SPICE DIGITAL NIGERIA LIMITED

REPORTS AND FINANCIAL STATEMENTS
AS ON 31 MARCH, 2018

SPICE DIGITAL NIGERIA LIMITED

REPORTS AND FINANCIAL STATEMENTS

AS ON 31 MARCH, 2018

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SPICE DIGITAL NIGERIA LIMITED
CORPORATE INFORMATION

Directors:	Arun Nagar Vishwadeepak Tripathi
Company Secretaries:	Alpha-Genasec Limited, Lagos.
Registered office:	Cluster A1, 606, 1004, Estate Victoria Island, Lagos.
Registered number:	RC 873195
Auditors:	Baker Tilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, Lagos.
Bankers:	Zenith Bank Plc Sterling Bank Plc

SPICE DIGITAL NIGERIA LIMITED

RESULTS AT A GLANCE

	2018 ₦'000	2017 ₦'000	Percentage Increase/ decrease
Statement of profit or loss			
Revenue	952,181	808,738	18
Profit / (Loss) before taxation	(22,436)	(29,689)	24
Taxation	2,676	(4,586)	158
Profit / (Loss) after taxation	(19,760)	(34,275)	42
Statement of financial position			
Share capital	10,000	10,000	-
Shareholders' (deficit)	(134,802)	(115,045)	(17)
Total assets	843,489	665,985	27
Total liabilities	978,291	781,030	25
Earnings/ (loss) per share	(198K)	(343K)	
Number of employees	10	10	

SPICE DIGITAL NIGERIA LIMITED

REPORT OF THE DIRECTORS

1. The directors hereby submit their report and the audited financial statements of the company for the year ended 31 March, 2018.

2. **Review of operating performance**

	2018
	₦'000
Revenue	952,181
	=======
Profit/(Loss) before taxation	(22,436)
Taxation	2,676
Profit/(Loss) after taxation	(19,760)
	=======

The company recorded revenue of ₦952.181 million in 2018 as compared with revenue of ₦808.74 million in 2017.

3. **Legal form**

The company was incorporated on 3 March, 2010 as a private company limited by shares and commenced operations on 1 April, 2010.

4. **Principal activities**

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

5. **Directors**

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

6. **Directors' interests**

The directors' interests in the shareholding of this company as at 31 March, 2018 was as follows:-

	2018	2017
	₦	₦
Arun Nagar (Nominee Shareholder on behalf of Spice VAS (Africa) Pte. Ltd.)	1	1
	===	===

7. Analysis of shareholding

As at 31 March, 2018, the shares of the company were held as follows:

	No. of ordinary shares $	Units	%
Spice VAS (Africa) Pte. Ltd	666,667	9,999,999	100
Arun Nagar (Nominee Shareholder (on behalf of Spice VAS (Africa) Pte. Ltd.)	-	1	-
	666,667	10,000,000	100

8. Directors' responsibility

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act CAP C20 LFN 2004, the directors of the company are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the profit or loss for that year, and comply with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004. In doing so, they ensure that:-

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- The going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and
- Adequate internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

9. Property, Plant and Equipments

Movements in Property, Plant and Equipments during the period are shown in Note 4 to the financial statements on page 31 & 32. 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.

10. 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, 2018 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.

11. **Auditors**

Messrs Baker Tilly Nigeria (Chartered Accountants), have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

By Order of the Board

Alpha-Genasec Limited
Company Secretaries

Lagos, Nigeria
....May, 2018

BAKER TILLY
NIGERIA
Chartered Accountants

4th Floor, Kresta Laurel Complex
376 Ikorodu Road, Maryland
P. O. Box 15016, Ikeja
Lagos
Nigeria
Tel: +234 (1) 774 4873
Fax: +234 (1) 2798119
E-mail: btnlag@bakertillynigeria.com
Www.bakertillynigeria.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPICE DIGITAL NIGERIA LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Spice Digital Nigeria Limited for the year ended 31 March, 2018, which comprises of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and other explanatory notes.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Spice Digital Nigeria Limited as at 31 March, 2018, its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and with the requirements of both the Companies and Allied Matters Act, Cap C20 LFN, 2004 and the Financial Reporting Council of Nigeria Act No. 6 of 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 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
Baker Tilly Nigeria
(Chartered Accountants)

