SPICE VAS UGANDA LIMITED,

P. O. BOX No.24522, KAMPALA, UGANDA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

May 2017

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LIST OF ACRONYMS

CBRT	-	Call Back Ring Tone
MOD	-	Music on Demand
NSSF	-	National Social Security Fund
PAYE	-	Pay As You Earn
PLI	-	Performance Link Initiative
PSMS	-	Prayer Submission Service
SVU	-	Spice VAS Uganda
VAS	-	Value Added Services
VAT	-	Value Added Tax
USD	-	United States Dollar
UGX	-	Uganda Shillings

CORPORATE INFORMATION

Ownership:

Name of Shareholders	Shareholding %	
Spice VAS (Africa) Pte. Ltd.	75	
Chapter One Ltd	22	
Eric Van Veen	2	
Sarah Rowell	1	(Ceased to be a shareholder effective March 31, 2017)

Regional Manager

Ms. Nyambura Njenga
P.O Box 24522
Kampala
Uganda
Email: grace.njenga@spiceafrica.com

Registered office

Plot No. 1 B, Kira Road,
P. O. Box No. 24522,
Kampala
Uganda

Principal Place of Business

Plot 30, Lugogo By-pass
Regency plaza, 2rd floor
Kampala
Uganda

Bankers

Stanbic Bank
Corporate Branch
Kampala, Uganda

Auditor:

Dativa & Associates
Certified Public Accountants
P.O. Box 1239
Kampala
Uganda
Email: admin@dativaassociates.com

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements for the year ended March 31, 2017, which disclose the state of affairs of the company.

1. Incorporation

The company is incorporated in Uganda under the Ugandan Companies Act as a private limited company and is domiciled in Uganda. It is a Subsidiary of Spice VAS (Africa) Pte. Ltd., a private limited company domiciled in Singapore.

2. Principal Activities

The principal activity of the company is the provision of Value Added Services (VAS) for telecommunication companies.

3. Results

The results of operations of the company are reflected on page 10.

4. Dividends

The company has not provided for dividends to be shared. The profits are to be recouped back in the business.

5. Directors

The directors of the company during the year ended March 31, 2017 were:

Name	Designation
1. Mr. Arun Nagar	Director
2. Mr. Patrick Bitature	Director

6. Secretary

M/s Equatorial Secretaries and Registrars Limited

7. Auditors

Messrs Dativa & Associates, Certified Public Accountants have expressed their willingness to continue in office, in accordance with Section 167 (2) of the Uganda Companies Act, 2012.

8. Solvency

The directors confirm that applicable accounting standards have been applied and that the financial statements have been prepared on a going concern basis. The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

By order of the Board

Arun Nagar ....
Director

Date: 08th/05/2017

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2012 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of financial affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company. They are also responsible for safeguarding the assets of the Company.

The directors are ultimately responsible for the internal control of the Company. The directors delegate responsibility for internal control to the management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgment and estimates are applied consistently using the going concern basis. These systems and controls include the proper delegation of responsibilities with a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the year's financial statements' which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2012. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

The financial statements were approved by Board of Directors on 08th/05/.....2017 and signed on its behalf by:

.... Director

.... Director

DATIVA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Plot 31 Ntinda Road | Block A | 3rd floor
office F3-01 | Ntinda Complex
+256 312 104 097
+256 752 555 202
P.O. Box 1239 Kampala
admin@dativaassociates.com
www.dativaassociates.com

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spice VAS Uganda Limited which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income , statement of changes in Equity, statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Spice VAS Uganda Limited as at March 31, 2017, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) and the Uganda Companies Act 2012.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. 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 Uganda, and we have fulfilled our other 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Directors and those charged with Governance for the Financial Statements.

Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or

PARTNERS: Nabimanya Dativa CPA(U), FCCA, MBA, B.Com, PODITRA | Byekwaso Godfrey CPA(U), FCCA, MBA, B.Com

Auditors' Responsibilities for the Audit of the Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 management.

Conclude on the appropriateness of management's 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, then we are required to draw attention in our auditors' report to the related disclosures in the Company 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 auditors' 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the companies Act, 2012; we report to you based on our audit, that:

I. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of the audit;

II. In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

III. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

The Engagement Partner on the audit resulting in this independent auditor's report is CPA Dativa Nabimanya – P0123.

