding the assets of tzNIC.

The PAC members accept responsibility for the annual financial statements, which have been prepared using the approved accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in the manner required by the applicable laws. The PAC members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of tzNIC and of its operating results. The PAC members further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the PAC members to indicate that tzNIC will not remain a going concern for at least the next twelve months from the date of this statement. In future, revenue is expected to be collected as fees charged to registrants and registrars for .tz registry services once tzNIC becomes operational.

## **2.4 tzNIC Secretariat**

During the financial year 2008/09, tzNIC Secretariat had four (4) members of staff – the Manager, Technical Officer, Assistant Accountant and Office Management Secretary (OMS). The Secretariat is responsible for the day-to-day operations of the Centre and the Manager is a non-voting member and also the Secretary of the Policy Advisory Committee (PAC).

## 2.4.1 The Secretariat team



Eng. Abibu R. Ntahigiye  
Manager



Ms. Mwanakombo Chaurembo  
Office Management Secretary



Mr. Simon M. Balthazar  
Technical Officer



Ms. Upendo Mfilinge  
Assistant Accountant

# 3.0 tzNIC PERFORMANCE REVIEW

## 3.1 Introduction

This is the second annual report since the establishment and registration of tzNIC in November 2006. The report presents the Centre's operations performance and the audited accounts for the period ended 30<sup>th</sup> June 2009.

This year is another milestone of significant achievement for the Centre. However some challenges still remain, which include attaining the .tz registration responsibilities, .tz re-delegation and more awareness on .tz domain names usage. With the registry system development stage attained, it is expected that the Centre will achieve both the .tz registration responsibilities and full .tz re-delegation during the next financial year.

## 3.2 Summary of activities

During the reporting period, the work continued as per the migration plan proposed by the National Committee on .tz ccTLD management and related issues. After obtaining reliable power to the registry system, the developed annual operational plan during the reporting period was on the following four (4) major activities:

- a) Setting up the Tanzania Internet Registry (.tz registry system);
- b) Populating or transferring the already registered .tz domain names into a new registry system and taking over the .tz domain names registration responsibility from the past registrars;
- c) Processing the .tz ccTLD redelegation to tzNIC;
- d) Sensitizing the local Internet community on the registration and usage of .tz domains (Publicity and awareness campaigns).

During the financial year 2008/09 the focus was on activities (a) and (d) as detailed below:

### 3.2.1 Detailed operations review

#### 3.2.1.1 Registry development

This major activity of .tz registry development entailed the installation of the registry software (open source) called FRED, establishment of redundant connectivity of the registry system to the Internet and provision of reliable registry services to the Internet community. These requirements were expected to be met through execution of the following sub-activities:-

- i. .tz registry installation and data population/transfer;
- ii. .tz registry connectivity to the Internet; and
- iii. .tz registry system redundancy establishment.

The planned actions to fulfill the above sub-activities were as follows:

- Acquisition of Internet resources (Provider Independent IPv4 addresses and Autonomous System Number (ASN)) from AfriNIC;
- FRED installation training by CZNIC staff;
- Population of the already registered domains (old database) to tzNIC Name –Servers;
- Procuring the hardware and establishing a self manageable wireless link connection to TIX;
- Procuring redundant Internet connections (512/256kbps VSAT link and 256/128kbps back up wireless link);
- Listing of tzNIC Name-server as among the secondary name-servers of .tz ccTLD;
- Name-servers authority changing (making tzNIC Name-server the primary of .tz ccTLD);
- Hosting of secondary Name-servers outside the country.

The .tz registry development status as we close the 2008/09 financial year is as follows:

- The Internet resources (IP and ASN) were acquired from AfriNIC in August 2008. They are 196.216.162.0/24 and ASN 37045;
- Registry software (FRED) installation and customization started in October 2008;
- Request for the existing domains (database) was sent to previous Registrars in December 2008 and partly had been given to tzNIC;
- The point to point (P2P) wireless link to TIX is in place. It was commissioned in May 2009;
- The procurement of the Vsat link was finalized and commissioned towards the end of February 2009;
- The redundant wireless link to the global Internet is in place and operational since April 2009;
- tzNIC Name-server was listed as a secondary of .tz ccTLD in May 2009;
- The tzNIC Name-server became primary of all .tz second level domains in August 2009;

### **3.2.1.2 Registry management and administration**

One of the tzNIC functions is administration and management of the .tz registry and/or domain space. As tzNIC was establishing the registry with an intention of assuming the .tz registration responsibilities and overall .tz registry maintenance, the above activity was divided into sub-activities meant to achieve smooth migration and takeover the registration and registry maintenance duties. The following were the derived sub-activities:-

- i. Developing rules and policies for .tz domain names registration;
- ii. Securing the registry system premises; and

iii. General administration of the Centre.