Lagos, Nigeria
16 May, 2018

BAKER TILLY
NIGERIA

SPICE DIGITAL NIGERIA LIMITED

STATEMENT OF FINANCIAL POSITION

AS ON 31 MARCH, 2018

	Note	2018	2017
Non-current assets		₦'000	₦'000
Property, plant and equipment	4	13,713	17,805
Intangible assets	4.2	5,038	-
Deferred tax assets	5	25,866	16,010
Due from related parties	6	15,576	13,758
Total non-current assets		60,193	47,573
Current assets			
Trade and other receivables	7	101,914	93,262
Loans and advances	8	363	95,642
Cash and cash equivalents	9	155,545	147,181
Other assets	10	525,474	282,330
Total current assets		783,296	618,415
Total assets		843,489	665,988
Non-current liabilities			
Due to related companies	11	620,803	479,671
Total current liabilities		620,803	479,671
Current liabilities			
Trade and other payables	12	254,795	161,106
Other liabilities	13	96,526	101,024
Income tax liabilities	14	6,167	39,229
Total non-current liabilities		370,057	301,359
Total liabilities		978,291	781,030
Equity			
Shares	15	10,000	10,000
Retained earnings	16	(144,802)	(125,042)
Total equity		(134,802)	(115,042)
Total liabilities and equity		843,489	665,988

The financial statements were approved by the Board of Directors on ... May, 2018 and signed on its behalf by:

....	....	....
Mr. Arun Nagar	**Mr. Vishwa Deepak Tripathi**	**Mr. Soji Olorunda**
Director	Director	Chief financial officer

The accounting policies and the notes on pages 12 to 40 form part of these financial statements

SPICE DIGITAL NIGERIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2018

	Note	2018 ₦'000	2017 ₦'000
Revenue	17	952,181	808,738
Direct cost	18	(689,249)	(673,109)
		262,932	135,629
Other income	19	219	28,317
Personnel expenses	20	(63,542)	(49,358)
Depreciation	21	(7,137)	(14,574)
Other operating expenses	22	(214,908)	(129,703)
Loss before taxation		(22,436)	(29,689)
Industrial Technologies Fund Levy	14.1	-	-
Current taxation	14.1	(7,180)	(19,491)
Deferred taxation	14	9,856	14,905
Profit/(loss) after tax	16	(19,760)	(34,275)
Other comprehensive income		-	-
Total comprehensive income for the year		(19,760)	(34,275)
Profit/(loss) per share		(198K)	(343K)

The accounting policies and the notes on pages 12 to 40 form part of these financial statements

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SPICE DIGITAL NIGERIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH, 2018

	Share capital ₦'000	Revenue reserve ₦'000	Total ₦'000
Balance as at 1 April 2017	10,000	(125,042)	(115,042)
Profit for the year	-	(19,760)	(19,760)
Balance as at 31 March 2018	10,000	(144,802)	(143,802)
	=====	=======	=======
Balance as at 1 April, 2016	10,000	(90,767)	(90,767)
Profit for the year	-	(34,275)	(34,275)
Balance as at 31 March, 2017	10,000	(125,042)	(115,042)
	=====	=======	=======

The accounting policies and the notes on pages 12 to 40 form part of these financial statements

SPICE DIGITAL NIGERIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2018

	Note	2018 ₦'000	2017 ₦'000
Cash flows from operating activities			
Operating profit/ (loss) before working capital changes	27.1	(15,299)	(15,115)
Working capital changes	27.2	71,988	(135,846)
		56,689	(150,961)
Tax paid	14.2	(40,242)	(15,021)
Net cash used in operating activities		16,447	(165,982)
Cash flow from investing activities			
Acquisition/improvement of fixed assets	4.1	(8,083)	(15,908)
Net cash flow from investing activities		(8,083)	(15,908)
Net increase/ (decrease) in cash and cash equivalents		8,364	(181,890)
Cash and cash equivalents at beginning		147,181	329,071
Cash and cash equivalents at end of period	27.3	155,545	147,181

The accounting policies and the notes on pages 12 to 40 form part of these financial statements

SPICE DIGITAL NIGERIA LIMITED
NOTES TO THE FINANACIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2018

1. General information

1.1 Reporting Entity

Spice Digital Nigeria Limited is a Nigerian Company which commenced business on 1st April, 2010.

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

1.2 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) with the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

1.3 Use of estimates and judgments

The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

1.4 Basis of measurement

The financial statements have been prepared on the historical cost convention as modified by the fair value.

1.5 Functional and presentation currency

These functional statements are presented in Nigerian Naira (₦) which is the company's functional and presentation currency

1.6 Standards issued but not yet effective

The standards listed below have been issued but not yet effective up to the date of issuance of the company's financial statements. The company intends to adopt these standards when they become effective. Management expects the adoption of these standards and amendments, in most cases, not to have any significant impact on the company's financial position or performance in the period of initial application but additional disclosures may be required. In cases where it will have an impact, management shall assess the possible impact.

IFRS 15, 'Revenue from contract with customers', (effective 1 January 2018)

The standard introduces new guidance on costs of fulfilling and obtaining a contract, specifying circumstances in which such costs should be capitalised. Costs that do not meet the criteria must be expensed when incurred. The Company intends to adopt IFRS 15 when completed by the Board.

