

**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*

**REPORTS AND FINANCIAL STATEMENTS**  
**AS ON 31 MARCH, 2019**

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*(Formerly Spice Digital Nigeria Limited)*

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**DIGISPICE NIGERIA LIMITED**  
*(Formerly 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:** bakertilly,  
(Chartered Accountants),  
Kresta Laurel Complex (4th Floor),  
376, Ikorodu Road, Maryland,  
Lagos.

**Bankers:** Zenith Bank Plc  
Sterling Bank Plc

**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*

**RESULTS AT A GLANCE**

	<b>2019</b>	<b>2018</b>	<b>Percentage</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>Increase/ decrease</b>
<b>Statement of profit or loss</b>			
Revenue	762,495	952,181	(20)
Loss before taxation	(24,255)	(22,436)	(8)
Taxation	(23,230)	(46,038)	50
Loss after taxation	(47,485)	(68,474)	31
	=====	=====	
<b>Statement of financial position</b>			
Share capital	10,000	10,000	-
Total equity	(231,001)	(183,516)	(26)
Total assets	733,692	819,089	(10)
Total liabilities	964,693	1,002,605	4
	=====	=====	
Loss per share	(475K)	(685K)	
Number of employees	8	10	
	=====	=====	

**DIGISPICE NIGERIA LIMITED**  
**(Formerly 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, 2019.

<b>2. Review of operating performance</b>	<b>2019</b>
	<b>₦'000</b>
Revenue	762,495
	=====
<b>Loss before taxation</b>	<b>(24,255)</b>
Taxation	<u>(23,230)</u>
<b>Loss after taxation</b>	<b>(47,485)</b>
	=====

The company recorded revenue of ₦762.495 million in 2019 as compared with revenue of ₦952.181 million in 2018.

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.

The company approved a change of its name from 'Spice Digital Nigeria Limited' to 'Digispice Nigeria Limited' by a special resolution. The Resolution was filed and certified by Corporate Affairs Commission and became effective on the 26 March, 2019.

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.

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, 2019 there were, however, no disabled persons in the company's employment.

(ii) ***Employees' involvement and training:***

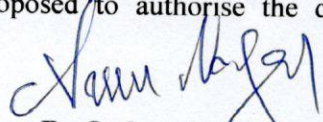
The company is committed to keeping employees fully informed as far as possible regarding their performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. The company provides a range of training from time to time with potential broadening 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. bakertilly (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**

ALPHA-GENASEC LIMITED

SECRETARIES

**Lagos, Nigeria  
20 May, 2019**

4th Floor, Kresta Laurel Complex,  
376, Ikorodu Road, Maryland,  
P.O. Box 15016, Ikeja,  
Lagos,  
Nigeria.

Tel: +234 (0) 703 505 1283, (0) 903 161 3983,  
(0) 802 310 6422

E-mail: [btnlag@bakertillynigeria.com](mailto:btnlag@bakertillynigeria.com)

Website: [www.bakertilly.ng](http://www.bakertilly.ng)

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*

### Report on the financial statements

We have audited the accompanying financial statements of Digispice Nigeria Limited (formerly Spice Digital Nigeria Limited) for the year ended 31 March, 2019, 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 Digispice Nigeria Limited (formerly Spice Digital Nigeria Limited) as at 31 March, 2019, 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.

### Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Without qualifying our opinion, we draw attention to **note 30** to the financial statements which indicates that the company had incurred an accumulated loss of ₦241.001 million (2018 – ₦193.516 million) and a shareholders' deficit of ₦231.001 million (2017 – ₦183.516 million) as at 31 March, 2019. These conditions indicate the existence of material uncertainty which may cast doubt on the company's ability to continue as a going concern if strategies are not put in place to immediately ensure that the earnings capacity of the company improve significantly to cover the huge operating costs and ensure profitability in the nearest future.