The actions planned to accomplish the above sub-activities included:

- Drafting, reviewing and approving various registry operational documents. The documents included: Rules for Registration of .tz Domain Names, Rules and Policy for Uniform Domain Name Dispute Resolution, Registrar Accreditation Process and the Price List;
- Procuring the automated office intruder security system;
- Insuring the registry hardware;
- Compiling the 2007/08 financial report ready for auditing;
- Compiling the 2007/08 annual report ready for the Annual General Meeting (AGM); and
- Enhancing the tzNIC manpower.

At the end of the reporting period, the following was achieved in regard to registry management and administration:

- tzNIC operational documents were developed and approved by PAC in December 2008. The approved documents (also available on tzNIC website at <http://www.tznic.or.tz/index.php/documents.html>) were:-
  - v Rules for registration of .tz domain names
  - v Rules for uniform domain name dispute resolution policy
  - v Policy for uniform domain name dispute resolution
  - v Commercial conditions and terms for registrars
  - v Technical communication rules
  - v How to become a registrar
  - v Registrar accreditation agreement
  - v Price list
- Registry hardware inventory establishment and coding was finalized in March 2009 ready for procurement of Insurance company;
- Auditing was finalized in May 2009 and AGM held on 30<sup>th</sup> May 2009;
- Recruitment of a Systems Engineer commenced in May 2009.

### **3.2.1.3 Capacity building**

Understanding that the operations of the .tz registry required responsiveness to rapidly changing demands of the Internet (changing technologies), tzNIC planned various trainings and workshops for its staff, PAC members and the local Internet community. The plans were in line with some of the reasons of managing

the .tz ccTLD locally; that is, nurturing local Internet business and expertise. The sub-activities meant to facilitate the capacity building initiative were:-

- i. Staff attendance to various trainings, forums, seminars and workshops that are related to ccTLD management administration;
- ii. PAC members attendance to various ccTLD policy related forums, seminars and workshops;
- iii. Internship and practical training to students and/or graduates from higher learning institutions.

The action plan in executing the above sub-activities included the following:

- Attending the ICANN, AfriNIC and AfNOG meetings;
- Attending local meetings, forums and seminars that are IT based or are directly related to .tz registry operations;
- Inviting students and graduates for internship and/or practical training.

As we close the financial year 2008/09, the following has been achieved:-

- tzNIC staff attended trainings, workshops and seminars that were relevant to tzNIC operationalization. Events attended included the following:
  - v ATU Forum on Internet Governance - Mauritius;
  - v PPA 2004 Compliance and Practice - Arusha;
  - v AfNOG 10 and AfriNIC 10 workshop training and meetings - Egypt;
  - v ICT week 2009 – Dar es Salaam;
  - v AfTLD 2009 event (inclusive of hosting) – Arusha;
  - v ACRP workshop (Part of AfTLD 2009 event) – Arusha.
- PAC Chairman attended the ATU forum on Internet Governance in Mauritius. The theme of the forum was “A ccTLD for every country in Africa”;
- One PAC member participated in the FRED installation training by CZNIC staff (FRED open source developer). The training was held at tzNIC premises and was meant to speed up the operationalization process.

#### **3.2.1.4 Publicity and awareness**

Although tzNIC was yet to be operational, publicity and awareness rising were key to the successful operationalization. The reasons for having the local .tz ccTLD management and usage of .tz domain names were among the fundamental questions to be addressed to the local Internet community. This activity was divided into the following sub-activities:

- i. Development of tzNIC website;
- ii. Development of other information provisioning tools such as brochures, advertisements, leaflets, etc;

iii. Hosting the annual AfTLD 2009 meeting.

The actions planned towards achieving the publicity and awareness goal included the following:

- Developing a self-manageable website;
- Uploading all developed operational documents to the website;
- Updating the website frequently;
- Developing brochures, leaflets, fliers, banners, etc.;
- Printing the T-shirt printing ready for distribution during workshops; and
- Hosting the annual AfTLD 2009 event as part of publicity at regional level.