IFRS 16, 'Leases', (effective 1 January 2019)

The standard introduces new guidance on how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company intends to adopt IFRS 16 when completed by the Board.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

A number of standards, interpretations and amendments thereto, which had been issued by the IASB and would be expected not to have a material impact on the company are as detailed in the table below:

Pronouncement	Issued	Effective date
IAS 12 ***Income Taxes*** ◦ Amendments resulting from *Annual Improvements 2015–2017 Cycle* (income tax consequences of dividends)	December 2017	Annual periods beginning on or after 1 January 2019
IAS 19 ***Employee Benefits*** ◦ Amendments regarding plan amendments, curtailments or settlements	February 2018	Annual periods beginning on or after 1 January 2019
IAS 23 ***Borrowing Costs*** ◦ Amendments resulting from *Annual Improvements 2015–2017 Cycle* (borrowing costs eligible for capitalisation)	December 2017	Annual periods beginning on or after 1 January 2019
IAS 28 ***Investments in Associates and Joint Ventures***		

◦ Amendments resulting from *Annual Improvements 2014–2016 Cycle* (clarifying certain fair value measurements)	December 2016	Annual periods beginning on or after 1 January 2018
◦ Amendments regarding long-term interests in associates and joint ventures	October 2017	Annual periods beginning on or after 1 January 2019
IAS 40 ***Investment Property***		
◦ Amendments to clarify transfers or property to, or from, investment property	December 2016	Annual periods beginning on or after 1 January 2018

1.7 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set out below. These policies have been applied consistently to all years presented unless otherwise stated.

1.7.1 Property, plant and equipment

1.7.1.1 Initial recognition

Items of property, plant and equipment are recognised only when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

All items of property, plant and equipment are initially stated at cost. Cost includes purchase price and expenditure that is directly attributable to the acquisition of the asset.

1.7.1.2 Subsequent measurement

Subsequently, all items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

1.7.1.3 Depreciation

Depreciation of items of property, plant and equipment begin when an asset is available for use and cease at the earlier of the date that the asset is derecognised or classified as held-for-sale in accordance with relevant IFRS

Depreciation on all items of property, plant and equipment is calculated using the straight-line method to allocate their cost on a systematic basis over their estimated useful lives. The estimated useful lives of these assets are as follows:

Office equipment – IT Equipment (Computers)	33.33%
- General office	14%
Plant and machinery	20%
Furniture and fittings	14%
Motor Vehicle	10%

Depreciation is recognised in the statement of profit or loss for the period. Depreciation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

1.7.1.4 Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year which the asset is de-recognized under income or other expenses respectively of planned amendments are to be recognized immediately.

1.7.2 Intangible assets

Acquired intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight line basis over the estimated useful life of the asset. The estimated useful life and amortization is reviewed at the end of each reporting period, with the effect of any changes being accommodated for on a prospective basis. The company de-recognizes intangible assets when no future economic benefits are expected from its use.

1.7.2.2 Software

Software comprises accounting, internet and billing system purchased from third parties. Software is initially recorded at cost and subsequently amortised over the economic useful life of the intangible assets.

1.7.2.3 *Licenses*

Licenses fees paid to the Nigerian Communication Commission which permits telecoms activities to be operated for defined period are initially recorded at cost and amortised from the time the network is available for use to the end of the license period.

1.7.3 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are assessed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The carrying amount of the asset is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised. Reversals of impairment losses are recognised in statement of profit or loss.

1.7.4 Inventories

All inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Redundant and slow-moving inventories are identified and written-down with regard to their estimated economic or realisable values.

The net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1.7.5 Financial instruments

A financial asset or liability is recognised when the Company becomes a party to the contractual provisions of the instrument.

1.7.5.1 **Financial assets**

1.7.5.2 **Initial Recognition and measurement**

Financial assets are initially recognised at their fair value plus, in the case of financial asset not carried at fair value through profit or loss, directly attributable costs to their acquisition.

1.7.5.3 **Classification of financial assets**

Financial assets are classified into the following categories:

- Fair value through profit or loss
- Loans and receivables
- Held-to-maturity
- Available-for-sale financial assets

Management determines the appropriate classification of its financial assets at initial recognition and the classification depends on the purpose for which the instruments were originated or acquired.

a. ***Fair value through profit or loss (FVTPL)***

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at initial recognition. Investments typically bought with the intention to sell in the near term are classified as held for trading. However the company does not have this financial asset in its books as at 31 March, 2018.

b. ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

c. ***Held-to-maturity (HTM)***

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale. However the company does not have this financial asset in its books as at 31 March, 2018.

d. ***Available-for-sale financial assets (AFS)***

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial instruments are securities that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in market conditions. However the company does not have this financial asset in its books as at 31 March, 2018.