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

**ADVISORY · ASSURANCE · TAX**

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

### 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.

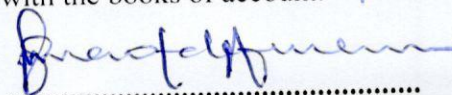
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

7

### 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  
bakertilly  
(Chartered Accountants)



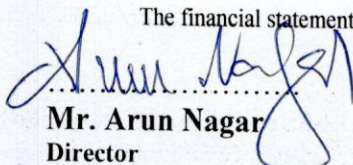
Lagos, Nigeria  
20 May, 2019

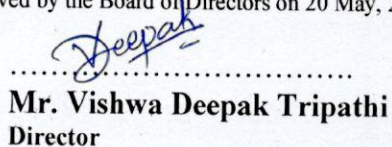


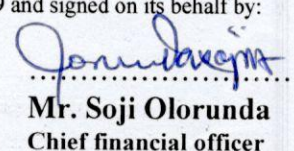
**DIGISPICE NIGERIA LIMITED**  
**(Formerly Spice Digital Nigeria Limited)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS ON 31 MARCH, 2019**

	Note	2019 N'000	2018 N'000
<b>Non-current assets</b>			
Property, plant and equipment	3	9,449	13,713
Intangible assets	4	2,998	5,038
Deferred tax assets	5	2,127	1,466
Due from related parties	6	-	15,576
<b>Total non-current assets</b>		<u>14,574</u>	<u>35,793</u>
<b>Current assets</b>			
Trade and other receivables	7	350,722	101,914
Loans and advances	8	4,054	363
Cash and cash equivalents	9	40,165	155,545
Other assets	10	324,177	525,474
<b>Total current assets</b>		<u>719,118</u>	<u>783,296</u>
<b>Total assets</b>		<u>733,692</u>	<u>819,089</u>
<b>Non-current liabilities</b>			
Due to related companies	11	698,187	620,803
Deferred Tax	12	3,077	1,881
<b>Total current liabilities</b>		<u>701,264</u>	<u>622,684</u>
<b>Current liabilities</b>			
Trade and other payables	13	114,754	254,795
Other liabilities	14	125,834	96,526
Income tax liabilities	15	22,841	28,600
<b>Total non-current liabilities</b>		<u>263,429</u>	<u>379,921</u>
<b>Total liabilities</b>		<u>964,693</u>	<u>1,002,605</u>
<b>Equity</b>			
Share capital	16	10,000	10,000
Retained earnings	17	(241,001)	(193,516)
<b>Total equity</b>		<u>(231,001)</u>	<u>(183,516)</u>
<b>Total liabilities and equity</b>		<u>733,692</u>	<u>819,089</u>

The financial statements were approved by the Board of Directors on 20 May, 2019 and signed on its behalf by:

  
**Mr. Arun Nagar**  
 Director

  
**Mr. Vishwa Deepak Tripathi**  
 Director

  
**Mr. Soji Olorunda**  
 Chief financial officer

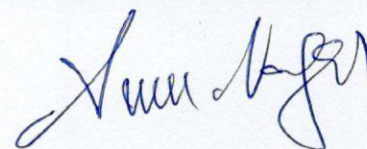
The accounting policies and the notes on pages 12 to 40 form part of these financial statements

**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH, 2019**

	Note	2019 N'000	2018 N'000
Revenue	18	762,495	952,181
Direct cost	19	<u>(395,378)</u>	<u>(689,249)</u>
Other income		367,117	262,932
Personnel expenses	20	9,054	219
Depreciation	21	(65,032)	(63,542)
Other operating expenses	22	(6,529)	(7,137)
Loss before taxation	23	<u>(328,865)</u>	<u>(214,908)</u>
		(24,255)	(22,436)
Current taxation	15.1	(22,695)	(29,613)
Deferred taxation	15.1	<u>(535)</u>	<u>(16,425)</u>
Loss after tax	17	(47,485)	(68,474)
<i>Other comprehensive income</i>		-	-
Total comprehensive income for the year		<u>(47,485)</u>	<u>(68,474)</u>
Loss per share		<u>(475K)</u>	<u>(685K)</u>