As we conclude the 2008/09 financial year, the following achievements have been realized:

- A new manageable website was developed during the 2<sup>nd</sup> quarter;
- All the approved operational documents were uploaded to the website;
- A number of brochures (both in English and Swahili) were developed and printed;
- A number of T-shirts were printed and distributed during the ICT week (2009);
- Banners and fliers were developed and used during ICT week and AfTLD 2009 meeting;
- tzNIC teamed up with other stakeholders to form the AfTLD 2009 Organizing Committee;
- The AfTLD 2009 event was successfully hosted at Naura Springs Hotel. Fifty (50) participants from 22 African countries and International organizations attended the event. The Guest of honour during the event was Hon. Dr. Maua Daftari (MP), Deputy Minister, Ministry of Communications, Science and Technology.

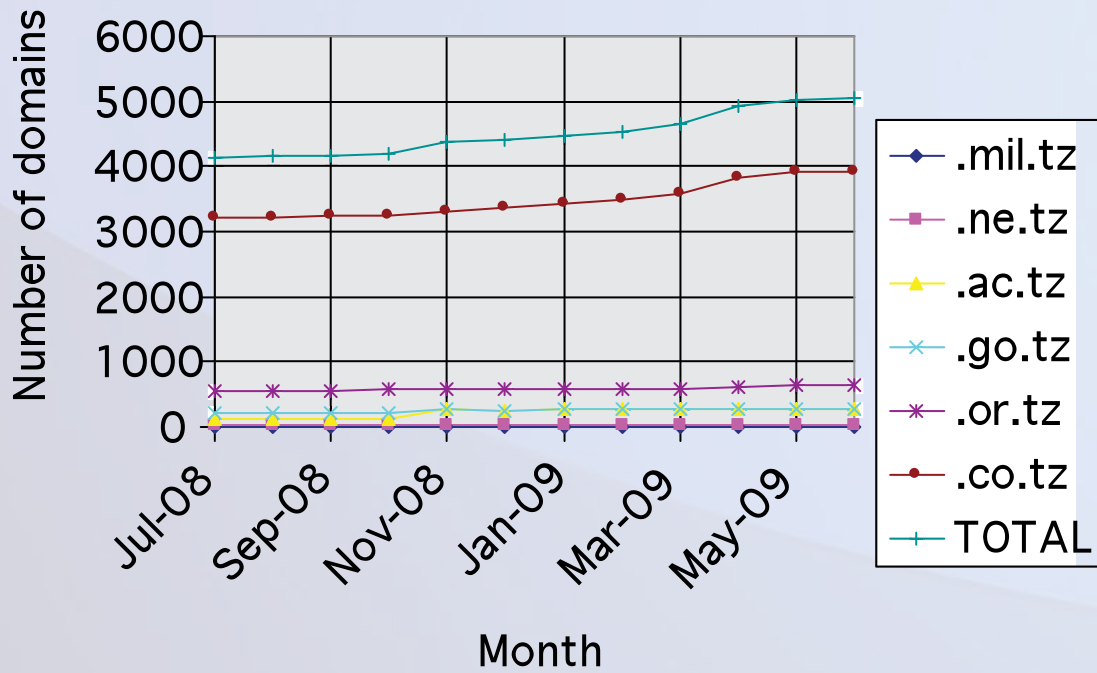
### **3.3 .tz domains registration growth**

tzNIC is yet to assume the .tz domain registration responsibilities. During the financial year 2008/09, therefore, it continued with monitoring the domain registration activities by the existing Registrars. At the beginning of the financial year 2008/09 there was 4127 .tz domains registered and at the end of the same financial year, a total number of 5037 domains had been registered.

The cumulative domain registration growth under the existing six (6) Second Level Domains (SLDs) is summarized in the following table:

Month	.mil.tz	.ne.tz	.ac.tz	.go.tz	.or.tz	.co.tz	TOTAL
July 2008	3	28	123	204	558	3219	<b>4135</b>
Aug 2008	3	28	123	206	562	3226	<b>4148</b>
Sept 2008	3	29	124	208	565	3230	<b>4159</b>
Oct 2008	3	29	124	212	567	3248	<b>4183</b>
Nov 2008	3	31	284	284	571	3317	<b>4365</b>
Dec 2008	3	31	259	259	575	3370	<b>4394</b>
Jan 2009	3	31	272	272	581	3418	<b>4463</b>
Feb 2009	3	31	273	273	586	3492	<b>4545</b>
Mar 2009	3	31	276	276	595	3579	<b>4647</b>
Apr 2009	3	35	278	278	624	3812	<b>4917</b>
May 2009	3	36	280	280	632	3904	<b>5023</b>
June 2009	3	35	276	276	639	3916	<b>5037</b>

Cumulative .tz domain names registration as of June 2009



2008/09 .tz domain names registration growth

### 3.4 Networking forum

During the financial year 2008/09, tzNIC did not organize any workshop, seminar or meeting with its stakeholders. However, it participated in various forums, exhibitions and seminars both at national and regional level as follows:

- a) Internet governance forum for African policy makers and regulators focusing on country code top level domains in Africa – African Telecommunications Union (ATU).

