SPICE VAS KENYA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CONTENTS

CORPORATE INFORMATION

Board of Directors	Arun Nagar Stephen Ndungu Boro Sanjeev Kumar- Appointed 16/07/2021
Registered office	Spice VAS Kenya Limited L.R. No. 209/65/19 6 Ojijo Close Ojijo Road, Parklands P.O. Box 46683 - 00100, Nairobi.
Independent auditor	Baker Tilly Certified Public Accountants New Rehema House P.O. Box 67486 - 00200, Nairobi.
Company secretary	Equatorial Secretaries and Registrars Kalamu house Grevillea Grove, Westlands P.O. Box 47323 - 00100, Nairobi.
Principal banker	Standard Chartered Bank Limited P.O. Box 72833 - 00200, Nairobi.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st March 2022.

Incorporation

The company is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of the registered office is set out on page 1.

Principal activities

The principal activity of the company is that of provision of mobile value added services in telecommunications.

Results	**2022**	**2021**
	Kshs	**Kshs**
Profit before tax	16,281,438	26,282,932
Tax charge	(5,614,634)	(7,913,970)
Profit for the year transferred to retained earnings	10,666,804	18,368,962

Dividends
The directors do not recommend the declaration of a dividend for the year.(2021:Nil)

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 information.

Terms of appointment of the auditor

Baker Tilly continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. 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.

By order of the board

....
Director/Company Secretary

Nairobi ...24th May........... **2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 maintains proper accounting records that are sufficient to show and explain the transactions of the company; disclose, with reasonable accuracy, the financial position of the company; and 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:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

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 ....24th May.......... 2022 and signed on its behalf by:

....	....
Director name	**Director signature**
....	....
Director name	**Director signature**

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF SPICE VAS KENYA LIMITED

Opinion
We have audited the financial statements of Spice Vas Kenya Limited, set out on pages 6 to 19 which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss account, statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31 March 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Madhav Bhandari P/No. 1213.

Bakertilly
Certified Public Accountants
P.O. Box 67486 - 00200, Nairobi

Date: 25 May **2022**

STATEMENT OF PROFIT OR LOSS ACCOUNT

	Note	2022 Kshs	2021 Kshs
Revenue	4	82,488,546	131,937,228
Direct costs	Appendix (i)	(46,578,354)	(71,362,070)
Gross profit		35,910,192	60,575,158
Other income	5	16,556,042	2,681,452
Administrative expenses	Appendix (ii)	(15,130,487)	(10,835,849)
Other operating expenses	Appendix (iii)	(19,137,800)	(22,920,085)
Operating profit		18,197,947	29,500,676
Finance cost	Appendix (iv)	(1,916,509)	(3,217,744)
Profit before tax		16,281,438	26,282,932
Tax credit	7	(5,614,634)	(7,913,970)
Net profit for the year		10,666,804	18,368,962

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		2022	2021
Assets	**Note**	**Kshs**	**Kshs**
Non current assets			
Property, plant and equipment	8	710,187	3,586,182
Intangible assets	9	495,040	1,009,438
Deferred tax	10	1,704,527	1,640,961
		2,909,754	6,236,581
Current assets			
Trade and other receivables	11	19,249,613	19,240,684
Cash and cash equivalents	12	3,005,821	487,332
Tax recoverable	13	40,231,430	42,216,148
		62,486,864	61,944,164
Total assets		65,396,618	68,180,745
Equity and Liabilities			
Capital and reserves			
Issued capital	14	100,000	100,000
Accumulated profit/(losses)		8,749,223	(1,917,581)
		8,849,223	(1,817,581)
Non-current liabilities			
Due to related parties	17	19,339,197	25,836,844
		19,339,197	25,836,844
Current liabilities			
Trade and other payables	16	37,208,198	44,161,482
		37,208,198	44,161,482
Total equity and liabilities		65,396,618	68,180,745

The financial statements on pages 6 to 19 were approved and authorised for issue by the board of Directors on ....24th May........ 2022 and were signed on its behalf by:

