

# **SPICE VAS GHANA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2018**

**OSEI KWABENA & ASSOCIATES  
(CHARTERED ACCOUNTANTS)  
GRAPHIC ROAD  
SOUTH INDUSTRIAL AREA  
P.O. BOX 10276  
ACCRA-NORTH**

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Spice VAS Ghana Limited  
Annual report and financial statements  
For the year ended 31 March 2018

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**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	: Mr. Arun Nagar - Indian : Mr. Seth Kwasi Asante - Ghanaian
<b>REGISTERED OFFICE</b>	: House No. 31/30 Achimota, Osu P. O. box No. 052756 Accra, Ghana
<b>PRINCIPAL PLACE OF BUSINESS</b>	: Hse #. C31/30, Behind Agricultural Development Bank (ADB) Branch Achimota P. O. box No. 052756 Accra, Ghana
<b>INDEPENDENT AUDITOR</b>	: Osei Kwabena & Associates (Chartered Accountants) Graphic Road South Industrial Area P.O. Box 10276 Accra-North
<b>COMPANY SECRETARY</b>	: Trustee Services Limited 4 Momotse Avenue Adabraka P.O. Box GP 1632 Accra-Ghana
<b>PRINCIPAL BANKERS</b>	: Stanbic Bank Ghana Limited Accra Main Valco Trust House Accra-Ghana
<b>PARENT COMPANY</b>	: Spice VAS (Africa) Pte Limited 152 UBI Avenue 4 Singapore 408826
<b>ULTIMATE HOLDING COMPANY</b>	: Smart Global Corporate Holding Private Limited 60-D, Street No. C-5 Sainik Farms New Delhi - 110062

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## REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 March 2018, which disclose the state of affairs of the company.

## INCORPORATION

The company was incorporated on 15th April 2011 under the Ghana Companies Act as a private company limited by shares.

## COMPANY'S VISION

To cater to the need of best quality music, entertainment and information to the mobile users of Ghana at affordable prices and best experience.

## COMPANY'S MISSION

To become the number one company in the space of digital music and entertainment in Ghana.

## PRINCIPAL ACTIVITIES

The principal activities of the company are to provide mobile value added services like premium SMS services, ring back tone service, music on demand & other additional services in the same line.

## COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown below:

Name	Age	Position	Nationality	Date of appointment
Mr. Arun Nagar	54	Director	Indian	02/June/09
Mr. Seth Kwesi Asante - Ghanian	58	Director	Ghanian	01/October/15

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

## RESULTS

	2018 GH¢ '000	2017 GH¢ '000
(Loss)/profit before tax	651	1,114
Tax credit/(charge)	(142)	(322)
Profit for the year	<u>509</u>	<u>792</u>

## CORPORATE GOVERNANCE

The board of Spice VAS Ghana Limited consists of two directors of which none hold executive position in the company. The board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The board is required to meet at least four times a year. The board delegates the day to day management of the business to the General Manager - Marketing assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units.

## REPORT OF THE DIRECTORS (CONTINUED)

### CORPORATE GOVERNANCE (CONTINUED)

The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

### SHARE CAPITAL

The authorised share capital of the company is Ghanaian Cedis 75,000 divided into 75,000 ordinary shares. The paid up share capital of the company is GH¢75,000.

### SHAREHOLDERS OF THE COMPANY

The shareholders of the company with their respective shareholdings is as follows:

Name of shareholders	% shareholding	No of shares held
Spice VAS (Africa) Pte Limited	100.00%	75,000
	<b>100%</b>	<b>75,000</b>

### FUTURE DEVELOPMENT PLANS

The company has got plans to launch new range of Mobile Value Added Services of Video on Demand & Music App (D2C Model) in Ghana.

### DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2017: Nil).

### RISK MANAGEMENT AND INTERNAL CONTROL

The board accepts final responsibility for the risk management and internal control systems of the company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the board with reasonable assurance that the procedures in place are operating effectively.

The board assessed the internal control systems throughout the financial year ended 31 March 2018 and is of the opinion that they met the accepted criteria.

### SOLVENCY

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that Spice VAS Ghana Limited has adequate resources to continue in operational existence for the foreseeable future.

