

DIGISPICE NIGERIA LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

GENERAL INFORMATION

Directors	Mr. Gagandeep Singh Mr. Neeraj Rawat Mr. Sanjeev Kumar	<i>Retired w.e.f 31 December 2020</i> <i>Appointed w.e.f 31 December 2020</i>
Secretary	Alpha-Genasec Limited Lagos	
Registered office	Cluster A1, 606 1004, Estate Victoria Island Lagos	
Company registration number	RC 873195	
Auditors	Bakertilly Nigeria (Chartered Accountants) 4th Floor, Kresta Laurel Complex 376, Ikorodu Road, Maryland Lagos	
Bankers	Sterling Bank Plc Zenith Bank Plc	

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

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DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies and Allied Matters Act of Nigeria to maintain adequate accounting records and are responsible for the content and integrity of the reports and financial statements and related financial information included in this report. It is their responsibility to ensure that the reports and financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the reports and financial statements.

The reports and financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the reports and financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to March 31, 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's reports and financial statements. The reports and financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 8.

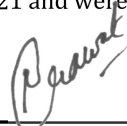
The reports and financial statements set out on pages 9 to 36, which have been prepared on the going concern basis, were approved by the board of directors on June 7, 2021 and were signed on their behalf by:

Approval of financial statements



Mr. Sanjeev Kumar

Director



Mr. Neeraj Rawat

Director

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the reports and financial statements of DigiSpice Nigeria Limited for the year ended March 31, 2021.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net loss after tax (in thousands) for the year ended March 31, 2021 of ₦ (214,972). This represented a decrease of 983% from the net loss after tax of the prior year of ₦54,357.

Company revenue (in thousands) decreased by 91% from ₦287,083 in the prior year to ₦25,809 for the year ended March 31, 2021

2. Legal Form

The company was incorporated on March 3, 2010 and obtained its certificate to commence business on 1 April, 2010.

The company is domiciled in Nigeria where it is incorporated as a private company limited by shares under the Companies and Allied Matters Act of Nigeria. The address of the registered office is set out on page 1.

3. Principal activities

The principal activities of the company is to carry on the business of communication services, accessories and the provision of value added services in telecommunications.

There have been no material changes to the nature of the company's business from the prior year.

4. Directorate

Mr. Gagandeep Singh resigned as a non-executive director effective Thursday, December 31, 2020 and Mr. Sanjeev Kumar was appointed on Thursday, December 31, 2020 to succeed Mr. Gagandeep Singh.

The names of the directors of the company are as stated on page 1 of these reports and financial statements.

5. Directors' interests in shares

Interests in shares

Directors	2021 Direct	2020 Direct
Arun Nagar (Nominee Shareholder on behalf of Spice VAS (Africa) Pte. Ltd.)	1	1

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

6. Share capital

Authorised	2021		2020	
Ordinary shares	Number of shares		Number of shares	
	10,000,000		10,000,000	
Issued	2021 Dollar	2020 Dollar	2021 Number of shares	2020 Number of shares
Ordinary shares	666,667	666,667	10,000,000	10,000,000

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

DIRECTORS' REPORT

There have been no changes to the authorised or issued share capital during the year under review.

7. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At March 31, 2021 the company's investment (in thousands) in property, plant and equipment amounted to ₦1,615 (2020: ₦ 5,857), of which nil - (2020: ₦ 278) was added in the current year through additions.

Movements in Property, Plant and Equipments during the period are shown in Note 3 to the financial statements. In the opinion of the directors, the fair value of the company's Property, Plant and Equipments is not lower than the carrying amount shown in the financial statements.

8. Personnel

(i) Employment of disabled persons:

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their knowledge and skills within the organisation. As at 31 March, 2021 there were, however, no disabled persons in the company's employment.

(ii) Employees' involvement and training:

The company is committed to keeping employees fully informed as far as possible regarding their performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. The company provides a range of training from time to time with potential broadening opportunities for employees' career development within the organisation.

(iii) Staff welfare and safety at work:

The company places high premium on its human resources and there is existing provision for lunch, rent and transport allowances. The company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

9. Appointment of the auditors

Messrs. Bakertilly Nigeria (Chartered Accountants), have indicated their willingness to continue as auditors in accordance with Section 401(1) of the Companies and Allied Matters Act. A resolution will be proposed to authorise the directors to fix their remuneration.