....
Director

....
Director

STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs	Accumulated losses Kshs	Total Kshs
Year ended 31 March 2021			
At 1 April 2020	100,000	(20,286,543)	(20,186,543)
Profit for the year	-	18,368,962	18,368,962
At 31 March 2021	**100,000**	**(1,917,581)**	**(1,817,581)**
Year ended 31 March 2022			
At 1 April 2021	100,000	(1,917,581)	(1,817,581)
Profit for the year	-	10,666,804	10,666,804
At 31 March 2022	**100,000**	**8,749,223**	**8,849,223**

STATEMENT OF CASH FLOWS

	Note	2022 Kshs	2021 Kshs
Reconciliation of operating profit in operating activities			
Profit before taxation	7	16,281,438	26,282,932
Add Back:			
Depreciation of property, plant and equipment	8	2,875,994	3,303,190
Amortization of intangible asset	9	514,398	514,398
Loss on disposal of assets		-	5,391
Operating profit before working capital changes		19,671,832	30,105,911
Changes in working capital			
Decrease in trade and other receivables		(8,929)	3,186,134
Decrease in trade and other payables		(6,953,284)	(12,148,035)
Cash used in operating activities		12,709,619	21,144,010
Income taxes paid		(3,693,483)	(7,224,876)
Net cash generated from/(used in) operating activities		9,016,136	13,919,134
Cash from investing activities			
Proceeds from disposal of assets		-	36,300
Net cash generated from/(used in) investing activities		-	36,300
Cash from financing activities			
Proceeds to related parties		(6,497,647)	(19,023,209)
Net cash (used in)/generated from financing activities		(6,497,647)	(19,023,209)
Net (decrease)/increase in cash and cash equivalents		2,518,489	(5,067,775)
Movement in cash and cash equivalents			
At start of the year		487,332	5,555,107
Prior year adjustments		(0)	-
Movement during the year		2,518,489	(5,067,775)
End of year	12	**3,005,821**	**487,332**

NOTES TO THE FINANCIAL STATEMENTS

1 Significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency

The financial statements comprise a profit and loss account (income statement), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies. For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

b) New and revised standards

i) Adoption of new and revised standards

The following new and revised standards and interpretations have become effective for the first time in the financial year beginning 1st April 2020 and have been adopted by the company where relevant to its operations:

Conceptual Framework for Financial Reporting issued on 29 March 2018

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the company.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (issued in September 2019)

The amendments, applicable to annual periods beginning on or after 1 January 2020, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the company as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (issued on 28 May 2020)

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

b) New and revised standards (continued)

ii) New and revised standards and interpretations which have been issued but are not effective

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 percent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2020.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

d) Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement. 'Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

Service of goods are recognised upon delivery of products and customer acceptance.

Service charges are levied based on an approved budget and recognised within the financial year to which they relate. Service charge represent the amount levied to the members of the association for their share of expenses in maintaining the common use of the facilities. Service charge are a recovery of expenses by the association in connection with the management, administration, maintenance, service provision and control of the common use of the facilities of the association

e) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

1. Significant accounting policies (continued)

e) Property, plant and equipment (continued)

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following rates:

	Rate - years
Furniture, fittings and fixtures	7
IT equipment	3
IT equipment on site	5
Office equipment	7
Motor vehicle	10

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

f) Borrowings

All borrowing costs are recognised in the profit or loss in the year in which they are incurred.

g) Off setting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) Intangible assets

Software license costs and computer software that is not an integral part of the related hardware are initially recognized at cost, and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the company are recognized as intangible assets. Amortization is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life using an annual rate of 20%.

i) Trade and other receivables

Trade receivables are carried at original invoiced amount less specific provision for all known doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified when all the reasonable steps to recover them have been taken without success.

j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

k) Share capital

Ordinary shares are recognised at par value and classified as share capital in equity.

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

l) Retirement benefit obligations.

Defined contribution

The company and the employees contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

m) Income taxes

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Fiscal Laws of Kenya.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

n) Payables

Payables are recorded at their undiscounted amount of cash and cash equivalents expected to be paid or the fair value of the consideration received in exchange of the obligation.

2 Risk management objectives and policies

a) Financial risk management

The company's activities expose it to a variety of financial risks including credit, liquidity and market risks. The company's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company does not hedge against any risks.