## REPORT OF THE DIRECTORS (CONTINUED)

### STOCK EXCHANGE INFORMATION

Spice VAS Ghana Limited is not listed on the Ghana stock exchange. The ultimate holding company - Smart Global Corporate Holding Private Limited is a private company incorporated in India and not listed on any stock exchange.

### EMPLOYEES' WELFARE

#### Management and employees' relationship

There was continued good relationship between employees and management for the year ending 31 March 2018. There were no unresolved complaints received by management from the employees during the year.

The company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

#### Training facilities

Staff are trained on the job in order to improve employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

#### Medical assistance

All members of staff were availed medical insurance guaranteed by the board. Currently these services are provided by Med-X Health System Limited.

#### Health and safety

The company has a strong health and safety program which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

#### Financial assistance to staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

#### Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Employee benefit plan

The company's employment terms are reviewed annually to ensure that they meet statutory and market conditions. The company contributes 13% of the employee's salary to the Social Security and National Insurance Trust (SSNIT).

### GENDER PARITY

The company had 5 employees, all are male.

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## REPORT OF THE DIRECTORS (CONTINUED)

### MANAGEMENT

The Management of the Company is under the Board of Directors and is organized in the following departments:

- Finance Department
- Sales and Operations Department
- Marketing Department

### RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are included in Note 12 of the financial statements.

### CORPORATE SOCIAL RESPONSIBILITY

The company pays due respect to its macro and micro environment through ensuring the following:

- An equal opportunity employer aiming to ensure that everyone working for us is treated fairly and given the maximum opportunity to fulfill their potential and that all our workplaces are safe and healthy.
- Minimize the use of papers and energy with consideration given to the effects of global warming.
- Ensuring that customers get value for money services by providing efficient and effective service.
- Improve the locality through fair and honest treatment towards all stakeholders in an effort to uphold economic and social standards of the country.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

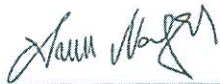
The Companies Act, 1963 requires the directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### INDEPENDENT AUDITOR

Osei Kwabena & Associates were appointed during the year and have expressed their willingness to continue in office in accordance with section 134(5) of the Companies Act, 1963 and are eligible for re-appointment. A resolution proposing the re-appointment as auditor of the company for the year ended 31 March 2018 will be tabled in the Annual General Meeting.

### BY ORDER OF THE BOARD



Mr. Arun Nagar  
Director

2018



Mr. Seth Kwasi Asante  
Director

2018

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required in terms of the Companies Act of 1963 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of 1963. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of 1963, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 8.

The financial statements set out on pages 9 to 36 were authorized and approved by the board of directors on \_\_\_\_\_ 2018 and were signed on its behalf by:



**Mr. Arun Nagar**  
Director



**Mr. Seth Kwasi Asante**  
Director

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# OSEI KWABENA & ASSOCIATES

CHARTERED ACCOUNTANTS  
MANAGEMENT CONSULTANTS

P. O. Box AN 10276  
ACCRA-NORTH  
GHANA

Telephone: 0302-998782  
0244-888760  
0508-250549

E-mail: oseikwabena05@yahoo.co.uk  
Tin No.: C0001987437

## **PARTNERS:**

P. Osei-Kwabena, B.Sc. (Admin) C. A.

*Kofi Aning, B. Sc. (Admin) C. A.*

Achaa Osei-Nkansah B.Sc. (Admin) EMBA, ACCA

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPICE VAS GHANA LIMITED FOR THE YEAR ENDED 31 MARCH, 2018**

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Spice Vas Ghana Limited as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities (SMSE) and comply with Ghana Companies Act, 1963 (ACT 179).

We have audited the financial statements of the Company, which comprise the statement of financial position as at March 31, 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of Ghana Companies Act, 1963 (ACT 179) 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.

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

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS for Small and Medium Sized Entities (SMSE) and with the requirements of the Ghana Companies Act 1963 (ACT 179), and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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*SPICE VAS GHANA LIMITED  
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SPICE VAS GHANA LIMITED  
FOR THE YEAR ENDED MARCH 31, 2018*

*Scope of the Audit*

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 judgement, including the assessing the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

**REPORT ON OTHER LEGAL REQUIREMENTS**

The companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report 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 accounts have been kept by the company, so far as it appears from our examination of those books; and
- iii. the company's statement of financial position and income statement are in agreement with the books of account.