The reports and financial statements set out on pages 9 to 36, which have been prepared on the going concern basis, were approved by the board of directors on June 7, 2021, and were signed on its behalf by:

By Order of the Board

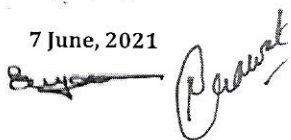


ALPHA-GENASEC LIMITED
SECRETARIES

Alpha-Genasec Limited

Company Secretary
Lagos, Nigeria

7 June, 2021





4th Floor- Kresta Laurel Complex,
376, Ikorodu Road,
Maryland,
Lagos.
Tel: +234 (0) 703-505-1283 and 0903-161-3983
E-mail: btnlag@bakertillynigeria.com
Website: www.bakertilly.ng

INDEPENDENT AUDITOR'S REPORT

To the shareholder of DigiSpice Nigeria Limited

Report on the Audit of the Reports And Financial Statements

We have audited the financial statements of DigiSpice Nigeria Limited (the company) set out on pages 9 to 34, which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of DigiSpice Nigeria Limited as at March 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and both the requirements of Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act of Nigeria.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

We draw attention to note 25 in the financial statements, which indicates that the company incurred a net loss (in thousands) of ₦(393,550,000)(2019- ₦260,845) during the year ended March 31, 2021 and, as of that date, the company's current liabilities exceeded its total assets (in thousands) by ₦(383,550,000) (2019- ₦250,845). As stated in note 25, these events or conditions, along with other matters as set forth in note 25, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern if strategies are not put in place to immediately ensure that the earnings capacity of the company improve significantly to cover the huge operating costs and ensure profitability in the nearest future. Our opinion is not modified in respect of this matter.

The financial statements are prepared on the basis of accounting policies applicable to going concern as the directors have been given assurance of continuous funding of the operations of the company by the Spice VAS (Africa) Pte Limited, the Holding Company.

INDEPENDENT AUDITOR'S REPORT

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "DigiSpice Nigeria Limited financial statements for the year ended March 31, 2021", which includes the Directors' Report as required by the Companies and Allied Matters Act of Nigeria and the Detailed Income Statement, which we obtained prior to the date of this report. The other information 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 an audit opinion or 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, 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 the directors for the Reports And Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and both the requirements of Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act of Nigeria, 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 Reports And 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 International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement 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.

INDEPENDENT AUDITOR'S REPORT


- 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.

We communicate with the directors 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 legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company; and
- iii) the Company's statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account.



Mark E. Ariemuduigho
FRC/2013/ICAN/00000002724
on behalf of
Bakertilly Nigeria
(Chartered Accountants)

7 June, 2021
Lagos



ADVISORY · ASSURANCE · TAX

Bakertilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

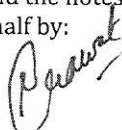
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Note(s)	2021 N '000	2020 Restated * N '000
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,615	5,857
Intangible assets	3	-	958
Deferred tax	4	30,907	23,191
		32,522	30,006
Current Assets			
Loans to directors, managers and employees	5	-	1,742
Trade and other receivables	6	197,760	396,026
Other asset 1	7	231,861	248,978
Cash and cash equivalents	8	2,686	12,185
		432,307	658,931
Total Assets		464,829	688,937
Equity and Liabilities			
Liabilities			
Non-Current Liabilities			
Loans from group companies	9	627,997	626,288
Deferred tax	4	309	1,391
		628,306	627,679
Current Liabilities			
Trade and other payables	10	146,194	157,139
Current tax payable	11	38,804	39,949
Other liability 1	12	35,075	32,748
		220,073	229,836
Total Liabilities		848,379	857,515
Equity			
Share capital	13	10,000	10,000
Retained income		(393,550)	(178,578)
		(383,550)	(168,578)
Total Equity and Liabilities		464,829	688,937

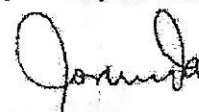
The reports and financial statements and the notes on pages 4 to 36, were approved by the board of directors on the June 7, 2021 and were signed on its behalf by:



Mr. Sanjeev Kumar
Director



Mr. Neeraj Rawat
Director



Mr. Soji Olorunda
Chief Financial Officer

The accounting policies on pages 13 to 25 and the notes on pages 26 to 34 form an integral part of the reports and financial statements.