Date: 17<sup>th</sup> to 19<sup>th</sup> March 2009

Place: Port Louis, Mauritius

Theme: A ccTLD for every country in Africa

Participation: Delegate

Representation: tzNIC Manager and PAC Chairman

The forum was meant to disseminate information and improve understanding on issues related to Internet governance, and more specifically on issues relating country code Top Level Domains (ccTLDs). The theme of the forum was “a ccTLD for Every Country in Africa”.

Some of the key issues discussed included:

- i. Country code Top Level Domain (ccTLD) Operational Models;
- ii. Re-delegation of country code Top Level Domain (ccTLD);
- iii. Legal Aspects of country code Top Level Domains (ccTLDs);
- iv. Domain Name System Security (DNSSEC) and the depletion of Internet Protocol version 4 (IPv4) addresses;
- v. The role of country code Top Level Domains (ccTLDs) in a community; and
- vi. The impact of the new generic Top Level Domains (gTLDs) on country code Top Level Domains (ccTLDs).

The forum was very relevant to tzNIC specifically in the areas of developing its policies and rules for proper management of the .tz registry, handling of Name-Servers changes in the ICANN database and the overall redelegation process.

- b) 3<sup>rd</sup> AfTLD conference (AGM and Internet governance training on secure registry operations - ACRP) – AfTLD.

Date: 13<sup>th</sup> to 17<sup>th</sup> April 2009

Place: Naura springs Hotel, Arusha, Tanzania

Theme: Securing Africa's Internet infrastructure

Participation: Hosts

Representation: All tzNIC staff, PAC Chairman and one PAC member





Some of the AfTLD delegates attending the ACRP workshop session

c) ICT week 2008: Commemoration of World's Information and Society day – TCRA.

Date: 12<sup>th</sup> to 14<sup>th</sup> May 2009

Place: Blue Pearl (Ubungo Plaza) Hotel, Dar es Salaam

Theme: Protecting children in Cyberspace

Participation: Exhibitions on .tz ccTLD Management and Presentation on “tzNIC’s Role to the Internet Community”

Representation: All staff

During this year’s event, tzNIC shared with the local Internet community on what it was doing specifically on the theme “Protecting children in the cyberspace”. tzNIC also got a chance for publicity through the exhibitions.



Place: Blue Pearl (Ubungo Plaza) Hotel, Dar es Salaam

Participation: Presentation on management of country code Top Level Domains (ccTLDs): Tanzania's approach.

Representation: tzNIC Manager and Technical Officer.

The above workshop was organized by TCRA for the purpose of exchanging experiences with stakeholders on the development in standardization work and other areas undergoing transition. Among the presentations made were:

- i. Essentials of communication equipment authorization;
- ii. Internet traffic localization – The East Africa initiatives;
- iii. Depletion of IPv4 and adoption of IPv6;
- iv. Management of IP addresses – Challenges in Tanzania.

Among the benefits gained by tzNIC was the sensitization of the local Internet community on the benefits of using .tz domain names as compared to generic domain names and update on the approach taken by Tanzania in regard to the .tz ccTLD management.

f) IPv6 and DNS training - TISPA

Date: September 2008

Place: Red onion Hotel, Dar es Salaam

Participation: Delegate

Representation: Technical Officer

The IPv6 and DNS training was hosted by TISPA and it attracted technical staff from all peering institutions (TISPA members and non-members). The objective of the training was the preparedness for adoption of IPv6 and general discussion on DNS.

tzNIC technical staff got a chance to network with other technical staff of peering institutions. These institutions were the potential candidates toward the de-centralization of registry services (registrar accreditation).

### **3.5 Human resources**

Until 30<sup>th</sup> June 2009, tzNIC had a total workforce of 4 staff. To enhance the Centre's performance, staff attended different professional training programmes within and outside the country. The training attended include ACRP in Arusha - Tanzania, AfNOG 10 and AfriNIC 10 in Cairo – Egypt, IPv6 and DNS in Dar es Salaam – Tanzania, PPA 2004 compliance and practice in Arusha – Tanzania and LIR and IPv6 in Mauritius.

tzNIC also organized two in-house training on accounts and technical matters. These trainings were:

- a) The installation of FRED open source package by tzNIC technical team and consultant under the support of CZNIC staff (the open source developer). This was part of tzNIC's effort to speed up the .tz registry set up;

- b) Preparation and compilation of books of accounts for financial year 2007/08 ready for auditing. This was done by Accounts Assistant in collaboration with an Accounts Consultant.