Dativa Nabimanya

DATIVA & ASSOCIATES
Certified Public Accountants,
Plot 31, Ntinda Road,
Ntinda Complex 3rd floor,
P. O. Box 1239,
Kampala.
Telephone: +256 312 104 097
Email: admin@dativaassociates.com

Date: 15th/5/2017

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

ASSETS	Notes	31-Mar-17 UGX	31-Mar-16 UGX
Non-Current assets			
Property, Plant and Equipment	2	9,756,228	111,619,981
Intercompany loans receivable	8	542,263,666	350,017,245
		552,019,894	**461,637,226**
Current Assets			
Other receivables	3	413,979,788	368,760,590
Accounts receivable / Trade Debtors	4	84,749,393	442,693,960
Prepayments	5	43,822,474	92,479,231
Cash and bank	6	62,152,692	59,182,172
Total current assets		**604,704,347**	**963,115,953**
Total assets		**1,156,724,241**	**1,424,753,179**
EQUITY AND LIABILITIES			
Share Capital	7	1,000,000	1,000,000
Retained Earnings		816,662,326	616,450,029
Total equity		817,662,326	617,450,029
Non - Current Liabilities			
Intercompany Loans	8	120,451,852	88,407,588
Current Liabilities			
Creditors	9	218,610,063	718,895,562
Total current liabilities		218,610,063	718,895,562
Total liabilities		339,061,915	807,303,150
Total Equity and liabilities		**1,156,724,241**	**1,424,753,179**

The financial statements which appear on page 9 to 12 were approved by the Directors on 08th/05/2017 and were signed on its behalf by:

....
Director

....
Director

The notes 13 to 23 form an integral part of this financial statement

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

	Notes	31-Mar-17	31-Mar-16
Particulars		**UGX**	**UGX**
Gross Sales/Income from operations	10	442,013,322	645,046,086
Less: Excise Duty		-	-
Net sales/Income from Operations		442,013,322	645,046,086
Decrease in provision		-	-
Total income		**442,013,322**	**645,046,086**
Expenditure:			
A)Operating Expenses	11	326,849,757	384,559,320
B)Personnel expenses	12	162,008,411	163,527,926
C)Depreciation	2	104,977,753	200,853,195
Legal and Professional fees	13	1,991,709	4,868,850
Total expenditure		**595,827,630**	**753,809,291**
Profit from operations before other income, Interest and taxes		**(153,814,308)**	**(108,763,205)**
Other income			
Foreign exchange gain		5,549,922	-
Sundry balance written off		400,419,187	
Profit/(loss) before Interests and taxes		**252,154,801**	**(108,763,205)**
Interest		-	-
Profit & loss after interest but before Tax		252,154,801	(108,763,205)
Provision for Income tax		51,942,504	(14,010,693)
Net profit/Loss from ordinary activities after Tax		202,212,297	(122,773,898)
Decrease in provision		-	76,681,545
Deferred tax(credit)		-	-
Net profit/Loss from ordinary activities after Tax		**202,212,297**	**(46,092,353)**
Extraordinary Items(Net of Tax)		-	-
Net Profit/Loss after Tax		**202,212,297**	**(46,092,353)**
Number of shares		**1,000**	**1,000**
Reserves		-	-
Basic & Diluted EPS		**202,212**	**(46,092)**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