1.7.5.4 **Subsequent measurement**

Financial assets are subsequently measured either at fair value or at amortized cost depending on their classification at initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The amortised cost of a financial instrument is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

a. ***Financial assets at fair value through profit or loss (FVTPL)***

After initial recognition, financial assets at fair value through profit or loss are subsequently measured at fair value. Changes in the carrying amount are recognised in profit or loss.

b. ***Financial assets at amortised cost***

Loans and receivables as well as Held-to-maturity (HTM) investments, after initial recognition, are measured at amortised cost using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gains and losses from the EIR amortisation are recognised in statement of profit or loss.

The Company's financial assets comprise loans and receivables made up of trade and other receivables (trade debtors, other receivables, due from related parties) on the face of the financial position. These arise when the Company provides money, goods or services directly to a customer or related parties with no intention of trading the receivables.

c. *Available-for-sale financial assets*

Available-for-sale financial assets are measured subsequently to initial recognition at fair value. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at the end of each reporting period.

1.7.5.5 **Impairment of financial assets**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if the recoverable amount is lower than the carrying amount at the end of the reporting date. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in payments; and
- it becoming probable that the debtor will enter bankruptcy or other financial re-organisation.

a. *Financial assets carried at amortised cost*

An impairment loss in respect of a financial asset measured at amortised cost, that is loan and receivables and HTM, is calculated as the difference between its carrying value and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at financial asset's original effective interest rate. If a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. However, cash flows relating to "short-term" receivables are not discounted. Short-term is defined as interval not more than 12 months after the reporting period.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If a future write-off is later recovered, the recovery is credited to "other income" in the statement of profit or loss.

b. ***Available-for-sale financial assets***

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the end of reporting period, that have an impact on the future cash flows of the asset.

An available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the loss recognised in the profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any previously recognised impairment loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the profit or loss but accounted for directly in equity.

1.7.5.6 **Financial liabilities**

Financial liabilities are classified as either financial liabilities at Fair Value through Profit or loss (at FVTPL) or other financial liabilities. The Company does not have financial liabilities classified at FVTPL.

- ***Other financial liabilities***

  Other financial liabilities include trade and, other payables, other liabilities and provisions. These are initially measured at fair value and are subsequently measured at amortised cost.

1.7.5.7 **Derecognition of financial instruments**

Financial assets are derecognised when the Company's right to receive contractual cash flows from the instrument have expired or when the Company transferred substantially all risks and rewards of ownership of the asset to another party.

Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.7.5.8 **Offsetting of financial instruments**

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

1.7.6 **Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with commercial banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.7.7 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognised when the company has a present obligation, legal or constructive, that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the management's best estimate of the future cash flows required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.7.8 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Other borrowing costs are recognised as an expense. Borrowing cost are interest other costs that an entity incurs in connection with the borrowing of funds.
A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

1.7.9 Employee benefits

Post-employment benefits

The company operates a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a Pension Fund Administrator (PFA) and will have no legal or constructive obligation to pay further amounts.

The company contributes 10% while the employees contribute 8% each of the relevant emoluments (that is, basic salary, housing and transport allowances) to the PFA. The company has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plan are recognised as personnel expenses in the profit or loss for the period which services are rendered by employees.

1.7.10 Income tax expense

The income tax expense represents the sum of the current tax payable and deferred tax.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax base used for taxation purposes.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to temporary differences when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting date. Deferred tax is generally recognised, using the balance sheet liability method, for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current tax and deferred tax are recognised in profit or loss for the period, except to the extent that they arise from a transaction or event which is recognised, in the same or a different period, directly in equity or in other comprehensive income.

1.7.11 Related party transactions

Related party transactions are disclosed separately as to the type of relationship that exist and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

1.7.12 Leasing

i) Finance lease

A lease arrangement under which substantially all the risk and the rewards incidental to ownership of the leased item rest with the lessee are capitalized at the inception of the lease at the lower of the fair value of the related item or the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance changes are expensed to the income statement. Capitalized leased assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

ii) **Operating lease**

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are charged on a straight line basis over the lease term.
The company operates an operating lease on the building it occupies in which rent is being paid to the owner of the building. The operating lease payment is recognized as an operating expense in the income statement on a straight line basis over the lease term.

1.7.13 **Revenue**

Revenue represents the fair value of the consideration received or receivable for communication services and equipment sales, net of discounts and sales taxes. Revenue from the rendering of services and sale of equipment is recognised when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue and associated costs can be measured reliably.

a. **Services**

Revenue arising from separable installation and connection services is recognised when it is earned, upon activation. Revenue from the assessment and upgrade of client internal network is recognised at the time the upgrade is completed. Revenue from professional and managed services is recognised on a monthly basis.
Subscription fees, consisting primarily of monthly charges for access to broadband and other internet access, are recognized as revenue as the service is provided.

b. **Equipment sales**

Revenue from the sale of hardware and other equipment is recognized when all the significant risks and rewards of ownership are transferred to the buyer, which is normally the date the equipment is delivered and accepted by the customer.

c. **Other operating income**

Other operating income is income generated by the company that arises from activities outside of the provision of communication services and equipment sales. Items reported as other operating income include proceeds from sales of scrap and profits and losses on the disposal of property, plant and equipment.