2 Risk management objectives and policies ***(continued)***

a) Financial risk management (continued)

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis. The company does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

The maximum exposure of the company to credit risk as at the balance sheet date is as follows:

	Fully performing Kshs	Past due but not impaired Kshs	Past due and impaired Kshs	Total Kshs
31 March 2022				
Trade receivables	17,299,704	-	(996,657)	16,303,047
Other receivables	2,946,566	-	-	2,946,566
Cash at bank	3,005,821	-	-	3,005,821
	23,252,091	-	(996,657)	22,255,434
31 March 2021				
Trade receivables	16,555,348	897,279	(924,787)	16,527,840
Other receivables	2,712,844	-	-	2,712,844
Cash at bank	487,332	-	-	487,332
	19,755,524	897,279	(924,787)	19,728,016

ii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on inter-company balances that are denominated in currency other than its functional currency, primarily the Kenya Shillings (Kshs).

2. Risk management objectives and policies ***(continued)***

b) Interest rate risk

The company is exposed to cash flow interest risk on its variable rate borrowings because of changes in market interest rates. The company manages this exposure by maintaining a high interest cover ratio, which is the extent to which profits are available to service borrowing costs.

iii) Liquidity risk

Liquidity risk, is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month Kshs	Between 1-3 months Kshs	12 months and above Kshs	Total Kshs
31 March 2022				
Trade payables	25,717,761	-	-	25,717,761
Other trade payables	11,490,437	-	-	11,490,437
Payable to related party	-	-	19,339,197	19,339,197
	37,208,198	-	19,339,197	56,547,395
31 March 2021				
Trade payables	32,022,700	-	-	32,022,700
Other trade payables	12,138,781	-	-	12,138,781
Payable to related party	-	-	25,836,844	25,836,844
	44,161,481	-	25,836,844	69,998,325

3 Critical accounting estimates and judgements

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Impairment losses:

Estimates made in determining the impairment losses on investments and receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. Moreover, in determining whether an impairment loss should be recognised in the profit and loss account for receivables or financial assets, judgement is made as to whether there is a measurable decrease in the estimated future cash flows of any receivable or financial asset.

	2022 Kshs	2021 Kshs
4 Revenue		
Revenue from Services	82,488,546	131,937,228
5 Other income		
Liabilities written back	16,556,042	2,681,452

	2022	2021
6 Profit before tax	**2022**	**2021**
a) Items charged	**Kshs**	**Kshs**
The following items have been charged in arriving at profit before tax:		
Staff costs	15,130,487	10,835,849
Depreciation of property, plant and equipment	2,875,995	3,303,190
Audit fees	375,000	353,205
b) Employee benefits expense		
The following items are included in employee benefits expense:		
National Social Security Fund	44,280	52,920
7 Tax credit		
Current income tax	5,678,200	826,814
Deferred tax (Note 10)	(63,566)	7,087,156
Income tax credit	5,614,634	7,913,970

The tax on the company's profit before tax differs from the theoretical amount that would arise using the corporation tax rate as follows:

Profit before tax expense	16,281,438	26,282,932
Tax calculated at a tax rate of 30%	4,884,431	7,884,880
Tax effect of:		
- Expenses not deductible for tax purposes	730,203	29,090
Income tax credit	5,614,634	7,913,970

8 Property, plant and equipment	**Office equipment**	**Furniture & fittings**	**IT Equipment**	**IT site equipment**	**Total**
Year ended 31 March 2022	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Cost / Valuation					
At 1 April 2021	485,850	125,660	1,905,359	46,553,016	49,069,885
At 31 March 2022	485,850	125,660	1,905,359	46,553,016	49,069,885
Depreciation					
At 1 April 2021	(402,361)	(91,509)	(1,876,993)	(43,112,841)	(45,483,704)
Depreciation charge	(23,186)	(13,485)	(28,121)	(2,811,202)	(2,875,994)
At 31 March 2022	(425,547)	(104,994)	(1,905,114)	(45,924,043)	(48,359,698)
Net book value	**60,303**	**20,666**	**245**	**628,973**	**710,187**
Year ended 31 March 2021					
Cost / Valuation					
At 1 April 2020	485,850	327,746	1,905,359	46,553,016	49,271,971
Disposal	-	(202,086)	-	-	(202,086)
At 31 March 2021	485,850	125,660	1,905,359	46,553,016	49,069,885
Depreciation					
At 1 April 2020	(378,684)	(235,244)	(1,871,478)	(39,855,505)	(42,340,911)
Elimination on disposal	-	160,398	-	-	160,398
Depreciation charge	(23,677)	(16,661)	(5,516)	(3,257,336)	(3,303,190)
At 31 March 2021	(402,361)	(91,507)	(1,876,994)	(43,112,841)	(45,483,703)
Net book value	**83,489**	**34,153**	**28,365**	**3,440,175**	**3,586,182**

NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
9 Intangible assets	**Kshs**	**Kshs**
Cost		
As at start and end of year	2,571,991	2,571,991
Amortisation		
As at 1 April	1,562,553	1,048,155
Charge for the year	514,398	514,398
At 31st March	2,076,951	1,562,553
Net carrying value	**495,040**	**1,009,438**

Accounting software licenses, purchased in year 2018 amortised on straight line basis at the rate of 20% to write down cost to residual value over a period of five years.

10 Deferred tax

Deferred tax is calculated using the currently enacted corporation rate of 30%. The movement on the deferred tax account is as follows:

At 1 April	1,640,961	8,728,117
Charge to income statement	63,566	(7,087,156)
At 31 March	1,704,527	1,640,961

Deferred tax assets and liabilities, deferred tax charge in the income statement, account are attributable to the following items;

	At 1 April	Charged to	At 31 March
Year ended 31 March 2022	**2021**	**Profit & loss**	**2022**
Deferred tax asset	**Kshs**	**Kshs**	**Kshs**
Unrealised exchange gain	965,323	(469,478)	495,845
Provision for impairment	277,436	21,561	298,997
Property plant and equipment	398,202	511,483	909,685
Net deferred tax asset	1,640,961	63,566	1,704,527

	At 1 April	Charged to	At 31 March
Year ended 31 March 2021	**2020**	**Profit & loss**	**2021**
Deferred tax asset	**Kshs**	**Kshs**	**Kshs**
Tax losses carried forward	7,698,576	(7,698,576)	-
Unrealised exchange gain	825,475	139,848	965,323
Provision for impairment	239,169	38,267	277,436
Property plant and equipment	(35,103)	433,305	398,202
Net deferred tax asset	8,728,117	(7,087,156)	1,640,961

NOTES TO THE FINANCIAL STATEMENTS

		2022	2021
		Kshs	Kshs
11	**Trade and other receivables**		
	Trade receivables	17,299,704	17,452,627
	Less: Provision for impairment losses	(996,657)	(924,787)
	Net trade receivables	16,303,047	16,527,840
	Other receivables	2,946,566	2,712,844
		19,249,613	19,240,684

The carrying amount of trade and other receivables approximate to their fair value

12	**Cash and cash equivalents**		
	Bank balance	3,005,821	472,445
	Cash in hand	-	14,887
		3,005,821	487,332
13	**Tax Recoverable**		
	Balance brought forward	(42,216,148)	(35,818,089)
	Tax Charge	5,678,200	826,814
	Tax paid	(3,693,483)	(7,224,873)
	Balance carried forward	(40,231,430)	(42,216,148)

14 Capital and reserves

Issued and fully paid:	No. of ordinary shares	Issued and paid up capital Kshs
At 31 March 2022	100	100,000
At 31 March 2021	100	100,000

The total number of authorised ordinary shares is 100 (2021: 100) with a par value of Kshs 1,000 each.

		2022	2021
		Kshs	Kshs
15	**Non-current liabilities**		
	Payables to related party (note 17)	19,339,197	25,836,844

Payables to related party are long-term, unsecured, interest free and with no fixed repayment terms.

16	**Trade and other payables**		
	Trade payables	25,717,761	32,022,700
	Other payables	11,490,437	12,138,781
		37,208,198	44,161,481

The carrying amounts of trade and other payables approximate to their fair value.