*Osei Kwabena & Co.*

.....  
OSEI KWABENA & ASSOCIATES (ICAG/F/2018/111)  
(CHARTERED ACCOUNTANTS)  
PAUL OSEI-KWABENA (ICAG/P/1161)  
ACCRA, GHANA

DATE: 11<sup>TH</sup> MAY 2018

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**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2018 GH¢ '000	2017 GH¢ '000
Revenue	2.	12,461	9,009
Cost of sales		(2,919)	(2,068)
<b>Gross profit</b>		<b>9,542</b>	<b>6,942</b>
Administrative expenses	3.	(492)	(410)
Other operating expenses	3.	(8,200)	(5,369)
Selling and distribution expenses	3.	(296)	(97)
<b>Operating loss/(profit)</b>		<b>554</b>	<b>1,066</b>
Finance income/(costs)	4.	97	48
<b>(Loss)/profit before tax</b>		<b>651</b>	<b>1,114</b>
Income Tax Expense	5	(142)	(322)
<b>Profit for the year</b>		<b>509</b>	<b>792</b>
<b>Total comprehensive loss for the year</b>		<b>509</b>	<b>792</b>

The significant accounting policies on pages 13 to 23 and the notes on pages 24 to 33 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 8.

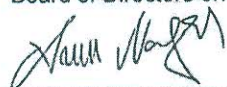
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Spice VAS Ghana Limited  
Annual report and financial statements  
For the year ended 31 March 2018

## STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2018 GH¢ '000	As at 31 March 2017 GH¢ '000	As at 31 March 2016 0
<b>Assets</b>				
<b>Non current assets</b>				
Equipment	7.	86	159	348
Deferred tax	5. (II)	24	-	-
		<u>110</u>	<u>159</u>	<u>348</u>
<b>Current assets</b>				
Trade and other receivables	8.	3,240	2,814	945
Cash and cash equivalents	9.	811	576	365
		<u>4,051</u>	<u>3,390</u>	<u>1,310</u>
<b>Total assets</b>		<u><b>4,161</b></u>	<u><b>3,549</b></u>	<u><b>1,658</b></u>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	6.	75	75	75
Accumulated funds		1,477	968	176
<b>Shareholders' (deficit)/funds</b>		<u><b>1,552</b></u>	<u><b>1,043</b></u>	<u><b>251</b></u>
<b>Current liabilities</b>				
Trade and other payables	10.	3,222	2,638	1,586
Current tax	5	(613)	(132)	(178)
		<u>2,609</u>	<u>2,506</u>	<u>1,407</u>
<b>Total equity and liabilities</b>		<u><b>4,161</b></u>	<u><b>3,549</b></u>	<u><b>1,658</b></u>

The financial statements on pages 9 to 33 were authorized and approved for issue by the Board of Directors on .....2018 and were signed on its behalf by:



Mr. Arun Nagar  
Director

Mr. Seth Kwasi Asante  
Director

The significant accounting policies on pages 13 to 23 and the notes on pages 24 to 33 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 8.

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**STATEMENT OF CHANGES IN EQUITY**

	Share capital GH¢ '000	Accumulated loss GH¢ '000	Total GH¢ '000
<b>Year ended 31 March 2018</b>			
At start of year	75	968	1,043
Total comprehensive profit for the year	-	509	509
At end of year	<u>75</u>	<u>1,477</u>	<u>1,552</u>
<b>Year ended 31 March 2017</b>			
At start of year	75	176	251
Total comprehensive profit for the year	-	792	792
At end of year	<u>75</u>	<u>968</u>	<u>1,043</u>

Refer to page 21 for reconciliation of equity from Generally Accepted Accounting Principles (GAAP) to IFRS.

The significant accounting policies on pages 13 to 23 and the notes on pages 24 to 33 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 8.