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2021 ₦ '000	2020 Restated * ₦ '000
Revenue	14	25,809	287,083
Cost of sales	15	(22,246)	(26,383)
Gross profit		3,563	260,700
Other operating gains (losses)	16	(2,110)	(4,714)
Other operating expenses	18	(225,145)	(205,791)
(Loss) profit before taxation		(223,692)	50,195
Taxation	21	8,720	4,162
(Loss) profit for the year		(214,972)	54,357
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(214,972)	54,357

The accounting policies on pages 13 to 25 and the notes on pages 26 to 34 form an integral part of the reports and financial statements.

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained income	Total equity
	₦ '000	₦ '000	₦ '000
Restated* Balance at April 1, 2019	10,000	(232,935)	(222,935)
Profit for the year	-	54,357	54,357
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	54,357	54,357
Balance at April 1, 2020	10,000	(178,578)	(168,578)
Loss for the year	-	(214,972)	(214,972)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(214,972)	(214,972)
Balance at March 31, 2021	10,000	(393,550)	(383,550)

Note(s)

13

The accounting policies on pages 13 to 25 and the notes on pages 26 to 34 form an integral part of the reports and financial statements.

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

STATEMENT OF CASH FLOWS

	2021	2020
	Note(s)	Restated *
	₦ '000	₦ '000
Cash flows from operating activities		
Loss before taxation	(223,692)	50,195
Adjustments for:		
Depreciation and amortisation	4,567	5,910
Gains on disposals, scrappings and settlements of assets and liabilities	(162)	-
Losses on foreign exchange	2,272	4,714
Changes in working capital:		
Trade and other receivables	198,266	(45,304)
Other asset	17,117	(26,316)
Trade and other payables	(10,945)	(28,075)
Other liability 1	2,327	(14,364)
Cash used in operations	(10,250)	(53,240)
Tax paid	22 (1,223)	(1,482)
Net cash from operating activities	(11,473)	(54,722)
Cash flows from investing activities		
Purchase of property, plant and equipment	2 -	(278)
Sale of property, plant and equipment	2 795	-
Other asset	-	101,515
Loans to directors, managers and employees repaid	1,742	2,312
Net cash from investing activities	2,537	103,549
Cash flows from financing activities		
Repayment of loans from group companies	1,709	(71,899)
Movement in other liability	-	(194)
Net cash from financing activities	1,709	(72,093)
Total cash movement for the year	(7,227)	(23,266)
Cash at the beginning of the year	12,185	40,165
Effect of exchange rate movement on cash balances	(2,272)	(4,714)
Total cash at end of the year	8 2,686	12,185

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

ACCOUNTING POLICIES

Corporate information

DigiSpice Nigeria Limited is a private limited company incorporated and domiciled in Nigeria.

The reports and financial statements for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the directors .

1. Significant accounting policies

The principal accounting policies applied in the preparation of these reports and financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and both the requirements of Financial Reporting Council of Nigeria Act No. 6 of 2011 and the Companies and Allied Matters Act of Nigeria.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Nairas, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	7 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	7 years
IT equipment	Straight line	3 years

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

ACCOUNTING POLICIES

1.3 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

DigiSpice Nigeria Limited

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans to group companies (note), loans to shareholders (note), loans to directors, managers and employees (note 5), and loans receivable (note) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost (note).

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables which do have a significant financing component, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the company compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Irrespective of the outcome of the above assessment, the credit risk on a receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 17).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note).

