

NEBULA EAST AFRICA PRIVATE LIMITED

FINANCIAL STATEMENTS

For the year ended

31st MARCH 2018

Kreston KM & Co.
Certified Public Accountants (K)
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**NEBULA EAST AFRICA PRIVATE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

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**NEBULA EAST AFRICA PRIVATE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2018**

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Board of Directors

Prabhakar Jain
Chemarla Rajesh Kumar

Registered Office

Plot No 1/548, Paresia Centre,
1st Floor, N Gong Road,
Opposite Uchumi Hyper,
P.O Box 6574 00100,
Nairobi, Kenya.

Accountants

Kreston KM & Co
Certified Public Accountants (K)
Westlands, Woodvale Grove
Block B, Suite 6
P.O. Box 66837- 00800
Nairobi, Kenya

Principal Bankers

Standard Chartered Bank Limited

**NEBULA EAST AFRICA PRIVATE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2018**

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

Principal activities

The principal activity of the business is production and sale of adhesive materials.

Results and dividends

The net profit for the period of Kshs 1,627,851 (Kshs 171,623) has been added to the accumulated losses.

The directors do not recommend the declaration of any dividends for the year.

Directorate

The directors who held office during the year and to the date of this report are set out on page 1.

Auditor

The Company Auditors Kreston KM & Co. who were appointed during the year have expressed their willingness to continue in office in accordance with section 719 (2) of the Companies Act 2015.

By order of the board


.....
Director/Company Secretary

Date 30.04..... 2018

**NEBULA EAST AFRICA PRIVATE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST MARCH 2018**

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The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give 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.

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. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st March 2018 and of its profit and cashflow for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors on30.04..... 2018 and signed on its behalf by:

.....

Director

Date.....30.04..... 2018

Opinion

We have audited the accompanying financial statements of Nebula East Africa Private Limited, set out on pages 5 to 12 which comprise the statement of financial position as at 31st March 2018, the statement of comprehensive income, statement of changes in equity, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31st March 2018 and of its financial performance and cash flows for the year the ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Kenyan Companies Act 2015.

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 Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' Responsibilities 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 Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act 2015, and for such internal control as management determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Auditor's Responsibilities for the Audit of the Financial Statements (contd...)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

* Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

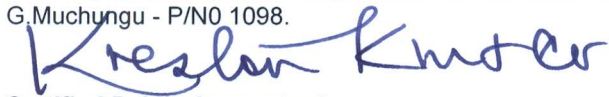
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

As required by the Kenyan Companies Act 2015 we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Organization, so far as appears from our examination of those books; and
- iii) the Company's balance sheet and income statement are in agreement with the books of account.

The engagement partner responsible for the audit resulting in the independent auditor's report is FCPA David G. Muchungu - P/N0 1098.



Certified Public Accountants

Nairobi

 2018



Statement of Comprehensive Income

	2018 Kshs	2017 Kshs
Sales	25,621,097	1,002,398
Less: cost of sales	<u>(22,761,122)</u>	<u>(959,278)</u>
Gross profit	2,859,975	43,120
Other income	<u>-</u>	<u>93,099</u>
	2,859,975	136,219
Administration overheads	556,992	267,077
Finance costs	<u>42,651</u>	<u>40,765</u>
Total Expenses	599,643	307,842
Net profit/(loss) before tax	2,260,332	(171,623)
Tax expense	<u>632,481</u>	<u>-</u>
Net profit/(loss) after tax	1,627,851	(171,623)

NEBULA EAST AFRICA PRIVATE LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST MARCH 2018

Statement of financial position

	Note	Year ended 31 March	
		2018 Kshs	2017 Kshs
ASSETS			
Fixed Assets			
Office Equipment	3	18,560	23,200
		<u>18,560</u>	<u>23,200</u>
Current Assets.			
Cash & Cash equivalent	4	8,687,518	4,921,531
Trade Receivables	5	15,309,785	547,711
		<u>23,997,303</u>	<u>5,469,242</u>
		<u>24,015,863</u>	<u>5,492,442</u>
EQUITY			
Capital and reserves			
Ordinary shares	6	5,000,000	5,000,000
Accumulated profit		1,456,228	(171,623)
		<u>6,456,228</u>	<u>4,828,377</u>
LIABILITIES			
Current Liabilities			
Trade payables	7	16,871,383	504,942
Other payables		55,771	159,123
Tax payable	8	632,481	-
		<u>17,559,635</u>	<u>664,065</u>
		<u>24,015,863</u>	<u>5,492,442</u>

The financial statements were approved by the Board of Directors on30.04.....2018
 and signed on its behalf by;

Director.....