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**STATEMENT OF CASH FLOWS**

	Notes	2018 GH¢ '000	2017 GH¢ '000
<b>Operating activities</b>			
Net cash generated from operations	11.	880	495
Tax paid	5	<u>(647)</u>	<u>(276)</u>
Net cash generated from/(used in) operating activities		<u>233</u>	<u>219</u>
<b>Investing activities</b>			
Purchase/Sales of equipment	7.	<u>(6)</u>	<u>(9)</u>
Net cash used in investing activities		<u>(6)</u>	<u>(9)</u>
Increase/(decrease) in cash and cash equivalents		<u>227</u>	<u>210</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		575	365
Increase/(decrease)		<u>227</u>	<u>210</u>
At end of year	9.	<u>803</u>	<u>575</u>

The significant accounting policies on pages 13 to 23 and the notes on pages 24 to 33 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 8.

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## SIGNIFICANT ACCOUNTING POLICIES

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

### a) Basis of preparation

These financial statements represent the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The Company adopted IFRS in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The first date at which IFRS was applied was 1 April 2016. In accordance with IFRS, the Company has:

- provided comparative financial information;
- applied the same accounting policies throughout all period presented;
- retrospectively applied all effective IFRS standards as of 31 March 2017, as required; and
- applied certain optional exemptions and certain mandatory exceptions as applicable for first time IFRS adopters.

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

### Going concern

The financial performance of the company is set out in the Director's report and in the statement of comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in Note 15.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

These financial statements comply with the requirements of the Ghana Companies Act 1963. The statement of comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

### New standards adopted by the company

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRS that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Company.

The new standards or amendments are listed below:

- a) Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- b) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- c) Amendments to IAS 27: Equity Method in Separate Financial Statements
- d) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- e) IFRS 14 Regulatory Deferral Accounts
- f) Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- g) Amendments to IAS 1 Disclosure Initiative
- h) Annual Improvements 2012-2014 Cycle
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  - IFRS 7 Financial Instruments: Disclosures
  - IAS 19 Employee Benefits
  - IAS 34 Interim Financial Reporting

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when applicable as they become effective.

### b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

**(i) Useful life of equipment and intangible asset** - Management reviews the useful lives and residual values of the items of equipment and intangible on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

**(ii) Impairment of trade receivables** - the company reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cashflows expected.

#### **(iii) Operating lease commitment**

The company has entered in to leases over its office premises. Management has determined that the company has not obtained substantially all the risks and rewards of ownership of the property, therefore the leases have been classified as operating leases and accounted for accordingly.

#### **(iv) Revenue recognition**

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the performance of services set out in IAS 18.

#### **(v) Impairment of non - financial assets**

The company reviews its non financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management makes judgments as to whether there are any conditions that indicate potential impairment of such assets.



## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### b) Key sources of estimation uncertainty (continued)

#### (vi) Taxes

The Company is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

### c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met of the company's activities. The company bases its estimates on results, taking into consideration the type of customer, type of transaction and specifics of each arrangement. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Revenue from services for ring back tones, SMS revenue and other revenues is recognized on completion of provision of services on accrual basis. However, Revenue from these services is billed in the subsequent month when the services provided are confirmed by the operator. Any amount of services provided remaining unconfirmed on reporting date is treated as unbilled revenue.

### d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Ghanaian Cedis (the functional currency), at the rates ruling at the transaction dates.

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 translated using the exchange rate at the date of transaction.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise except for:

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### e) Equipment

All equipment are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### e) Equipment (continued)

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

Item	Rates %
Furniture and fittings	14.28
Office machines & equipment	14.28
I.T equipment	33.33
I.T. On Site	20.00

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the statement of financial position date.

Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating loss.

### f) Intangible asset

Computer software licences are capitalised on the basis of the costs incurred to acquire. These costs are amortised over their estimated useful lives.

Computer software licences are amortised on a straight line basis over a 5 year period.

### g) Financial instruments

#### Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

#### Financial assets

The company's financial assets which include trade and other receivables and cash and cash equivalents fall in the following category:

**Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the statement of financial position date. All assets with maturities greater than 12 months after the statement of financial position date are classified as non-current assets. Changes in the carrying amount are recognised in the statement of comprehensive income.

Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

**Level 1:** where fair values are based on non-adjusted quoted prices in active markets for identical financial assets.

**Level 2:** where fair values are based on adjusted quoted prices and observable prices of similar financial assets.

**Level 3:** where fair values are not based on observable market data.

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## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Financial instruments (continued)

#### Financial liabilities

The company's financial liabilities which include trade and other payables and current tax fall into the following category:

**Financial liabilities measured at amortised cost:** These include trade and other payables and current tax. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are recognised in profit or loss.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Offsetting financial instruments

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

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Financial instruments (continued)

#### Derecognition (continued)

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or expired.

#### Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in the statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of comprehensive income except for equity investments classified as available for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### Loans to/(from) group companies

These include loans to and from holding companies and fellow subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Financial instruments (continued)

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts. These are initially and subsequently recorded at fair value.

Restricted cash balances are those balances that the company cannot use for working capital purposes as they have been placed as a lien to secure borrowings.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

Cash and cash equivalents are classified as loans and receivables.

### h) Share capital

Ordinary shares are classified as equity.

### i) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

#### Current tax assets and liabilities

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

#### Deferred tax

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

### j) Accounting for leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating Lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **k) Provisions**

A provision for impairment is established when there is objective evidence that the company will not be able to collect the amounts due according to the original terms of the original receivable. Allowances for impairment are recorded in the year in which they are identified.

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 obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre - tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

### **l) Employee entitlements**

#### **Short term employee benefits**

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

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

#### **Retirement benefit obligations**

The company and its employees contribute to the Social Security and National Insurance Trust (SSNIT), a statutory defined contribution scheme registered under the SSNIT Act. The company's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

#### **Workers compensation fund (WCF)**

Workers compensation fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Company's costs and are not deducted from salaries of the employees.

Once the payment has been effected by the Company to the Fund, there is no further obligation to the Company for any claim from the employee out of the occupational injuries suffered by them.

### **m) Comparatives**

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

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## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### n) First-time adoption of IFRS

For all periods up to and including the year ended 31 March 2017, the company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). These financial statements for the year ended 31 March 2018 are the first the company has prepared in accordance with IFRS.

In preparing the financial statements, the company's opening statement of financial position was prepared as at 1 April 2016, the company's date of transition to IFRS. This note explains the changes made by the company in restating its GAAP financial statements, including the statement of financial position as at 1 April 2016 and the financial statements for the year ended 31 March 2017.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an impact on total operating, investing or financing cash flows. The following represents the reconciliations from Generally Accepted Accounting Principles (GAAP) to IFRS for the respective periods noted for equity and comprehensive income:

#### Reconciliation of equity

	31 March 2016			31 March 2017		
	Previous GAAP	Effect of transition to IFRSs	IFRSs	Previous GAAP	Effect of transition to IFRSs	IFRSs
	GH¢ '000	GH¢ '000	GH¢ '000 0	GH¢ '000	GH¢ '000	GH¢ '000
<b>Non current assets</b>						
Equipment	348	-	348	159	-	159
Intangible asset	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
	<u>348</u>	<u>-</u>	<u>348</u>	<u>159</u>	<u>-</u>	<u>159</u>
<b>Current assets</b>						
Trade debtors	945	(945)	-	2,815	(2,815)	-
Trade and other receivables	-	945	945	-	2,815	2,815
Cash and cash equivalents	365	-	365	576	-	576
	<u>1,310</u>	<u>-</u>	<u>1,310</u>	<u>3,390</u>	<u>-</u>	<u>3,390</u>
<b>Total assets</b>	<u><b>1,658</b></u>	<u><b>-</b></u>	<u><b>1,658</b></u>	<u><b>3,550</b></u>	<u><b>-</b></u>	<u><b>3,550</b></u>
<b>Equity</b>						
Share capital	75	-	75	75	-	75
Retained earnings	176	-	176	968	-	968
<b>Total equity</b>	<u>251</u>	<u>-</u>	<u>251</u>	<u>1,043</u>	<u>-</u>	<u>1,043</u>
<b>Current liabilities</b>						
Trade and other payables	-	1,586	1,586	-	2,639	2,639
Trade creditors	1,586	(1,586)	-	2,639	(2,639)	-
Other payables	-	-	-	-	-	-
Current tax	(178)	-	(178)	(132)	-	(132)
	<u>1,407</u>	<u>-</u>	<u>1,407</u>	<u>2,507</u>	<u>-</u>	<u>2,507</u>
<b>Total equity and liabilities</b>	<u><b>1,658</b></u>	<u><b>-</b></u>	<u><b>1,658</b></u>	<u><b>3,550</b></u>	<u><b>-</b></u>	<u><b>3,550</b></u>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## n) First-time adoption of IFRS (continued)