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note), loans from shareholders (note) and borrowings (note) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note .)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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ACCOUNTING POLICIES

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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ACCOUNTING POLICIES

1.7 Impairment of assets (continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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ACCOUNTING POLICIES

1.10 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.11 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

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ACCOUNTING POLICIES

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- * Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- * Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- * expenditures for the asset have occurred;
- * borrowing costs have been incurred, and
- * activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete

All other borrowing costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	88,511	(87,439)	1,072	88,511	(84,251)	4,260
Furniture and fixtures	74	(63)	11	4,126	(3,685)	441
Motor vehicles	-	-	-	412	(303)	109
Office equipment	716	(359)	357	1,108	(403)	705
IT equipment	2,643	(2,468)	175	2,682	(2,340)	342
Total	91,944	(90,329)	1,615	96,839	(90,982)	5,857

Reconciliation of property, plant and equipment - 2021

	Opening balance	Disposals	Depreciation	Total
Plant and machinery	4,260	-	(3,188)	1,072
Furniture and fixtures	441	(350)	(80)	11
Motor vehicles	109	(60)	(49)	-
Office equipment	705	(223)	(125)	357
IT equipment	342	-	(167)	175
	5,857	(633)	(3,609)	1,615

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Plant and machinery	7,518	-	(3,258)	4,260
Furniture and fixtures	585	-	(144)	441
Motor vehicles	178	-	(69)	109
Office equipment	863	-	(158)	705
IT equipment	305	278	(241)	342
	9,449	278	(3,870)	5,857

3. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	6,120	(6,120)	-	6,120	(5,162)	958

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	958	(958)	-

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NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

	2021 ₦ '000	2020 ₦ '000
3. Intangible assets (continued)		
Reconciliation of intangible assets - 2020		
	Opening balance	Amortisation
Computer software, other	2,998	(2,040)
		Total 958
4. Deferred tax		
Deferred tax liability		
Other deferred tax liability		(309)
		(1,391)
Deferred tax asset		
Other deferred tax asset		30,907
		23,191
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability		(309)
Deferred tax asset		30,907
Total net deferred tax (liability) asset		21,800
Reconciliation of deferred tax asset / (liability)		
At beginning of year	21,800	(951)
Taxable / (deductible) temporary difference movement on tangible fixed assets	8,798	22,751
	30,598	21,800
5. Loans to directors, managers and employees		
Cash advance- Employee	-	1,742
Loans to directors, managers and employees		
At beginning of the year	1,742	4,054
Advances	-	13,564
Repayments	(1,742)	(15,876)
	-	1,742

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NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

	2021 ₦ '000	2020 ₦ '000
6. Trade and other receivables		
Financial instruments:		
Trade receivables	552,426	596,310
Loss allowance	(365,832)	(213,566)
Trade receivables at amortised cost	186,594	382,744
Advance deposit to content partners	11,166	13,282
Total trade and other receivables	197,760	396,026
7. Other asset		
Withholding tax receivables	225,006	214,807
Unbilled Revenue	6,808	31,505
Prepayments	47	2,665
	231,861	248,977
<p>The balance of ₦6,808,000 relates to services rendered to customers but not immediately billed. They only become billed when the two parties(DigiSpice and clients) agree by reconciling their records and agreement with amount of services consumed or rendered.</p>		
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	2,685	12,185
9. Payables to related parties		
SVA Pte A/C\$ Africa	56,583	61,101
SVA Pte A/C Naira-Mgt fee	168,057	162,315
SVA Pte A/C Naira-Loan	381,274	381,274
Spice VAS Tanzania Limited	22,083	21,598
	627,997	626,288
10. Trade and other payables		
Financial instruments:		
Trade payables	69,118	65,802
Other payables	15,145	22,660
Non-financial instruments:		
Withholding tax liability	18,566	25,565
VAT	43,365	43,111
	146,194	157,138

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NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

	2021 ₦ '000	2020 ₦ '000
11. Current tax payable		
Balance at 1 April	39,949	22,842
Provision during the year (Note 22)	78	18,589
	<u>40,027</u>	<u>41,431</u>
Payment during the year (Note 22)	(1,223)	(1,482)
	<u>38,804</u>	<u>39,949</u>
12. Other liability		
Other accrued expenses	29,538	28,276
Accrued payroll expenses	89	4,244
Accrued technology expenses	4,064	3,951
PAYE payable	95	1,262
Accrued leave expense	42	1,644
Accrued audit fee	1,132	1,527
Pension payable	50	312
Staff advances	65	55
	<u>35,075</u>	<u>41,271</u>
13. Share capital		
Authorised		
15,000,000 Ordinary shares of N1 each	<u>15,000</u>	<u>15,000</u>
Reconciliation of number of shares issued:		
Reported as at April 1, 2020	<u>10,000</u>	<u>10,000</u>
Issued		
Ordinary	<u>10,000</u>	<u>10,000</u>
14. Revenue		
Revenue from contracts with customers		
Rendering of services	<u>25,809</u>	<u>287,083</u>
The revenue amounting to ₦25,809,000 is generated from various value added services ranging from Voice chat, Voice Subs (Voice Alert), Say it Aloud service, Prank portal, Pay 4 Me, VOD, Music streaming, Music scorer, Mojo voice, MOD, Islamic, Devotional, CRBT, Content provision, Christianity and other CRBT services		
15. Cost of sales		
Rendering of services	<u>22,245</u>	<u>26,383</u>