Toward the end of financial year 2008/09, tzNIC started the recruitment process of a Systems Engineer so as to strengthen the technical staff workforce. The recruitment process was expected to be completed at the beginning of the following financial year.

As part of contribution to the capacity building of the local Internet community, tzNIC provided internship to one graduate from the University of Dar es Salaam.

### **3.6 Challenges and future prospects**

It is worth noting that the financial year 2008/09 has been another promising and challenging year for tzNIC. The procurement delays and minimal awareness of the value the .tz domain names have to business and services provision were the main challenges. Our aims during the coming financial year will therefore, be to maintain the momentum gained and turn the previously encountered challenges into opportunities.

In the coming financial year, the centre will specifically concentrate on the following activities:

- f) Finalizing the data population and take over the .tz registration responsibilities from the existing registrars;
- g) Decentralizing the domain registration services through accreditation of registrars;
- h) Initiating the .tz redelegation and assume the full .tz ccTLD management;
- i) Sensitizing the local Internet community on registration and usage of .tz domain names;
- j) Exploring the tzNIC sustainability; and
- k) Contributing towards capacity building of tzNIC staff and the local Internet community.

## 4.0 FINANCIAL STATEMENTS FOR THE YEAR 2008/09

### **Audit mandate**

The Controller and Auditor General is the statutory auditor of the Tanzania Network Information Centre by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified Public Audit Act, in 2008. Innovex Auditors were authorized to carry out audit of the tzNIC accounts on behalf of the Controller and Audit General.

### **Report of the independent Auditor**

We have audited the financial statements of Tanzania Network Information Centre (tzNIC) which comprise the statement of financial position as of 30 June 2009, and statement of comprehensive income, the tzNIC cash flows statement for the period then ended, and a summary of significant accounting policies and other related notes.

### **Management's Responsibility for the Financial Statements**

Tanzania Network Information Centre (tzNIC) management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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.

### **Auditor's 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. Those 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 auditor's judgment, 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 management, 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.

### Auditor's opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the centre at 30 June 2009 and of its surplus and cash flows for the period then ended in accordance with Internal Financial Reporting Standards and Companies Act, 2002.

### Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the management and members of Tanzania Network Information Centre (tzNIC) and for no other purposes. tzNIC has generally complied with the requirements of Companies Act, 2002.

**INNOVEX Auditors**  
Certified Public Accountants  
Dar es Salaam  
Per Christopher Mageka, CPA

Date 30/08/2010

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 2009

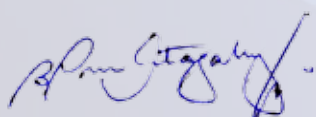
	Notes	(12 months) 30 June 2009 <u>TZS '000</u>	(18 months) 30 June 2008 <u>TZS '000</u>
<b>REVENUE</b>			
Transfer revenue	3	325,127	323,896
<b>OPERATING EXPENSES</b>			
Administrative expenses	4	166,264	84,833
Employee benefit expenses	5	94,082	17,249
Marketing expenses	6	10,567	20,167
Other expenses	7	14,729	1,682
Depreciation	8	67,232	81,088
Total Operating Expenses		352,874	205,019
(Deficit)/Surplus for the year		(27,747)	118,877

The notes and related statements on pages 32 to 41 form part of this statement.

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	(12 months) 30 June 2009 <u>TZS '000</u>	(18 months) 30 June 2008 <u>TZS '000</u>
<b>ASSETS</b>			
Non-current Assets			
Property and Equipments	8	86,440	119,757
Current Assets			
Other receivables	9	2,391	798
Cash and Cash equivalents	10	<u>33,459</u>	<u>76,544</u>
		<u>35,850</u>	<u>77,342</u>
Total Assets		<u>122,290</u>	<u>197,099</u>
<b>LIABILITIES &amp; EQUITY</b>			
Equity			
Accumulated Surplus		55,467	83,214
Long term Liabilities			
Deferred Income	11	24,215	72,646
Current Liabilities			
Other payables	12	<u>42,608</u>	<u>41,239</u>
Total Liabilities and Equity		<u>122,290</u>	<u>197,099</u>

The financial statements on pages 28 to 31 were approved by the Policy Advisory Committee (PAC) on 28<sup>th</sup> August 2010 and were signed on its behalf by:



Prof. Beda Mutagahywa

Chairman, tzNIC Policy Advisory Committee (PAC).