## Reconciliation of total comprehensive income for 2017

	Previous GAAP	Effect of transition to IFRSs	IFRSs
	GH¢ '000	GH¢ '000	GH¢ '000
Revenue	9,009	-	9,009
Cost of sales	(2,068)	-	(2,068)
<b>Gross profit</b>	<b>6,942</b>	<b>-</b>	<b>6,942</b>
Other income	137	(137)	-
Administrative expenses	-	(410)	(410)
Other operating expenses	(5,810)	644	(5,166)
Selling and distribution expenses	-	(97)	(97)
<b>Operating profit</b>	<b>1,269</b>	<b>-</b>	<b>1,269</b>
Finance cost	(154)	-	(154)
Depreciation	(197)	197	-
<b>Profit before tax</b>	<b>918</b>	<b>197</b>	<b>1,114</b>
Tax charge	(322)	-	(322)
<b>Loss for the year</b>	<b>596</b>	<b>-</b>	<b>792</b>
<b>Total comprehensive loss for the year</b>	<b>596</b>	<b>-</b>	<b>792</b>



**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****n) First-time adoption of IFRS (continued)****Notes to the reconciliation****Presentation reclassifications****(a) Trade and other receivables**

**GAAP** - Trade debtors and other receivables were presented separately on the face of the statement of financial position.

**IFRS** - Trade debtors and other receivables are disclosed as trade and other receivables on the face of the statement of financial position.

**(b) Trade and other payables**

**GAAP** - Trade creditors and other payables were presented separately on the face of the statement of financial position.

**IFRS** - Trade creditors and other payables are disclosed as trade and other payables on the face of the statement of financial position.

**(c) Tax reclassifications****Corporate tax payable**

**GAAP** - Corporate tax payable was presented under other payables.

**IFRS** - Corporate tax payable has been disclosed separately on the face of the statement of financial position.

**Withholding tax receivable**

**GAAP** - Withholding tax suffered on debtors was presented under trade and other receivables.

**IFRS** - Withholding tax suffered on debtors has been netted off against corporate tax payable.

**(d) Provision for doubtful debts**

**GAAP** - Decrease in provision for doubtful debts was presented under other income on the face of the statement of comprehensive income

**IFRS** - Decrease in provision for bad debts has been presented under other operating expenses

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparing the financial statements

As at 31 March 2018, the company has reported a net current liability amounting to GH¢'000 2,609 (2017: GH¢'000 2,506) and Profit before tax GH¢'000 651 (2017: profit before tax GH¢'000 1,114). The shareholders fund amounts to GH¢'000 1,552 (2017: GH¢'000 1,043).

	2018 GH¢ '000	2017 GH¢ '000
<b>2. Revenue</b>		
Content	745	733
Music on demand (MOD)	11,702	8,257
Voice chat	14	19
	<u>12,461</u>	<u>9,009</u>
<b>3. Operating (loss)/profit</b>		
The following items have been charged in arriving at the operating (loss)/profit:		
Administrative expenses	492	410
Other operating expenses	8,050	5,166
Selling and distribution expenses	296	97
	<u>8,838</u>	<u>5,673</u>
<b>4. Finance (income)/costs</b>		
Bank charges	26	4
Interest on FD	(97)	(48)
Net foreign exchange (gain)/loss	124	198
	<u>53</u>	<u>154</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

5. Taxation	2018 GH¢ '000	2017 GH¢ '000
<b>i) Income tax expense</b>		
The tax charge in the income statement comprises of:		
Current corporate income tax (Note 5 iii)	166	322
Adjustment in deferred tax	(24)	-
	<u>142</u>	<u>322</u>

**ii) Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2017: 25%). The movement in the deferred tax account is as follows:

	2018 GH¢'000	2017 GH¢'000
Balance at 01 April	-	-
Changes for the year	(24)	-
Balance at 31 March	<u>(24)</u>	<u>-</u>

**iii) Corporate tax**

Assessment year	Balance at 01/04 GH¢'000	Payments in the year GH¢'000	Charge for the year GH¢'000	Balance at 31/03/ GH¢'000
2017	178	276	(322)	132
2018	132	647	(166)	613