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

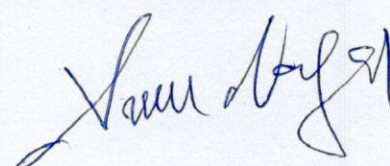


**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH, 2019**

	<b>Share capital</b>	<b>Revenue reserve</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Balance as at 1 April 2018	10,000	(193,516)	(183,516)
Profit for the year	<u>-</u>	<u>(47,485)</u>	<u>(47,485)</u>
Balance as at 31 March 2019	10,000	(241,001)	(231,001)
	=====	=====	=====
Balance as at 1 April, 2017	10,000	(125,042)	(115,042)
Profit for the year	<u>-</u>	<u>(68,474)</u>	<u>(68,474)</u>
Balance as at 31 March, 2018	10,000	(193,516)	(183,516)
	=====	=====	=====

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

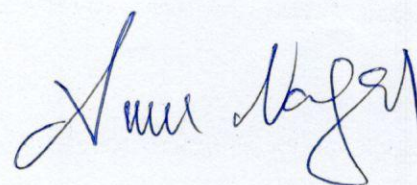


**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH, 2019**

	Note	2019 N'000	2018 N'000
<b>Cash flows from operating activities</b>			
Operating profit/ (loss) before working capital changes	28.1	(17,726)	(15,299)
Working capital changes	28.2	<u>(68,975)</u>	<u>71,988</u>
Tax paid	15.2	86,701	56,689
<b>Net cash used in operating activities</b>		<u>(115,155)</u>	<u>16,447</u>
<b>Cash flow from investing activities</b>		<u>-----</u>	<u>-----</u>
Acquisition/improvement of fixed assets	3.1	(225)	(1,963)
Acquisition of intangible asset	4	<u>-</u>	<u>(6,120)</u>
<b>Net cash flow from investing activities</b>		<u>(225)</u>	<u>(8,083)</u>
Net increase/ (decrease) in cash and cash equivalents		<u>(115,380)</u>	<u>8,364</u>
Cash and cash equivalents at beginning		<u>155,545</u>	<u>147,181</u>
<b>Cash and cash equivalents at end of period</b>	28.3	<u>40,165</u>	<u>155,545</u>

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



**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*  
**NOTES TO THE FINANACIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2019**

**1. General information**

**1.1 Reporting Entity**

Digispice Nigeria Limited (formerly Spice Digital Nigeria Limited) is a Nigerian Company which commenced business on 1<sup>st</sup> 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.

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:

<b>Pronouncement</b>	<b>Issued</b>	<b>Effective date</b>
<b>IAS 12 <i>Income Taxes</i></b> ◦ Amendments resulting from <i>Annual Improvements 2015–2018 Cycle</i> (income tax consequences of dividends)	December 2018	Annual periods beginning on or after 1 January 2019
<b>IAS 19 <i>Employee Benefits</i></b> ◦ Amendments regarding plan amendments, curtailments or settlements	February 2019	Annual periods beginning on or after 1 January 2019
<b>IAS 23 <i>Borrowing Costs</i></b> ◦ Amendments resulting from <i>Annual Improvements 2015–2018 Cycle</i> (borrowing costs eligible for capitalisation)	December 2018	Annual periods beginning on or after 1 January 2019
<b>IAS 28 <i>Investments in Associates and Joint Ventures</i></b> ◦ Amendments resulting from <i>Annual Improvements 2014–2017 Cycle</i> (clarifying certain fair value measurements)	December 2017	Annual periods beginning on or after 1 January 2019
◦ Amendments regarding long-term interests in associates and joint ventures	October 2018	Annual periods beginning on or after 1 January 2019
<b>IAS 40 <i>Investment Property</i></b> ◦ Amendments to clarify transfers or property to, or from, investment property	December 2017	Annual periods beginning on or after 1 January 2019

## 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 market less the estimated costs necessary to make the

1.7.5 **Financial instruments**

... 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, 2019.

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, 2019.

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, 2019.

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 charges 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 parties. 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 meet 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.