The notes and related statements on pages 32 to 41 form part of this statement.

## STATEMENT OF CHANGES IN ACCUMULATED SURPLUS FOR THE PERIOD ENDED 30 JUNE 2009

	Accumulated Surplus <u>TZS '000</u>	Total <u>TZS '000</u>
Year ended 30 <sup>th</sup> June 2008		
Surplus for the period	118,877	118,877
Current tax-prior year adjustment	<u>(35,663)</u>	<u>(35,663)</u>
At end of year	<u>83,214</u>	<u>83,214</u>
Year ended 30 <sup>th</sup> June 2009		
At start of the year	83,214	83,214
Surplus for the year	<u>(27,747)</u>	<u>(27,747)</u>
At end of year	<u>55,467</u>	<u>55,467</u>

The notes and related statements on pages 32 to 41 form part of this statement.

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2009

		(12 months) 30 June 2009 <u>TZS '000</u>	(18 months) 30 June 2008 <u>TZS '000</u>
Operating activities			
(Deficit)/Surplus for the period		(27,747)	118,877
Adjustment for:			
Depreciation	8	67,232	81,088
Amortization of assets in kind – Deferred income		(48,431)	(72,646)
Operating Profit Before WC changes		(8,946)	127,319
<u>Changes in working capital</u>			
Increase in Accounts Receivables		(1,593)	(798)
Increase in Accounts payables		<u>1,369</u>	<u>5,576</u>
Net cash used/from operating activities (A)		<u>(9,170)</u>	<u>132,097</u>
Investing activities			
Acquisition of Fixed Assets	8	<u>(33,915)</u>	<u>(55,553)</u>
Net cash used in investing activities (B)		<u>(33,915)</u>	<u>(55,553)</u>
(Decrease)/increase in cash and cash equivalents (A+B)		(43,085)	76,544
Cash and cash equivalents at the beginning		<u>76,544</u>	-
Cash and cash equivalents at the end	10	<u>33,459</u>	<u>76,544</u>

The notes and related statements on pages 32 to 41 form part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

## **I. GENERAL INFORMATION**

Tanzania Network Information Centre came into being as a result of the National Committee formed by the Director General of TCRA in February 2005. The committee comprise of members from public and private sectors with interest in Internet in the United Republic of Tanzania. The main and specific objective of the Committee was to study and propose a mechanism to re-delegate the management of .tz country code Top Level Domain (TLD). This is in response to the global trends, especially for developing countries, to have control of their own ccTLD. The committee's work involved analysis of the current situation and experiences from other selected countries namely: Kenya, Germany, Brazil, China and South Africa. The study generally found that the best practice to efficiently manage the ccTLD is achieved by having in place a formally established entity representing the entire Internet community in the country. In addition, the operation of ccTLD registry centre requires reliable and highly available Internet links as well as highly capable hardware facilities and personnel. In view of the findings and global experiences, the National Committee recommended the establishment of tzNIC as a non-profit company limited, whose purpose would be to control, manage and operate the .tz country code TLD and provide complementary registry services for the interests of the nation.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below:

### **(a) Basis of preparation**

The financial statements of tzNIC have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, tzNIC has applied revised IAS1 from 1st January 2009, but this has not resulted into any impact on the Centre's accounts. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

### **(b) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable from potential donors, especially TCRA. In future, revenue is expected to arise from membership and registration fees once tzNIC is commercially operational.

tzNIC recognizes revenue when a grant confirmation is received and the amount of revenue can be reliably measured. It is probable that the economic benefits will flow to the centre in future.

### **(c) Grants**

Grants related to assets, including non-monetary grants (capital grants) are presented in the statement of financial position at fair value over the periods necessary to match them with the related costs where as grants related to income (revenue grants) are recognized as other income during the period in which they arise.

### **(d) Property and equipment**

Furniture and fittings, computers and office equipment as well as the server and its installations are shown at a fair net book value; and are thus stated at a historical cost less the accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with item will flow to the Centre and the cost of the item can be measured reliably. The carrying amount of the replaced part is not recognized. All other repair and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising from revaluation of property and equipment are credited to other reserves in the Centre's equity. Decreases that off-set previous increases of the same asset are charged against other reserves directly in equity. All other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

### **(e) Depreciation**

Depreciation is calculated using straight line method to allow their costs over their expected useful lives.