1.7.14 Cost of goods

This is recognised when the significant risks have been transferred to the supplier. The associated cost of shipping and handling are also recognised here.

1.7.15 Expense recognition

Administrative expenses

These are expenses other than personnel expenses (employee benefits). They include repairs and maintenance, office expense, bank charges and other operating expenses.

1.7.16 Ordinary shares

Ordinary shares are classified as equity and are recorded as the proceeds received net of incremental costs directly attributable to the issue of ordinary shares.

1.7.17 Foreign currencies

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (Spot exchange rate). The functional currency is the currency of the primary economic environment in which the company operates, which is the Nigerian Naira (₦).

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under 'other income' and 'other expenses' respectively.

1.8 Risk management framework

Risk management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the entity;

- Influencing the business environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The board recognizes the critical importance of having efficient and effective risk management systems in place.

The principles that guide management on risk are:

1. **Effective balancing of risk and reward** by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.

2. **Business decisions based on an understanding of risk** as management perform rigorous assessment of risks in relationships, provision of services and other business activities.

3. **Proper focus on clients to reduce risks** by knowing our clients and ensuring that the services the Company provides are suitable for and appreciated by our clients.

   The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient provision of business services. The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

   Spice Digital is engaged in the business of internet solution provisions and general information technology. The company has exposure to significant risks which are categorised as follows:

- Regulatory risk
- Business environment risk
- Operational risk
- Market risk
- Liquidity risk
- Concentration risk

1.8.1 Regulatory risk

Regulatory risk arises from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the company. In order to manage this risk, the Company is an active participant in industry and its Directors and management staff are members of preferred bodies.

a. **Legal risk**

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for. The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

b. **Taxation risk**

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products or services.

Taxation risk occurs in the following key areas:

- Transactional risk
- Operational risk
- Compliance risk
- Financial accounting risk

Transactional risk concerns specific transactions entered into by the company, including restructuring projects and reorganizations.

Operational risk is underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

Compliance risk is the risk associated with meeting the company's statutory obligations.

Financial accounting risk is the risk that relates to inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company's taxation risk, management with the help of the engaged tax practitioner ensures that the company fulfils its responsibilities under tax law in each jurisdiction which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products/services, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

c. **Accounting risk**

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies
- Establish proper internal accounting controls
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, performance and cash flows of the company.

1.8.2 **Business environment risk**

This relates to the following risks:

- Reputational risk
- Strategic risk

a. ***Reputational risk***

Reputational risk is the risk of loss caused by a decline in the reputation of the Company or any of its specific business units from the perspective of its stakeholders, shareholder, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

b. ***Strategic risk***

Strategic risk is the risk of an unexpected negative change in the Company value, arising from adverse effect of executive decisions on both business strategies and their implementation. This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve these goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

The Directors identify and assess business environment risk as part of their routine assignment to the company. It takes an overview of local and global risks which can potentially affect the company's business, analyses the risk profile and regularly takes proactive measure to mitigate any potential occurrence of those risks.

1.8.3 Operational risk

Operational risk is the risk of loss (direct or indirect) resulting from inadequate or failed internal processes, people and systems as well as from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. Appropriate and adequate controls are implemented by management while executive review of controls and systems (electronic and manual checks) are periodically carried out. There is provision for back-up facilities and contingency planning. The internal control systems and procedures are also subject to regular internal audit reviews.

1.8.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk includes currency risk, interest rate risk and credit risk.

a. Currency risk

The company is exposed to currency risk on services rendered and borrowings that are denominated in a currency other than the functional currency which is primarily the Nigerian Naira (₦).

b. Interest rate risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

c. *Credit risk*

Credit risk is the risk of financial loss to the Company if a party to a financial instrument fails to meet its contractual obligations. .The Company is exposed to credit risk through its financial instrument, and arises principally from the company's receivables from customers and related parities. Management ensures that its net exposure to credit risk is kept to an acceptable level.

1.8.5 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial liabilities that are settled by delivering cash or a financial asset. This risk also involves delay to carry out its day-to-day business operations. Management's approach to managing liquidity is to ensure, as far as possible, that the company will always have sufficient funds to meets its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or affecting the daily business operations.

1.9 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the management defines as the result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

2. Segment reporting

No business or geographical segment information is reported as the company's primary geographical segment is Nigeria. Presently, 100 percent of the company's revenue is derived in Nigeria. Also, identical risks returns apply to all company products.

The following is an analysis of the Company's revenue for the year from continuing operations.