<i>a)</i>	<i>Analysis by services/product</i>	<b>31-March-19</b> <b>₦'000</b>	<b>31-March-18</b> <b>₦'000</b>
	VAS Content	762,495	952,181
		<u>762,495</u>	<u>952,181</u>
		=====	=====
<i>b)</i>	<i>Analysis by geographical area</i>		
	Nigeria	762,495	952,181
		<u>762,495</u>	<u>952,181</u>
		=====	=====



**3 Property and equipment  
Summary**

	<b>Cost N'000</b>	<b>2019 Accumulated depreciation N'000</b>	<b>Carrying value N'000</b>
Office equipment	3,512	2,344	1,168
Plant and machinery	88,511	80,993	7,518
Motor Vehicle	412	234	178
Furniture and fittings	<u>4,126</u>	<u>3,541</u>	<u>585</u>
Total	<u>96,561</u>	<u>87,112</u>	<u>9,449</u>

	<b>Cost N'000</b>	<b>2018 Accumulated depreciation N'000</b>	<b>Carrying value N'000</b>
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	<u>4,126</u>	<u>3,392</u>	<u>734</u>
Total	<u>96,336</u>	<u>82,623</u>	<u>13,713</u>

**3.1 Movement 2019**

	<b>2018 Carrying Value N'000</b>	<b>Addition N'000</b>	<b>Disposal of accumulated depreciation N'000</b>	<b>Depreciation N'000</b>	<b>2019 Carrying value N'000</b>
Office equipment	1,674			(506)	1,168
Plant and machinery	11,058	225		(3,765)	7,518
Motor vehicle	247			(69)	178
Furniture and fittings	<u>734</u>	<u>-</u>	<u>-</u>	<u>(149)</u>	<u>585</u>
Total	<u>13,713</u>	<u>225</u>	<u>-</u>	<u>4,489</u>	<u>9,449</u>

**Movement 2018**

	2017 Carrying Value N'000	Additions N'000	Disposal of accumulated depreciation N'000	Depreciation N'000	2018 Carrying value N'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	<u>774</u>	<u>355</u>	-	<u>(395)</u>	<u>734</u>
Total	<u>17,805</u>	<u>1,963</u>	-	<u>(6,055)</u>	<u>13,713</u>

4. Intangible asset	2019 N'000	2018 N'000
<b>Cost</b>		
As at 1 April	6,120	-
Addition	<u>-</u>	<u>6,120</u>
	6,120	6,120
<b>Amortization</b>		
As at 1 April	1,082	-
Charge for the year	<u>2,040</u>	<u>1,082</u>
	3,122	1,082
Carrying value	<u>2,998</u>	<u>5,038</u>

5 Deferred tax assets	31/03/2019 N'000	31/03/2018 N'000
Net impact of difference	2,127	1,466

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	1,466	16,010
b. Impact of expenditure to the statement of profit or loss in the current year but allowed for tax purposes on payment basis	<u>661</u>	<u>(14,544)</u>
Net deferred tax assets	<u>2,127</u>	<u>1,466</u>

	31/03/2019 N'000	31/03/2018 N'000
<b>6. Due from related parties</b>		
Spice Digital South Africa (Pty.) Ltd.	-	<u>15,576</u>
	-	<u>15,576</u>
	=====	=====
<b>7. Trade and other receivables</b>		
Billed receivables	335,796	8,447
Other Receivables	<u>14,926</u>	<u>93,467</u>
	350,722	101,914
	=====	=====
<b>7.1 Billed receivable</b>		
Airtel (CRBT) Account	-	-
Etisalat	231,768	74,027
Globacom	152,231	36,590
MTN Nigeria	40,662	915
T.A Telecom	-	-
Visafone	-	-
	<u>424,661</u>	<u>111,532</u>
Impairment during the year (note 7.3)	<u>(88,865)</u>	<u>103,085</u>
	335,796	8,447
	=====	=====
<b>7.2 Note on movement in fair value</b>		
Balance at 1 April	8,447	93,262
Movement during the year	416,214	12,820
Impairment during the year (note 7.3)	<u>(88,865)</u>	<u>(97,635)</u>
Balance at 31 March	335,796	8,447
	=====	=====
<b>7.3 Allowance for impairment</b>		
Balance at 1 April	97,635	3,761
Transfer to profit or loss account	<u>(8,770)</u>	<u>93,874</u>
Balance at 31 March	88,865	97,635
	=====	=====
<b>8 Loans and advances</b>		
Staff loans and advances	43	338
Others	<u>4,010</u>	<u>25</u>
	4,054	363
	=====	=====