The depreciation rates used are:	Annual rate
Furniture and fittings	20%
Computers and office equipment	33%
IT and electrical installations	15%

### **(f) Intangible assets**

Generally, costs associated with maintaining computer software programmes are recognized as expenses incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Centre and has a probable benefit accrued from the Centre beyond one year, are recognized as intangible assets.

Expenditures which enhance and extend the computer software programmes beyond their original specifications and lives are recognized as capital improvement and they are added to the original cost of the software. Computer software development costs, recognized as assets, are amortized using the straight line method over their useful lives, estimated at four years. However, during the year 2008/09 there were no costs associated with developing computer software programmes.

### **(g) Foreign currencies**

Assets and liabilities which are denominated in foreign currencies are translated into Tanzanian shillings at the rates of exchange ruling on the statement of financial position date. Transactions during the period, which are expressed in foreign currencies, are translated at the rates of exchange ruling on the dates of the transactions. Other exchange gains and losses are dealt with in the statement of comprehensive income.

### **(h) Financial instruments**

Financial assets and liabilities are recognized on the Centre's statement of financial position when the Centre has become a party to the contractual provisions of the instruments.

#### ***Trade receivables***

Trade receivables are recognized initially at a fair value and subsequently measured at amortized cost using the effective interest method, less the provision for impairment. The provision for impairment of trade receivables is established when there is objective evidence that the Centre will not be able to collect all amounts due according to the original terms of the receivables.

#### ***Trade payables***

Trade payables are recognized initially at a fair value and subsequently measured at amortized cost using the effective interest method.

#### ***Borrowings***

Borrowings are recognized initially at a fair value, net of the transaction costs incurred.

Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To an extent, there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Centre has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

### **(i) Impairment**

At each statement of financial position date, the Centre reviews the carrying amounts of its financial assets, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in the statement of comprehensive income whenever the carrying amount of the assets exceeds its recoverable amount.

## **(j) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments which are readily convertible to known amounts of cash and which are within three months to maturity when acquired and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## **(k) Employees benefits**

### **(i) Pension obligations**

The Centre has a defined contribution plan. A defined contribution plan is a pension plan under which the Centre pays fixed contributions into a separate entity. The Centre has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

tzNIC makes statutory contributions to the Parastatal Pensions Fund (PPF). The Centre's obligation is 15% of the employees' gross emoluments in respect of PPF members.

### **(ii) Other entitlements**

The estimated monetary liability for employees' accrued entitlements at the statement of financial position date is recognized as accrued expenses.

## **(l) Taxation**

### **Current tax**

The tax currently payable is based on taxable profit for the year. tzNIC's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

### **Deferred tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable

future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the tzNIC expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the intends to settle its current tax assets and liabilities on a net basis.

### ***Current and deferred tax for the period***

Current and deferred tax are recognized as expenses or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity. There was no current tax for the year since the tzNIC had carried forward deficit in its operations. tzNIC had deferred tax assets as at 30 June 2009. However, these were not recognized in the statement of comprehensive income since PAC members believe that it is not probable that there will be sufficient future taxable profits against the carried forward of which the loss carry forwards can be utilized.

### 3 TRANSFER REVENUE

	(12 months) 30 June 2009	(18 months) 30 June 2008
	<u>TZS '000</u>	<u>TZS '000</u>
TCRA Grants	253,697	251,250
AfTLD Meeting from other stakeholders	23,000	-
Transfer from deferred income (Note 11)	<u>24,215</u>	<u>72,646</u>
	<u>300,912</u>	<u>323,896</u>

### 4 ADMINISTRATIVE EXPENSES

Meeting expenses	1,755	-
Manager's Interview meetings	-	2,250
Accounts assistant recruitment	-	5,200
Office management secretary recruitment	-	1,572
AfNOG/AfriNIC	11,486	8,458
IGF on ccTLD for every African Country	8,705	
AfTLD meeting and training	41,019	5,158
PPA 2004 – Compliance and practice training	1,805	
Fred training / local training	5,197	1,324
Membership fees	5,590	
Newspapers and periodicals	255	-
Annual fees – Vsat dish	1,482	-
Office security – monthly charge	1,378	-
Internet & communication expenses	26,531	4,289
Postage	113	-
Transport on official duties	1,281	-
Advertisements	-	78
Electricity and diesel expenses	2,186	997
Office stationeries and other consumables	3,238	1,792
Telephone	4,120	-
PAC meetings	11,460	10,247
AGM – tzNIC members	2,647	-
Office rent	28,979	43,468
Audit expenses	6,639	-
Legal fee	<u>400</u>	-
	<u>166,264</u>	<u>84,833</u>