6. Share capital	2018 GH¢ '000	2017 GH¢ '000
Authorized share capital: 1,000,000 no ordinary shares of par value	<u>1,000</u>	<u>1,000</u>
Issued and fully paid: 75,000 no ordinary shares of par value	<u>75</u>	<u>75</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. Equipment**

	Furniture & fittings GH¢ '000	Office equipment GH¢ '000	IT equipment GH¢ '000	IT on Site GH¢ '000	Total GH¢ '000
<b>Year ended 31 March 2018</b>					
<b>Cost</b>					
At start of year	6	18	38	1,033	1,095
Additions	6	-	-	-	6
Sold/Disposal	-	-	-	-	-
At end of year	<u>12</u>	<u>18</u>	<u>38</u>	<u>1,033</u>	<u>1,101</u>
<b>Depreciation</b>					
At start of year	3	4	34	895	936
Charge for the year	1	3	3	73	79
Sold/Disposal	-	-	-	-	-
At end of year	<u>4</u>	<u>6</u>	<u>36</u>	<u>968</u>	<u>1,015</u>
<b>Net book value</b>	<u><u>8</u></u>	<u><u>12</u></u>	<u><u>2</u></u>	<u><u>65</u></u>	<u><u>86</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Equipment (continued)

	Furniture & fittings GH¢ '000	Office equipment GH¢ '000	IT equipment GH¢ '000	IT on Site GH¢ '000	Total GH¢ '000
<b>Year ended 31 March 2017</b>					
<b>Cost</b>					
At start of year	6	11	36	1,033	1,086
Additions	0	7	2	-	9
Transfer to Intangible asset (Note 8)	-	-	-	-	-
At end of year	<u>6</u>	<u>18</u>	<u>38</u>	<u>1,033</u>	<u>1,095</u>
<b>Depreciation</b>					
At start of year	2	2	31	704	739
Charge for the year	1	2	3	191	197
At end of year	<u>3</u>	<u>4</u>	<u>34</u>	<u>895</u>	<u>937</u>
<b>Net book value</b>	<u><u>3</u></u>	<u><u>14</u></u>	<u><u>4</u></u>	<u><u>138</u></u>	<u><u>159</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	2018	2017
	GH¢ '000	GH¢ '000
<b>8. Trade and other receivables</b>		
Trade receivables	2,987	2,515
Less: provision for impairment {Note 10(a)}	(76)	(43)
	<u>2,911</u>	<u>2,472</u>
Net trade receivables	239	238
Amount due from related parties {Note 14(i)}	-	34
Deposits	-	-
Salary advances	-	0
Other receivables	9	1
Staff imprest	75	63
Advance content charges	6	5
Prepayments	-	-
Advance tax paid	-	-
Withholding tax receivable	-	-
	<u><u>3,240</u></u>	<u><u>2,814</u></u>
<b>Trade and other receivables</b>		
<b>8(a) Movement in provision for impairment</b>		
At start of year	43	130
Increase/(decrease)	33	(87)
	<u>76</u>	<u>43</u>
<b>At end of year (Note 10)</b>		

The company's credit risk arises primarily from trade receivables. The directors are of the opinion that the company's exposure is limited because the debt is widely held.

The carrying amounts of trade and other receivables are denominated in the following currencies:

Ghanian Cedis	3,001	2,576
US Dollars	239	238
	<u><u>3,240</u></u>	<u><u>2,814</u></u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The company does not hold any collateral as security.

Trade receivables that are aged past 30 days are considered to be past due.

Individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. These have been fully provided for as stated above.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	2018	2017
	GH¢ '000	GH¢ '000
<b>9. Cash and cash equivalents</b>		
Cash at bank	810	575
Cash in hand	1	1
<b>Total</b>	<b>811</b>	<b>576</b>

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above.