		31-March-18 ₦'000	31-March-17 ₦'000
a)	*Analysis by services/product*		
	VAS Content	952,181	808,738
		952,181	808,738
b)	*Analysis by geographical area*		
	Nigeria	952,181	808,738

	2018	2017
	₦'000	₦'000
3. Direct cost		
Material and services	203,443	268,740
Content allocation cost	104,934	87,929
Management Fees	-	40,437
Technical Support services	380,872	276,003
	689,249	673,109

4 Property and equipment

Summary

	2018		
	Cost	Accumulated depreciation	Carrying value
	₦'000	₦'000	₦'000
Office equipment	3,512	1,838	1,674
Plant and machinery	88,286	77,228	11,058
Motor Vehicle	412	165	247
Furniture and fittings	4,126	3,392	734
Total	96,336	82,623	13,713

	2017		
	Cost	Accumulated depreciation	Carrying value
	₦'000	₦'000	₦'000
Office equipment	1,905	1,354	551
Plant and machinery	88,286	72,121	16,165
Motor Vehicle	412	97	315
Furniture and fittings	3,770	2,996	774
Total	94,373	76,568	17,805

4.1 Movement 2018

	2017 Carrying Value ₦'000	Addition ₦'000	Disposal of accumulated depreciation ₦'000	Depreciation ₦'000	2018 Carrying value ₦'000
Office equipment	551	1,608	-	(485)	1,674
Plant and machinery	16,165	-	-	(5,107)	11,058
Motor vehicle	315	-	-	(68)	247
Furniture and fittings	774	355	-	(395)	734
Total	17,805	1,963	-	(6,055)	13,713

Movement 2017

	2016 Carrying Value ₦'000	Additions ₦'000	Disposal of accumulated depreciation ₦'000	Depreciation ₦'000	2017 Carrying value ₦'000
Office equipment	655	190	-	(294)	551
Plant and machinery	14,121	15,718	-	(13,674)	16,165
Motor Vehicle	383	-	-	(68)	315
Furniture and fittings	1,312	-	-	(538)	774
Total	16,471	15,908	-	(14,574)	17,805

4.2. Intangible asset

	2018 ₦'000	2017 ₦'000
Cost		
As at 1 April	-	-
Addition	6,120	-
	6,120	-
Amortization		
As at 1 April	-	-
Charge for the year	1,082	-
	1,082	-
Carrying value	5,038	-

		31/03/2018	31/03/2017
5	**Deferred tax assets**	**₦'000**	**₦'000**
	Net impact of difference	25,866	16,010

5.1	***Analysis of deferred tax***		
a.	*Impact of expenditure*		
	Change in the statement of profit or loss in previous year but allowed for tax purposes on payment basis	16,010	1,105
b.	Impact of expenditure to the statement of profit or loss in the current year but allowed for tax purposes on payment basis	9,856	14,905
	Net deferred tax assets	25,866	16,010

6.	**Due from related parties**		
	Spice Digital South Africa (Pty.) Ltd.	15,576	13,758
		15,576	13,758

7.	**Trade and other receivables**		
	Billed receivables	84,667	93,262
	Other Receivables	17,247	-
		101,914	93,262

7.1	***Billed receivable***		
	Airtel (CRBT) Account	-	4
	Etisalat	74,027	70,276
	Globacom	31,140	9,976
	MTN Nigeria	915	15,865
	T.A Telecom	-	62
	Visafone	-	840
		106,082	97,023
	Impairment during the year (note 7.3)	21,415	(3,761)
		84,667	93,262

7.2	***Note on movement in fair value***		
	Balance at 1 April	93,262	65,523
	Movement during the year	12,820	31,500
	Impairment during the year (note 7.3)	(21,416)	(3,761)
	Balance at 31 March	84,667	93,262

		31/03/2018 ₦'000	31/03/2017 ₦'000
7.3	*Allowance for impairment*		
	Balance at 1 April	3,761	25,077
	Transfer to profit or loss account	17,655	(21,316)
	Balance at 31 March	21,416	3,761
8	**Loans and advances**		
	Staff loans and advances	338	-
	Pitacalize Ltd.	-	95,000
	Others	25	642
		363	95,642
9.	**Cash and cash equivalents**		
	Cash at bank	155,545	147,181
10	**Other assets**		
	Prepayment (10.1)	2,720	2,545
	Unbilled revenue (10.2)	358,667	144,832
	WHT Receivable	164,087	134,953
		525,474	282,330
10.1	*Prepayment*		
	Insurance IT on site	184	320
	Prepaid Expenses	414	353
	Prepaid Premium Health	152	135
	Rent office	1,604	1,604
	Work permit/Visa fee	366	133
		2,720	2,545
10.2	*Unbilled revenue*		
	Airtel	616	487
	Globacom	188,301	66,886
	Etisalat	154,246	62,922
	MTN	15,504	14,537
		358,667	144,832