## 5 EMPLOYEE BENEFIT EXPENSES

	(12 months) 30 June 2009	(18 months) 30 June, 2008
	<u>TZS'000</u>	<u>TZS'000</u>
Basic Salary	76,214	14,938
PPF Employer's Contribution	11,432	2,241
Skills and development Levy	4,300	-
Casual Labour	1,375	-
Staff Welfare	272	70
Medical Cost	431	-
Internship Allowance	57	-
	<u>94,082</u>	<u>17,249</u>

## 6 MARKETING EXPENSES

Advertisements for official Launching of tzNIC	-	10,326
Conference organization costs	-	9,841
tzNIC Promotion Material	3,590	-
System Engineer – Advertisement	3,897	-
ICT Week	<u>3,080</u>	-
	<u>10,567</u>	<u>20,167</u>

## 7 OTHER EXPENSES

Other direct costs	438	-
Repair and Maintenance	954	1,061
Bank charges	822	621
Technical Consultancy	8,275	-
Accounts Consultancy	2,740	-
Legal Consultancy	<u>1,500</u>	-
	<u>14,729</u>	<u>1,682</u>

## 8 PROPERTY & EQUIPMENTS

	Furniture and fittings <u>TZS'000</u>	Computers and office equipment <u>TZS'000</u>	Server facility and installations <u>TZS'000</u>	Total as restated <u>TZS'000</u>
<b>COST</b>				
At start of year	7,164	169,628	24,053	200,845
Additions	1,050	5,969	26,896	33,915
Disposal	-	-	-	-
At end of year	<u>8,214</u>	<u>175,597</u>	<u>50,949</u>	<u>234,760</u>
<b>DEPRECIATION</b>				
At start of year	1,219	78,081	1,788	81,088
Charge for the year	1,643	57,947	7,642	67,232
Disposal	-	-	-	-
At end of year	<u>2,862</u>	<u>136,028</u>	<u>9,430</u>	<u>148,320</u>
Net Book Value:				
Year Ended				
30 <sup>th</sup> June, 2009				
(12 months)	<u>5,352</u>	<u>39,569</u>	<u>41,519</u>	<u>86,440</u>
Year ended				
30 <sup>th</sup> June 2008				
(18 months)	<u>5,845</u>	<u>91,547</u>	<u>22,265</u>	<u>119,757</u>

## 9 TRADE AND OTHER RECEIVABLE

	(12 months) 30 June 2009 TZS'000	(18 months) 30 June 2008 TZS'000
Prepaid Rent-VSAT dish	2,076	-
ICANN	297	-
Masumin Printways	-	798
Staff Advance	18	-
		<u>798</u>
	<u>2,391</u>	

## 10 CASH AND CASH EQUIVALENTS

TZS Bank Account	30,993	45,816
US Dollar Bank Account	2,400	29,370
Cash in hand	66	<u>1,358</u>
	<u>33,459</u>	<u>76,544</u>

## 11 DEFERRED INCOME

	(12 months) 30 June 2009 TZS'000	(18 months) 30 June 2008 TZS'000
Balance of the beginning	72,646	145,292
Transfer to revenue (Note 3)	(48,430)	(72,646)
	<u>24,216</u>	<u>72,646</u>

## 12 TRADE AND OTHER PAYABLE

Accrued PAYE	-	3,887
Other payables – advertisements	-	1,689
LAPF - Electricity	108	-
Rent Expenses	2,415	-
Electricity	115	-
Fuel expenses	29	-
Provision for accounting consultancy	1,240	-
Tax payable	35,663	35,663
Provision for audit fee	<u>3,038</u>	-
	<u>42,608</u>	<u>41,239</u>

## 13 INCOME TAXATION

Current Tax:		
Current tax on surplus for the period	-	<u>35,663</u>

## 14 RISK MANAGEMENT POLICIES

The financial risk management policies are outlined below:

### Exchange risk

The Centre's operations are based in Dar es Salaam; and a significant portion of the Centre's purchases is denominated in both local and foreign currencies, principally, the Tanzanian Shillings and US Dollar. Management considers the exchange risk to be minimal and has therefore not entered into any financial contracts to hedge against the exchange risk.

## 15 RELATED PARTY TRANSACTIONS

Key Management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Remuneration of PAC members and other members of key management during the year were as follows:

	30 June 2009 (12 months) TZS '000	30 June 2008 (18 months) TZS '000
Salaries and Short term benefits	<u>76,214</u>	<u>14,938</u>

## 16 CURRENCY

These financial statements are prepared in thousands of Tanzania Shillings (TZS'000)

## 17 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.