	31/03/2019	31/03/2018
	N'000	N'000
9. <b>Cash and cash equivalents</b>		
Cash at bank	40,165	155,545
	=====	=====
10 <b>Other assets</b>		
Prepayment (10.1)	3,140	2,720
Unbilled revenue (10.2)	133,020	358,667
WHT Receivable	<u>188,017</u>	<u>164,087</u>
	<u>324,177</u>	<u>525,474</u>
	=====	=====
10.1 <b>Prepayment</b>		
Insurance IT on site	9	184
Prepaid AMC	846	
Prepaid Expenses	375	414
Prepaid Premium Health	162	152
Rent office	1,579	1,604
Work permit/Visa fee	<u>169</u>	<u>366</u>
	<u>3,140</u>	<u>2,720</u>
	=====	=====
10.2 <b>Unbilled revenue</b>		
Airtel	34	616
Globacom	50,022	188,301
Etisalat	71,317	154,246
MTN	<u>11,647</u>	<u>15,504</u>
	<u>133,020</u>	<u>358,667</u>
	=====	=====
11. <b>Due to related parties</b>		
Spice VAS Kenya Limited	-	35,603
Spice VAS (Africa) Pte. Ltd.	676,217	563,365
Spice VAS Ghana Limited	1,140	1,133
Spice VAS Tanzania Limited	<u>20,830</u>	<u>20,702</u>
	<u>698,187</u>	<u>620,803</u>
	=====	=====
12. <b>Deferred tax liability</b>		
Balance at 1 April	1,881	-
Measurement during the year	<u>1,196</u>	<u>1,881</u>
Balance at 31 March	<u>3,077</u>	<u>1,881</u>
	=====	=====
13. <b>Trade and other payables</b>		
Royalty Payable	103,474	203,483
Other payables	<u>11,280</u>	<u>51,312</u>
	<u>114,754</u>	<u>254,795</u>
	=====	=====

	31/03/2019	31/03/2018
	N'000	N'000
14. <b>Other liabilities</b>		
Performance link incentive payable	6,556	4,344
VAT payable	38,379	24,829
Audit fee Payable	5,508	3,600
Accrued expenses	36,165	16,703
ITF payable	3,338	2,678
PAYE	595	569
Pension payable	319	380
Other Payable	249	6,073
ITD Levy	156	-
WHT payable	32,079	24,038
National Communications Commission	-	9,522
Leave encashment payable	<u>2,490</u>	<u>3,790</u>
	<u>125,834</u>	<u>96,526</u>
	=====	=====
15. <b>Taxation</b>		
15.1. <b>Income statement:</b>		
Income tax	21,213	27,622
Education tax	<u>1,482</u>	<u>1,991</u>
	22,695	29,613
Deferred tax	<u>535</u>	<u>16,425</u>
Tax expense	<u>23,230</u>	<u>46,038</u>
	=====	=====
15.2 <b>Balance sheet</b>		
Balance at 1 April	28,600	39,229
Provision for the year	<u>22,695</u>	<u>29,613</u>
	51,295	68,842
WHT utilized	(26,309)	
Payment during the year	<u>(2,145)</u>	<u>(40,242)</u>
Balance at 31 March	<u>22,841</u>	<u>28,600</u>
	=====	=====

	31/03/2019 N'000	31/03/2018 N'000
16. <b>Shares</b>		
<i>Authorised shares</i>		
15,000,000 ordinary shares of ₦1.00	15,000	15,000
	=====	=====
<i>Issued and paid-up</i>		
10,000,000 ordinary shares of ₦1.00	10,000	10,000
	=====	=====
17. <b>Retained earnings</b>		
At 1 April	(193,516)	(125,042)
Transfer from profit or loss	(47,485)	(68,474)
	<u>(241,001)</u>	<u>(193,516)</u>
	=====	=====
18. <b>Revenue</b>		
Agency fees	762,495	952,181
	=====	=====
19. <b>Direct cost</b>		
Material and services	72,051	203,443
Content allocation cost	18,329	104,934
Management Fees	-	-
Technical Support services	304,998	380,872
	<u>395,378</u>	<u>689,249</u>
	=====	=====
20. <b>Other income</b>		
Interest on call account	279	219
Reversal of trade impairment recovered	8,771	-
Others	4	-
	<u>9,054</u>	<u>219</u>
	=====	=====