	Capital	Capital Reserves	Retained earnings	Total
	UGX	UGX	UGX	UGX
Balance as at April 01,2015	1,000,000	-	695,358,052	696,358,052
Profit for the period	-	-	(78,908,023)	(78,908,023)
Balance as at March 31, 2016	**1,000,000**	**-**	**616,450,029**	**617,450,029**
Balance as at April 01,16	1,000,000	-	616,450,029	617,450,029
Profit for the period	**-**	**-**	**200,212,297**	**200,212,297**
Balance as at March 31, 2017	**1,000,000**	**-**	**816,662,326**	**817,662,326**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	31-Mar-17 UGX	31-Mar-16 UGX
Cash flow from operating activities		
Profit before tax	252,154,801	(78,908,023)
Loss on disposal	-	-
Add: Reclassification of Assets	-	-
Add: Depreciation	104,977,753	170,998,013
Cash out flow from operations before working capital adjustments	**357,132,554**	**92,089,990**
Working Capital adjustments		
Increase in Other receivables	(45,219,198)	(37,422,564)
decrease in prepayments and Advances	48,656,757	(36,013,860)
decrease in trade receivables	357,944,567	(57,018,777)
Increase in related party balances	(160,202,157)	(161,216,303)
Decrease in trade payables	(552,228,003)	194,050,403
Increase in other liabilities	-	-
	(351,048,034)	**(97,621,101)**
Net Cash in flow from operations	**6,084,520**	**(5,531,111)**
Loss due to Theft	-	-
Cash flow from Investment activities		
Purchase of property, plant & equipment	(3,114,000)	(10,039,990)
Proceeds from disposal of assets		
Net Cash in/out flow from Investment activities	**(3,114,000)**	**(10,039,990)**
Cash flow from financing activities	-	-
Net Increase in Cash and Cash equivalents	**2,970,520**	**(15,571,101)**
Cash and Cash equivalents b/f	**59,182,172**	**74,753,273**
Cash and Cash equivalents c/f	**62,152,692**	**59,182,172**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The following principal accounting policies have been adopted in the preparation of these financial statements:

1. **Accounting Entity**

   The accounting entity is Spice Vas Uganda Limited.

2. **Significant accounting policies**

   The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period.

   The financial statements are prepared under the historical cost convention on an accrual basis.

   i) Adoption of new and revised standards

   The following new and revised standards and interpretations have also become effective for the first time and have been adopted by the Fund where relevant to its operations:

- ***Amendments to IAS 19 - titled Defined Benefit Plans: Employee Contributions: -***

  ✓ The amendments, applicable retrospectively to annual periods beginning on or after 1 July 2014, clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In particular, contributions that are independent of the number of years of service can be recognised as a reduction in the service cost in the period in which the related service is rendered (instead of attributing them to the periods of service).

  ✓ Amendment to IAS 19 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September2014) - The amendment, applicable to annual periods beginning on or after 1 January 2016, clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

- ***Amendment to IAS 16 and IAS 38 (Annual Improvements to IFRSs 2010–2012 Cycle): –***

  The amendment, applicable to annual periods beginning on or after 1 July 2014, clarifies how the gross carrying amount and the accumulated depreciation/amortization are treated where an entity uses the revaluation model.

- ***Amendment to IFRS 13 (Annual Improvements to IFRSs 2011–2013 Cycle) : –***

  The amendment, applicable to annual periods beginning on or after 1 July 2014, clarifies that the portfolio exception in IFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of IAS 39 / IFRS 9.

- ***Amendments to IFRS 11 titled Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014): -***

  The amendments, applicable prospectively to annual periods beginning on or after 1 January 2016, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to apply all of the business combinations accounting principles and disclosure in IFRS 3and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).1

- ***IFRS 14 Regulatory Deferral Accounts (issued in January 2014): -***

  The new standard, effective for annual accounting periods beginning on or after 1 January 2016, defines a regulatory deferral account balance and allows entities to continue to apply their existing policy for regulatory deferral account balances, but requires certain disclosures.

- ***Amendments to IAS 16 and IAS 38 titled Clarification of Acceptable Methods of Depreciation and Amortization (issued in May 2014): -***

  The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances. They are prospectively effective for annual periods beginning on or after 1 January 2016.

- ***Amendments to IAS 16 and IAS 41 titled Agriculture: Bearer Plants (issued in June 2014): -***

  The amendments, applicable to annual periods beginning on or after 1 January 2016, define bearer plants – i.e. living plants which are used solely to grow produce over several periods and usually scrapped at the end of their productive lives (e.g. grape vines, rubber trees, oil palms) - and include them within IAS 16's scope while the produce growing on bearer plants remains within the scope of IAS 41.

- ***Amendments to IAS 27 titled Equity Method in Separate Financial Statements (issued in August 2014): -***

  The amendments, applicable to annual periods beginning on or after 1 January 2016, reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- ***Amendment to IFRS 5 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September2014): -***

  The amendment, applicable prospectively to annual periods beginning on or after 1 January2016, adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

- ***Amendment to IFRS 7 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September2014): -***

  The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- ***Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014): –***

- The amendments, applicable prospectively to annual periods beginning on or after 1 January 2016, address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- ***Amendments to IFRS 10, IFRS 12 and IAS 28 titled Investment Entities: Applying the Consolidation Exception (issued in December 2014): –***

  The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify the application of the consolidation exception for investment entities and their subsidiaries.