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NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

		2021 ₦ '000	2020 ₦ '000
16. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	2	162	-
Foreign exchange gains (losses)			
Cash and cash equivalents	8	(2,272)	(4,714)
Total other operating gains (losses)		(2,110)	(4,714)
17. Operating profit (loss)			
Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:			
Auditor's remuneration - external			
Audit fees		4,989	3,600
Remuneration, other than to employees			
Consulting and professional services		26,176	15,021
Secretarial services		500	500
		26,676	15,521
Employee costs			
Salaries, wages, bonuses and other benefits		9,719	43,039
Other short term costs		13	593
Retirement benefit plans: defined contribution expense		547	2,021
Total employee costs		10,279	45,653
Leases			
Operating lease charges			
Premises		2,373	3,825
Depreciation and amortisation			
Depreciation of property, plant and equipment		3,609	3,870
Amortisation of intangible assets		958	2,040
Total depreciation and amortisation		4,567	5,910
Other			
Research and development costs		-	1,000

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

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Reports And Financial Statements for the year ended March 31, 2021

NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

		2021	2020
		N '000	N '000
17. Operating profit (loss) (continued)			
Cost of services rendered		22,246	26,383
Employee costs		10,279	45,653
Lease expenses		2,373	3,825
Depreciation, amortisation and impairment		4,569	5,910
Other expenses		207,924	150,406
		247,391	232,177
18. Operating expenses			
Amortisation		958	2,040
Auditors remuneration - external auditors	17	4,989	3,600
Impairment of receivables		152,265	72,591
Bank charges		145	375
Computer expenses		117	7
Consulting and professional fees 1		26,176	15,021
Depreciation		3,609	3,870
Employee costs		10,279	45,653
Entertainment		263	-
Sundry balances written off		(5,519)	-
Recruitment charges		-	1,210
ITF expense		114	457
Annual operating license expense		7,837	2,766
Business promotion		161	3,999
Rack Space charges Etisalat		1,450	1,303
Courier charges		139	379
Insurance		-	17
Lease rentals on operating lease		2,373	3,825
Levies		6	393
Motor vehicle expenses		45	155
Utilities		258	869
Printing and stationery		61	91
Repairs and maintenance		1,235	1,933
Research and development costs		-	1,000
Secretarial fees		500	500
Telephone and fax		15,170	19,224
Transport and freight		1,231	3,910
Travel - local		1,283	20,606
		225,145	205,794

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

	2021 ₦ '000	2020 ₦ '000
19. Employee costs		
Employee costs		
Basic	12,389	41,563
Bonus	(2,941)	84
Medical aid - company contributions	244	818
Leave pay provision charge	27	574
Other short term costs	13	593
Retirement benefit plans	547	2,021
	10,279	45,653
Average number of persons employed during the year		
Management	4	4
Sales and marketing	1	1
Other 1	2	3
	7	8
The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:		
₦455,001 - ₦580,000	4	3
₦580,001 and above	3	5
	7	8
20. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant and equipment	3,611	3,870
Amortisation		
Intangible assets	958	2,040
Total depreciation, amortisation and impairment		
Depreciation	3,611	3,870
Amortisation	958	2,040
	4,569	5,910

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

	2021 ₦ '000	2020 ₦ '000
21. Taxation		
Major components of the tax expense (income)		
Current		
Current tax 1	78	18,589
Deferred		
Originating and reversing temporary differences	(8,798)	(22,752)
	(8,720)	(4,163)

During the year under review, police trust fund charged at 0.5% of net profit became effective for all companies operating in Nigeria. However, no provision has been made for the financial year ended 31 March, 2020 as the company made a loss.