		31/03/2018 ₦'000	31/03/2017 ₦'000
11.	**Due to related parties**		
	Spice VAS Kenya Limited	35,603	31,447
	Spice VAS (Africa) Pte. Ltd.	563,365	428,939
	Spice VAS Ghana Limited	1,133	1,000
	Spice VAS Tanzania Limited	20,702	18,285
		620,803	479,671
12.	**Trade and other payables**		
	Royalty Payable	203,483	161,042
	Other payables	51,312	64
		254,795	161,106
13.	**Other liabilities**		
	Performance link incentive payable	4,344	2,541
	VAT payable	24,829	25,317
	Audit fee Payable	3,600	5,200
	Accrued expenses	16,703	7,432
	ITF payable	2,678	2,045
	PAYE	569	470
	Pension payable	380	240
	Other Payable	6,073	-
	ITD Levy	-	574
	WHT payable	24,038	33,228
	National Communications Commission	9,522	22,447
	Leave encashment payable	3,790	1,530
		96,526	101,024
14.	**Taxation**		
14.1.	***Income statement:***		
	Income tax	7,180	18,078
	Education tax	-	1,413
	Income tax earlier year	-	-
	Education tax earlier year	-	-
	Industrial technology levy	-	-
		7,180	19,491
	Deferred tax	(9,856)	(14,905)
	Tax expense	(2,676)	4,586

		31/03/2018	31/03/2017
		₦'000	₦'000
14.2	*Balance sheet*		
	Balance at 1 April	39,229	34,759
	Provision for the year	7,180	19,491
		46,409	54,250
	Payment during the year	(40,242)	(15,021)
	Balance at 31 March	6,167	39,229

15.	**Shares**		
	Authorised shares		
	15,000,000 ordinary shares of ₦1.00	15,000	15,000
	Issued and paid-up		
	10,000,000 ordinary shares of ₦1.00	10,000	10,000

16.	**Retained earnings**		
		31/03/2018	**31/03/2017**
	At 1 April	(125,042)	(90,767)
	Transfer from profit or loss	(19,760)	(34,275)
		(144,802)	(125,042)

		Restated	Restated	
16.1	**Restatement of 2016 earnings**	**2017**	**2016**	**2016**
	At 1 April	(90,767)	(109,162)	(109,162)
	Transfer from profit or loss	(34,275)	18,374	18,374
	Over-depreciation of fixed asset	-	21	-
		(125,042)	(90,767)	(90,188)

		31/03/2018 ₦'000	31/03/2017 ₦'000
17.	**Revenue**		
	Agency fees	952,181	808,738
18.	**Direct cost**		
	Material and services	203,443	268,740
	Content allocation cost	104,934	87,929
	Management Fees	-	40,437
	Technical Support services	380,872	276,003
		689,249	673,109
19.	**Other income**		
	Reversal of over provision of professional fees	-	7,000
	Reversal of trade impairment recovered	-	21,317
	Interest on call account	219	-
		219	28,317
20.	**Personnel expenses**		
	Salaries and wages	57,152	46,714
	Contribution to provident and other fund	2,098	1,602
	Staff welfare expenses	4,292	1,042
		63,542	49,358
21.	**Depreciation of fixed assets**		
	Office equipment	485	293
	Plant and machinery	5,107	13,673
	Motor Vehicle	68	539
	Furniture and fittings	395	69
	Amortization of software	1,082	-
		7,137	14,574

		31/03/2018 ₦'000	31/03/2017 ₦'000
22.	**Other operating expenses**		
	Consultancy fees	19,684	10,891
	Exchange loss	33,395	58,564
	Annual operating levy	9,522	22,447
	Business promotion	13,320	4,784
	Conveyance	3,847	4,268
	Travelling expenses	3,872	3,849
	Rent	3,850	3,704
	Audit fee	6,180	3,200
	Communication expenses	14,431	2,489
	Interest & Penalty on demand	-	2,373
	Legal and Professional Expense	1,000	2,273
	Work Permit fees	758	1,508
	Bad Debts	1,050	1,402
	Accommodation charges	1,420	1,370
	Rack space charges	1303	1,303
	Bank charges	998	1,200
	Utilities	910	1,035
	Office expenses	2,526	940
	Repairs and maintenance	1,043	868
	ITF	632	494
	Insurance	346	291
	Courier Charges	117	220
	Printing and stationeries	113	122
	Computer consumable	496	102
	Impairment charge	93,874	-
	License and permits	8	6
	Rates & taxes	213	-
		214,908	129,703

		31/03/2018 ₦'000	31/03/2017 ₦'000
23.	**Loss before taxation**		
	This is arrived at after charging:		
	Depreciation	7,137	14,574
	Audit fee	6,180	3,200

24. **Related party disclosures**

The Company entered into transactions with related parties and other key management personnel in the normal course of business. The receivables from and payables to related parties are made at normal market prices. Details of significant transactions carried out during the year with related parties are as follows:

25. **Due from related parties**

Spice Digital South Africa	15,576	13,758
	15,576	13,758

26. **Due to related parties**

Spice VAS Kenya Limited	35,603	31,447
Spice VAS (Africa) Pte. Ltd.	563,365	428,939
Spice VAS Ghana Limited	1,133	1,000
Spice VAS Tanzania Limited	20,702	18,285
	620,803	479,671

Of the ₦428,939,000 due to Spice Vas (Africa) Pte Limited in 2016, ₦381,274,000 represents a deposit for shares which will be issued when relevant resolution is passed.