- ***Amendment to IFRS 7 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September2014): -***

  The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- ***Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014): –***

  The amendments, applicable prospectively to annual periods beginning on or after 1 January 2016, address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- ***Amendments to IFRS 10, IFRS 12 and IAS 28 titled Investment Entities: Applying the Consolidation Exception (issued in December 2014): –***

  The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify the application of the consolidation exception for investment entities and their subsidiaries.

- ***Amendments to IAS 1 titled Disclosure Initiative (issued in December 2014): –***

  The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

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

The following revised standards and interpretations have been published but are not yet effective for the year beginning 1 January 2016. The Fund has not early adopted any of these amendments or interpretations.

- ***IFRS 9 Financial Instruments (issued in July 2014): –***

  This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

ii) Functional and presentation currency

These financial statements are presented in Uganda shillings which is the entity`s functional currency.

iii) Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported revenues and expenses during the reported period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from the estimates. The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

a) Accounting Period

The accounting period for the company runs from April 01 to March 31 of the subsequent year.

b) Revenue Recognition

Sales income represents amounts invoiced as per daily sales made during the period.

Revenue represents sales income exclusive of VAT received in the normal course of business; It is recognized on the basis of terms and conditions stipulated in the client engagement contract. The sales are recognized on accrual basis.

c) Trade recievables

Receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.
A provision for impairment is recognized in the profit and loss account in the period when recovery of the amount due as per the original terms is considered doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the period of recovery.

d) Payables

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

e) 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.

f) Share capital

Ordinary shares are recognized at par value and classified as share capital in equity. Any amounts received in excess of the par value of the shares issued are classified as share premium in equity.

g) 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 recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

h) 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 Uganda.

i) Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the

initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized 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.

j) Depreciation

Is calculated to write off of the asset cost using the Straight Line Method. The cummulative balance to date is indicated in the Property, Plant and Equipment schedule below.
The rates used in these accounts are:

IT equipment on site	20%
IT equipment – Computers	33%
Furniture and Equipments	14%

k) Risk management objectives and policies

i. 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 minimize 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.

ii. 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 or 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. Management on a monthly basis monitors the utilization of the credit limits and the credit period.

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.

iv. 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.

v. 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

n) Critical accounting estimates and judgments

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments 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.

l) Impairment losses:

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

m) Going concern

As at March 31, 2015, the Company reported total sales worth UGX 767,781,014. However, UGX 645,046,085 was reported for the year ending March 31, 2016. Indicating a total reduction in sales by UGX 122,734,929 (16%), As at March 31, 2017, the Company reported total sales worth UGX 442,013,322 with a reduction of UGX 203,032,763 (31%). This negative trend in sales affects the Company's inflows which will result into failure to meet its financial obligations.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2017

2. Property, Plant and Equipments

	Plant IT Equipment on Site	IT Equipment Computer	Office Furniture & Equipment	Total
	20%	33%	14%	
	UGX	UGX	UGX	UGX
Cost / Valuation				
Balance as at 01/04/16	841,356,524	11,791,787	-	853,148,311
Additions	-	3,114,000	-	3,114,000
Disposal	-	-	-	-
Total cost as at 31/03/17	**841,356,524**	**14,905,787**	**-**	**856,262,311**
Depreciation				
Depreciation as 01/04/16	729,736,543	11,791,787	-	741,528,330
Charge for the year	104,662,447	315,306	-	104,977,753
Disposal	-	-	-	-
At 31/03/17	**834,398,990**	**12,107,093**	**-**	**846,506,083**
Net Book Value				
At 31/03/17	**6,957,534**	**2,798,694**	**-**	**9,756,228**
At 31/03/16	111,619,981	-	-	**111,619,981**

3.Other receivable

	31-Mar-17	31-Mar-16
	UGX	UGX
Withholding Tax	413,979,788	368,760,590
Total	**413,979,788**	**368,760,590**

4. Accounts receivable / Trade Debtors

	31-Mar-17	31-Mar-16
	UGX	UGX
Airtel Unbilled	9,129,920	46,778,979
Airtel Uganda	27,204,768	66,453,574
MTN Radio Unbilled	10,483,429	27,165,878
MTN CRBT unbilled	4,527,062	4,585,562
MTN Uganda Limited	33,404,214	297,709,967
Total	**84,749,393**	**442,693,960**