22. Tax paid

Balance at beginning of the year	(39,949)	(22,842)
Current tax for the year recognised in profit or loss	(78)	(18,589)
Balance at end of the year	38,804	39,949
	(1,223)	(1,482)

23. Commitments

Authorised capital expenditure

No capital expenditure was approved but not contracted as at the 31 March, 2021.

24. Contingencies

There was no contingent liabilities and capital commitment as at 31 March, 2021.

25. Going concern

We draw attention to the fact that at March 31, 2021, the company had accumulated losses of ₦ (393,550,000) and that the company's total liabilities exceed its assets by ₦ (383,550,000).

The reports and financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these reports and financial statements will remain in force for so long as it takes to restore the solvency of the company.

26. Events after the reporting period

No material transactions have occurred to the notice of the directors after the reporting period, which would materially affect the position shown, or requiring disclosure in or adjustment to the financial statements for the year ended 31 March, 2021.

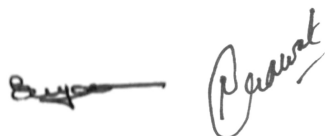
DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

NOTES TO THE REPORTS AND FINANCIAL STATEMENTS

27. Approval of financial statements

These financial statements were approved by the Board of Directors of the company on 7 June, 2021.

Two handwritten signatures in black ink. The first signature is a horizontal line with a small loop at the end. The second signature is a cursive name that appears to be "Pawant".

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

VALUE ADDED STATEMENT

	2021 ₦ '000	2021 %	2020 ₦ '000	2020 %
Value Added				
Value added by operating activities				
Revenue	25,810		287,083	
Bought - in materials and services	(232,544)		(180,612)	
Other operating gains (losses)	(2,110)		(4,714)	
	(208,844)	100	101,757	100
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	10,279		45,653	
	10,279	(5)	45,653	45
To Pay Government				
Income tax	78		18,589	
	78	-	18,589	18
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	4,569		5,910	
Deferred tax	(8,798)		(22,752)	
	(4,229)	2	(16,842)	(17)
Value retained				
Retained profit	(214,972)		54,357	
	(214,972)	103	54,357	53
Total Value Distributed	(208,844)	100	101,757	100

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

DigiSpice Nigeria Limited

Reports And Financial Statements for the year ended March 31, 2021

FIVE YEAR FINANCIAL SUMMARY

	2021 ₦ '000	2020 ₦ '000	2019 ₦ '000	2018 ₦ '000	2017 ₦ '000
Statement of Financial Position					
Assets					
Non-current assets	32,522	30,006	14,574	35,793	47,574
Current assets	432,307	658,931	719,118	775,792	618,414
Total assets	464,829	688,937	733,692	811,585	665,988
Liabilities					
Non-current liabilities	628,306	627,679	701,264	622,685	479,671
Current liabilities	220,073	229,836	263,431	372,417	301,359
Total liabilities	848,379	857,515	964,695	995,102	781,030
Equity					
Share capital	10,000	10,000	10,000	10,000	10,000
Retained income	(393,550)	(178,578)	(232,935)	(193,517)	(125,042)
Total equity	(383,550)	(168,578)	(222,935)	(183,517)	(115,042)
Total equity and liabilities	464,829	688,937	741,760	811,585	665,988
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	25,809	287,083	762,495	-	-
Cost of sales	(22,246)	(26,383)	(395,378)	-	-
Gross profit	3,563	260,700	367,117	-	-
Other operating gains (losses)	(2,110)	(4,714)	(7,093)	-	-
Other operating expenses	(225,145)	(205,791)	(385,263)	-	-
Operating (loss) profit	(223,692)	50,195	(16,185)	-	-
(Loss) profit before taxation	(223,692)	50,195	(16,185)	-	-
Taxation	8,720	4,162	(23,231)	-	-
(Loss) profit from discontinued operations	(214,972)	54,357	(39,416)	-	-
(Loss) profit for the year	(214,972)	54,357	(39,416)	-	-
Retained (loss) income for the year	(214,972)	54,357	(39,416)	-	-