27. **Cash flow reconciliation**

27.1 ***Operating loss before working capital changes***

Profit/ (loss) before taxation	(22,440)	(29,689)
Adjustments:		
Depreciation	7,137	14,574
	15,303	(15,115)

27.2 **Working capital changes**

Due from related companies	(1,818)	(13,156)
Trade and other receivables	(8,652)	(27,733)
Loans and advances	95,279	(94,864)
Other assets	(243,144)	(45,898)
Due to related companies	141,132	1,066
Trade and other payables	93,689	54,625
Other liabilities	(4,498)	(9,886)
	71,988	(135,846)

27.3 ***Reconciliation of cash and cash equivalents***

Cash comprises cash in hand and bank balance. Cash at the end of the year as shown in the statements of cash flow is reconciled to the related items in the statement of financial position as follows:

	31/03/2018	31/03/2017
	₦'000	₦'000
Cash at bank	155,545	147,181

28. Emoluments of Directors and employees

28.1 *Directors*

The directors have waived their right to receive emoluments from the Company.

28.2 *Employees*

The salary earned by these persons are as follows:

Range	Number	Number
Below 1,200,000	-	1
Above 1,200,000	10	9
	10	10

The average number of persons employed in the Company during the year was:

	2018	2017
Senior	9	7
Junior	1	3
	10	10

28.3 The aggregate payroll costs of these persons were as follows:

	2018 ₦'000	2017 ₦'000
Salaries and wages	57,152	46,714
Contribution to provident and other fund	2,098	1,602
Staff welfare expenses	4,292	1,042
	63,542	49,358

28.4 Earnings/(loss) per shares (EPS)

Profit/(loss) after tax	(19,760)	(34,275)
Weighted average number of equity	10,000	10,000
Earnings/ (loss) per share (EPS)	(198K)	(343K)

29. Going concern

The financial statements are prepared on the basis of accounting policies applicable to going concern. The Holding company (Spice VAS (Africa) Pte Limited will continue to fund the operations of the company.

30. Approval of Financial Statements

These financial statements were approved by the Board of Directors of the company on ….May, 2018.

OTHER NATIONAL DISCLOSURES

SPICE DIGITAL NIGERIA LIMITED
VALUE ADDED STATEMENT FOR
FOR THE YEAR ENDED 31 MARCH, 2018

	2018	%	2017	%
	₦'000		₦'000	
Gross earnings	952,181	1974	808,738	2,362
Administrative overheads	(903,938)	(1874)	(774,495)	(2,262)
Value (absorbed)/added	48,243	100	34,243	100
	=======	=====	=======	====
Applied as follows:				
Payment to employees				
Salaries and wages	63,542	132	49,358	144
Payment to Government				
Taxation	7,180	15	19,491	57
Retained for future expansion				
Depreciation	7,137	15	14,574	43
Deferred taxation	(9,856)	(21)	(14,905)	(44)
Profit retained in the business	(19,760)	(41)	(34,275)	(100)
Value (absorbed)/ added	48,243	100	34,243	100
	======	====	======	====

SPICE DIGITAL NIGERIA LIMITED
FIVE YEAR FINANCIAL SUMMARY

	IFRS 2018 ₦'000	IFRS 2017 ₦'000	IFRS 2016 ₦'000	IFRS 2015 ₦'000	IFRS 2014 ₦'000
Revenue	952,181	808,738	851,353	327,440	196,713
Profit / (Loss) after tax	(19,760)	(34,275)	18,374	(58,965)	49
Balance sheet					
Fixed asset	-	-	-	-	-
Property, and equipment	18,751	17,802	16,450	29,494	41,783
Deferred tax	25,866	16,010	1,105	18,806	23,981
Due from related parties	15,576	13,758	602	603	-
Current assets	783,296	618,415	631,810	200,769	149,273
Total liabilities	(978,291)	(781,030)	(730,755)	(316,498)	(222,898)
Net assets	(134,802)	(115,045)	(80,788)	(66,826)	(7,861)
Financed by:					
Share capital	10,000	10,000	10,000	10,000	10,000
Revenue reserve	(144,802)	(125,045)	(90,788)	(76,826)	(17,861)
Shareholders' funds	(134,802)	(115,045)	(80,788)	(66,826)	(7,861)