	31/03/2019	31/03/2018
	N'000	N'000
21. <b>Personnel expenses</b>		
Salaries and wages	59,962	57,152
Contribution to provident and other fund	2,189	2,098
Staff welfare expenses	2,881	4,292
	<u>65,032</u>	<u>63,542</u>
	=====	=====
22. <b>Depreciation of fixed assets</b>		
Office equipment	506	485
Plant and machinery	3,765	5,107
Motor Vehicle	69	68
Furniture and fittings	149	395
Amortization of software	2,040	1,082
	<u>6,529</u>	<u>7,137</u>
	=====	=====
23. <b>Other operating expenses</b>		
Impairment charge	76,224	93,874
Exchange loss	7,093	33,395
Consultancy fees	7,413	24,844
Communication expenses	20,551	14,431
Business promotion	12,495	13,320
Annual operating levy	8,068	9,522
Audit fee	3,627	3,600
Travelling expenses	14,981	3,872
Rent	3,815	3,850
Conveyance	3,581	3,847
Office expenses	1,061	2,526
Accommodation charges	1,951	1,420
Rack space charges	1,319	1,303
Bad Debts	155,548	1,050
Repairs and maintenance	922	1,043
Legal and Professional Expense	-	1,000
Bank charges	809	998
Utilities	1,148	910
Work Permit fees	863	758
ITF	662	632
Computer consumable	1,291	496
Insurance	250	346
Rates & taxes	482	213
Courier Charges	992	117
Printing and stationeries	135	113
License and permits	325	8
Interest & Penalty on demand	3,259	-
	<u>328,865</u>	<u>214,908</u>
	=====	=====

	31/03/2019 N'000	31/03/2018 N'000
24. <b>Loss before taxation</b>		
<i>This is arrived at after charging:</i>		
Depreciation	6,529	7,137
Audit fee	3,627	3,600
	<u>=====</u>	<u>=====</u>
25. <b>Related party disclosures</b>		
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:		
26. <b>Due from related parties</b>		
Spice Digital South Africa	-	15,576
	-	15,576
	<u>=====</u>	<u>=====</u>
27. <b>Due to related parties</b>		
Spice VAS Kenya Limited	-	35,603
Spice VAS (Africa) Pte. Ltd.	676,217	563,365
Spice VAS Ghana Limited	1,140	1,133
Spice VAS Tanzania Limited	20,830	20,702
	<u>698,187</u>	<u>620,803</u>
	<u>=====</u>	<u>=====</u>
Of the N563,365,000 due to Spice Vas (Africa) Pte Limited in 2017, N381,274,000 represents a deposit for shares which will be issued when relevant resolution is passed.		
28. <b>Cash flow reconciliation</b>		
28.1 <b>Operating loss before working capital changes</b>		
Profit/ (loss) before taxation	(24,255)	(22,436)
<b>Adjustments:</b>		
Depreciation	6,529	7,137
	<u>(17,726)</u>	<u>(15,299)</u>
	<u>=====</u>	<u>=====</u>



	<b>31/03/2019</b>	<b>31/03/2018</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>28.2 Working capital changes</b>		
Due from related companies	15,576	(1,818)
Trade and other receivables	(248,808)	(8,652)
Loans and advances	(3,691)	95,279
Other assets	201,297	(243,144)
Due to related companies	77,384	141,132
Trade and other payables	(140,041)	93,689
Other liabilities	29,308	(18,712)
Restatement	-	14,214
	<u>(68,975)</u>	<u>71,988</u>

**28.3 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:

Cash at bank	40,165	155,545
	<u>          </u>	<u>          </u>

**29. Emoluments of Directors and employees**

**29.1 Directors**

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

	<b>31/03/2019</b>	<b>31/03/2018</b>
<b>29.2 Employees</b>		
<i>The salary earned by these persons are as follows:</i>		
<b>Range</b>	<b>Number</b>	<b>Number</b>
Below 1,200,000	-	-
Above 1,200,000	8	10
	<u>8</u>	<u>10</u>
	<u>      </u>	<u>      </u>