5. Prepayments

	31-Mar-17	31-Mar-16
	UGX	UGX
Advance Royalty fee	26,098,063	71,178,530
Advance insurance	4,682,552	2,581,355
Advance LST and Trading license	-	2,250,000
Advance Rent	8,749,341	8,344,828
Advance to Others	4,292,518	8,124,518
Total	**43,822,474**	**92,479,231**

6. Cash and Bank

	31-Mar-17	31-Mar-16
	UGX	UGX
Petty cash	4,047,987	16,832,167
Stanbic bank A/C USD	57,850,112	25,863,242
Stanbic bank UGX	254,593	16,486,763
Total	**62,152,692**	**59,182,172**

7. Share Capital

	March 2017 No of shares issued	March 2016 No of shares issued
No of shares issued Ordinary shares issued and fully paid Balance at beginning and end period.	**1,000**	**1,000**

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction.

8. Intercompany Loans

The Company is a subsidiary of Spice VAS Africa Pte. Ltd which owns 75% shareholding. Chapter One Limited owns 22% and Eric Van Veen owns 3% share holdings.

The Following were the Intercompany Balances as at the end of the Period.

Non-current Assets	31-Mar-17	31-Mar-16
	UGX	UGX
Spice VAS Africa Pte Ltd.	166,319,222	-
Spice VAS Ghana Limited	375,944,444	350,017,245
Total	**542,263,666**	**350,017,245**

Non-current Liabilities

Spice VAS Africa Pte. Ltd.	-	82,676,553
Spice VAS Tanzania Limited	2,277,778	2,120,690
Spice VAS Kenya Limited	-	3,610,345
Spice Digital South Africa (Pty.) Ltd.	118,174,074	-
Total	**120,451,852**	**88,407,588**

9. Creditors	**31-Mar-17 UGX**	**31-Mar-16 UGX**
Salaries payable	-	10,688,036
VAT Payable	8,155,852	52,922,704
NSSF Payable	2,438,985	1,035,000
PAYE Payable	4,500,972	1,874,000
PLI Payable	7,726,646	8,215,150
Audit fees Payable	18,000,000	18,706,498
Provision for tax payable	65,953,197	14,010,693
Expenses payable	24,011,679	428,355,987
LST Payable	275,004	166,669
Other payables	11,160,053	7,685,886
Royalties payables	76,387,675	175,234,940
Total	**218,610,063**	**718,895,563**

10. Sales Income	**31-Mar-17 UGX**	**31-Mar-16 UGX**
Airtel Revenue	173,062,431	168,941,166
Call Back Ring Tone (CRBT)	51,433,665	22,464,758
MTN Radio(MOD)	217,517,226	453,640,163
Total	**442,013,322**	**645,046,086**

11. Operating Expenses	**31-Mar-17 UGX**	**31-Mar-16 UGX**
Direct Expenses		
Karoke costs	2,399,628	-
Content Share	71,015,389	162,023,937
Exclusivity Fees	-	3,749,999
Cost allocation pay out	110,024,139	-
Prompt Recordings	5,210,000	1,104,000
Subtotal (A)	**188,649,156**	**166,877,936**
Operating Expenses		
Administrative Expenses	119,269,343	212,094,439
Audit fees	18,000,000	18,706,498
Provision for bad debts	-	(14,886,665)
Selling Expenses	931,258	1,767,112
Subtotal (B)	**138,200,601**	**217,681,384**
Total Operating Exps (A+B)	**326,849,757**	**384,559,320**

12. Personnel Expenses	**31-Mar-17**	**31-Mar-16**
	UGX	**UGX**
NSSF	13,489,204	13,859,239
PLI	8,177,905	11,194,742
Salaries	125,198,975	127,055,368
Staff Welfare	241,667	2,253,280
Daily allowance	1,344,828	1,930,006
Leave enhancement	8,423,571	2,566,667
Employee insurance	5,132,261	4,668,623
Total	**162,008,411**	**163,527,926**

	31-Mar-17	**31-Mar-16**
13. Legal & Professional Exp.	**UGX**	**UGX**
Legal and professional expenses	1,991,709	4,868,850
Total	**1,991,709**	**4,868,850**