The company is not exposed to credit risk on cash and bank balances as these are held with sound financial institution.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

Ghanian Cedis	811	575
US Dollars	0.39	0.39
	<b>811</b>	<b>576</b>

**10. Trade and other payables**

Trade payables	1,715	1,432
Statutory payables	627	534
Provision for leave encashment	50	20
Staff imprest	3	3
Performance linked incentives payable	39	24
Accruals	153	177
Amounts due to related parties {Note 12(ii)}	635	448
	<b>3,222</b>	<b>2,638</b>

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2018	2017
	GH¢ '000	GH¢ '000
Ghanian Cedis	2,772	2,190
US Dollars	450	448
	<b>3,222</b>	<b>2,638</b>

The maturity analysis based on ageing of trade and other payables is as follows:

	1 to 3 months GH¢ '000	4 to 12 months GH¢ '000	Total 2018 GH¢ '000
Trade payables	1,698	17	1,715
Statutory payables	627	-	627
Provision for leave encashment	-	50	50
Staff imprest	3	-	3
Performance linked incentives payable	-	39	39
Accruals	153	-	153
Amounts due to related parties {Note 14(ii)}	-	635	635
	<b>2,481</b>	<b>741</b>	<b>3,222</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	2018 GH¢ '000	2017 GH¢ '000
<b>11. Cash generated from operations</b>		
Reconciliation of (loss)/profit before tax to cash generated from operations:		
(Loss)/profit before tax	2,459	1,114
<b>Adjustments for:</b>		
Depreciation on equipment (Note 7)	79	197
Amortization of intangible assets (Note 8)	-	-
Changes in working capital:		
- Trade and other receivable	(1,841)	(1,869)
- Trade and other payables	183	1,052
<b>Cash generated from operations</b>	<b>880</b>	<b>495</b>
<b>12. Related party transactions and balances</b>		
The company is controlled by Spice VAS (Africa) Pte Limited incorporated in Singapore, which owns 100% of the company's shares.		
The following balances arose out of transactions carried out with related parties:		
	2018 GH¢ '000	2017 GH¢ '000
<b>(i) Amounts due from related parties (Note 8)</b>		
Spice Digital Nigeria Limited	14	14
Spice Digital South Africa Pty Limited	21	21
Spice VAS Tanzania Limited	204	203
	<b>239</b>	<b>238</b>
<b>(ii) Amounts due to related parties (Note 10)</b>		
Spice VAS Uganda Limited	448	445
Spice VAS Zambia Limited	2	2
Spice VAS (Africa) Pte Limited	185	-
	<b>635</b>	<b>448</b>
<b>(iii) Technical Support Charges</b>		
Spice VAS (Africa) Pte Limited	4,362	4,505
Spice Labs Private Limited	1,969	-
Mobisoc Technologies Private Limited	579	-
	<b>6,909</b>	<b>4,505</b>
<b>(iv) Directors remuneration</b>		
Mr. Seth Kwesi Asante	11	11



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Related party transactions and balances (continued)**

	Outstanding balances arising from related parties (payable)/receivable						
	Spice Digital South Africa Pty Limited GH¢ '000	Spice VAS (Africa) Pte Limited GH¢ '000	Spice VAS Tanzania Limited GH¢ '000	Spice VAS Zambia Limited GH¢ '000	Spice Digital Nigeria Limited GH¢ '000	Spice VAS Uganda Limited GH¢ '000	Total GH¢ '000
<b>At the start of the year</b>	20,740	-	203,061	(2,317)	13,956	(445,292)	(209,852)
Transaction during the year	178	(184,619)	1,213	(14)	83	(2,659)	(185,818)
<b>At the end of the year</b>	<b>20,918</b>	<b>(184,619)</b>	<b>204,274</b>	<b>(2,331)</b>	<b>14,040</b>	<b>(447,951)</b>	<b>(395,670)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. Risk management objectives and policies

#### Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

#### (i) Market risk

##### - Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future transactions, assets and liabilities in the statement of financial position.

The company does not hedge foreign exchange fluctuations.

#### (ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

#### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasting is performed by the finance department of the company by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits on any of its borrowing facilities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14 Capital management

#### Internally imposed capital requirements

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products commensurate with the level of risk;
- to comply with the capital requirements set out by the company's bankers;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business and;
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 15 Incorporation

Spice VAS Ghana Limited is incorporated in Ghana under the Companies Act 1963 as a private limited liability company and is domiciled in with Certificate of Incorporation number CA-88,194

### 16 Presentation currency

These financial statements are presented in thousands of Ghanaian Cedis (GH¢ '000).