17 Related parties transactions

The company is related to other companies which are related through common shareholding or common directorships.

i) Outstanding balances arising from dealing with related parties (note 15)

	2022 Kshs	2021 Kshs
Account receivables		
SVK-Rwanda Branch	18,090	17,256
Account payables		
Spice Vas (Africa) Pte Limited	19,339,285	25,699,789
SVK-Rwanda Branch	18,002	154,311
	19,357,287	25,854,100
Net amount due to related party	(19,339,197)	(25,836,844)

18 Comparatives

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

19 Incorporation

Spice Vas Kenya Limited is incorporated in Kenya under the Companies Act as a private limited liability company and is domiciled in Kenya.

SCHEDULE OF EXPENDITURE

	2022 Kshs	2021 Kshs
i. Direct costs		
Content royalty	44,992,583	61,793,066
Bulk SMS charges	251,785	100,000
Content Expenses	-	123,000
Airtel-CRBT	-	2,356,912
Prompt Recording Charges	14,000	115,750
Content Expenses Streaming	-	5,606,150
Domain Expenses	3,229	2,479
Licences and permits	1,304,981	1,264,713
Other direct costs	11,776	-
	46,578,354	71,362,070
ii. Administration expenses		
Employment:		
Salaries and wages	15,111,369	10,810,981
Other staff costs	19,118	24,868
	15,130,487	10,835,849
iii. Other operating expenses		
Depreciation of property, plant and equipment	2,875,995	3,303,190
Amortization of intangible asset	514,398	514,398
Advertisement expenses	4,111,402	3,948,766
Bank charges	138,977	122,808
Legal and professional fees	760,732	294,550
Clearing and forwarding	-	197,592
Electricity expenses	6,190	17,273
Interest and penalty	-	59,835
Provision for Bad Debt	71,870	127,557
Internet charge	198,750	466,818
Industrial training levy	-	3,400
General expenses	53,463	2,380
Telephone expenses	86,377	123,729
Auditors' remuneration	375,000	353,205
Insurance	325,943	453,697
Office expenses	3,301	33,414
Printing and stationery	11,340	180
Rent	963,678	1,192,901
Travel expenses	-	1,250
Rates and Taxes	7,000	4,400
Loss on disposal	-	5,391
Communication - AWS	8,622,884	11,583,741
Repairs and maintenance	10,500	43,910
Business meeting expenses	-	65,700
	19,137,800	22,920,085
iv. Finance cost		
Unrealised exchange loss	1,652,817	3,217,744
Realised exchange loss	263,692	-
	1,916,509	3,217,744

SPICE VAS KENYA LIMITED
INCOME TAX COMPUTATION
YEAR OF INCOME: 2022
PIN. P051151619H

1. Tax Computation

		Total Kshs
Net profit before tax		16,281,438
Add		
Depreciation of property plant and equipment	2,875,995	
Amortization of intangible asset	514,398	
Provision for Bad Debt	71,870	
Performance linked incentive	2,408,096	
Unrealised exchange loss	1,652,817	
Telephone Expenses(30%)	25,913	7,549,089
		23,830,527
Less:		
Wear and tear		(1,492,550)
Intangible asset allowance		(192,899)
Unrealised foreign exchange loss - 2021		(3,217,744)
Adjusted taxable profit		18,927,335
Taxable losses brought forward		-
Taxable loss caried forward		18,927,335
Tax there on at 30%		**5,678,200**

2. Tax account

Tax recoverable balance brought forward	(42,216,148)
Charge for the year	5,678,200
Withholding tax paid	(3,693,483)
Tax recoverable balance carried forward	(40,231,430)

3. Wear and tear schedule

	Grade A 30% Kshs	Grade B 12.5% Kshs	Total Kshs
W.D.V 1 April 2021	4,849,310	302,052	5,151,362
Additions		-	-
Disposals proceeds	-	-	-
	4,849,310	302,052	5,151,362
Allowance	(1,454,793)	(37,756)	(1,492,550)
W.D.V 31 March 2022	**3,394,517**	**264,295**	**3,658,812**

4 Intangible assets

	Opening NBV	Allowance @ 25%	Net carrying value
Software	**Kshs**	**Kshs**	**Kshs**
W.D.V 31 March 2021	771,597	(192,899)	578,698