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

	<b>2019</b>	<b>2018</b>
Senior	7	9
Junior	1	1
	<u>8</u>	<u>10</u>
	<u>      </u>	<u>      </u>

29.3 **The aggregate payroll costs of these persons were as follows:**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Salaries and wages	59,962	57,152
Contribution to provident and other fund	2,189	2,098
Staff welfare expenses	<u>2,881</u>	<u>4,292</u>
	<u>65,032</u>	<u>63,542</u>

29.4 **Earnings/(loss) per shares (EPS)**

Profit/(loss) after tax	<u>(53,015)</u>	<u>(68,474)</u>
Weighted average number of equity	<u>10,000</u>	<u>10,000</u>
Earnings/ (loss) per share (EPS)	<u>(530K)</u>	<u>(684k)</u>

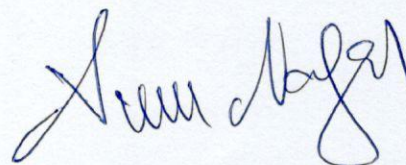
30. **Going concern**

The company incurred accumulated loss of ₦241.001 million (2018: ₦193.516 million) as at the year ended 31 March, 2019. As at that date, there is a deficit in the shareholders' equity amounting to ₦231.001 million (2018: ₦183.516 million).

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.

31. **Approval of Financial Statements**

These financial statements were approved by the Board of Directors of the company on 20 May, 2019.



**OTHER NATIONAL DISCLOSURES**

**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*  
**VALUE ADDED STATEMENT FOR**  
**FOR THE YEAR ENDED 31 MARCH, 2019**

	2019	%	2018	%
	N'000		N'000	
Gross earnings	771,549	1631	952,181	1974
Administrative overheads	<u>(724,243)</u>	<u>(1531)</u>	<u>(903,938)</u>	<u>(1874)</u>
<b>Value (absorbed)/added</b>	<b>47,306</b>	<b>100</b>	<b>48,243</b>	<b>100</b>
	=====	=====	=====	=====
<b>Applied as follows:</b>				
<i>Payment to employees</i>				
Salaries and wages	65,032	137	63,542	132
<i>Payment to Government</i>				
Taxation	22,695	48	29,613	61
<i>Retained for future expansion</i>				
Depreciation	6,529	14	7,137	15
Deferred taxation	535	1	16,425	34
Profit retained in the business	<u>(47,485)</u>	<u>(100)</u>	<u>(68,474)</u>	<u>(142)</u>
<b>Value (absorbed)/ added</b>	<b>47,306</b>	<b>100</b>	<b>48,243</b>	<b>100</b>
	=====	=====	=====	=====

**DIGISPICE NIGERIA LIMITED**  
*(Formerly Spice Digital Nigeria Limited)*  
**FIVE YEAR FINANCIAL SUMMARY**

	IFRS 2019 N'000	IFRS 2018 N'000	IFRS 2017 N'000	IFRS 2016 N'000	IFRS 2015 N'000
Revenue	762,495	952,181	808,738	851,353	327,440
Profit / (Loss) after tax	(53,013)	(68,474)	(34,275)	18,374	(58,965)
<b>Balance sheet</b>					
Property, and equipment	9,449	13,713	17,802	16,450	29,494
Intangible assets	2,998	5,038	-	-	-
Deferred tax	2,127	1,466	16,010	1,105	18,806
Due from related parties	-	15,576	13,758	602	603
Current assets	719,118	783,296	618,415	631,810	200,769
Total liabilities	<u>(964,693)</u>	<u>(1,002,605)</u>	<u>(781,030)</u>	<u>(730,755)</u>	<u>(316,498)</u>
Net liabilities	<u>(231,001)</u>	<u>(183,516)</u>	<u>(115,045)</u>	<u>(80,788)</u>	<u>(66,826)</u>
<b>Financed by:</b>					
Share capital	10,000	10,000	10,000	10,000	10,000
Revenue reserve	<u>(241,001)</u>	<u>(193,516)</u>	<u>(125,045)</u>	<u>(90,788)</u>	<u>(76,826)</u>
Shareholders' deficit	<u>(231,001)</u>	<u>(183,516)</u>	<u>(115,045)</u>	<u>(80,788)</u>	<u>(66,826)</u>