Director.....

Statement of changes in equity.

	Share Capital	Retained Earnings	Total
	Kshs.	Kshs.	Kshs.
Shares issued	5,000,000	-	5,000,000
Loss for the period	-	(171,623)	(171,623)
At 31st March 2017	<u>5,000,000</u>	<u>(171,623)</u>	<u>4,828,377</u>
At 1st April 2017			
Shares issued	5,000,000	(171,623)	4,828,377
Profit for the period	-	1,627,851	1,627,851
At 31st March 2018	<u>5,000,000</u>	<u>1,456,228</u>	<u>6,456,228</u>

Statement of Cashflows

Year ended 31 March

	Notes	2018 Ksh	2017 Ksh
Profit for the period		2,260,332	(171,623)
Adjustment for non cash items:			
Add: Depreciation		4,640	-
		<u>2,264,972</u>	<u>(171,623)</u>
Operating activities			
(Increase) in receivables		(14,762,074)	(547,711)
Increase in payables		16,263,089	664,065
Net cash generated from/(used in) operating activities		<u>3,765,987</u>	<u>(55,269)</u>
Cashflow from Investing activities			
Purchase of fixed assets		-	(23,200)
Net cash used in investing activities		-	<u>(23,200)</u>
Cashflow from financing activities			
Issue of share capital		-	5,000,000
Net cash flow from financing activities		-	<u>5,000,000</u>
Decrease in cash and cash equivalents		3,765,987	4,921,531
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		4,921,531	-
(Decrease)/Increase		3,765,987	4,921,531
Cash and cash equivalents at end of year	4	<u><u>8,687,518</u></u>	<u><u>4,921,531</u></u>

Notes

1. General information

The Nebula E.A Private Limited is incorporated in Kenya under the companies act as a private limited liability company and is domiciled in kenya. The address of its registered office is:

Plot No 1/548, Paresia Centre,
1st Floor, N Gong Road,
Opposite Uchumi Hyper,
P.O Box 6574 00100,
Nairobi, Kenya.

The principal activity of the business is production and sale of printed materials.

2. Basis of Preparation and Significant Accounting Policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and related taxes collected on behalf of the government of Kenya.

(b) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable services and acceptance of the rendered services by the client for the year, determined in accordance with the Kenyan Income Tax Act 2015.

Notes 2 (condt.)

(c) Income tax (condt.)

Deferred income tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

(d) Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction.

Foreign currency monetary items at the balance sheet date are translated

using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

(e) Share capital, share premium, and dividends

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

(f) Financial assets

Trade and other receivables are initially recognised at the transaction price. Where credit is extended, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Notes 2 (condt.)

(g) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any other accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment:

Furniture and equipments	20.0%
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If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

(i) Impairment of non-financial assets

At each reporting date, property, plant and equipment, investment property, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

(j) Financial risk management objectives and policies

The company's activity expose it to a variety of financial risks including credit and interest rates. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risks. The company does not hedge any risks but has in place policies to ensure that credit is extended to customers with an established credit history.

Notes

	2018 Kshs
3. Property, plant and equipment	Furniture & Equipments
	20%
Cost	Kshs
At start of year	23,200
At end of year	23,200
Depreciation	
At start of year	-
Annual depreciation	4,640
At end of year	4,640
Carrying amount	
At end of year	18,560
At 31 March 2017	23,200

Notes

	2018 Kshs	2017 Kshs
4. Cash and Bank		
Bank	8,687,518	4,921,531
	8,687,518	4,921,531
5. Receivables		
Trade receivables	15,309,785	515,729
	15,309,785	515,729
6. Authorised and Issued share capital		
	Number of Shares	Ordinary Shares Kshs.
		Totals Kshs.
6.1 Authorised Share Capital		
50,000 ordinary shares of Ksh 100 each, As 31 March 2018	<u>50,000</u>	<u>100</u>
		<u>5,000,000</u>
6.2 Issued Share Capital		
ordinary shares of Ksh each As 31 March 2018	<u>50,000</u>	<u>100</u>
		<u>5,000,000</u>
7. Payables		
Trade payables	16,871,383	504,942
Other payables and accruals	55,771	159,123
	16,927,154	664,065
8. Tax payable		
Charge for the year	<u>632,481</u>	<u>-</u>

**NEBULA EAST AFRICA PRIVATE LIMITED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2018**

Appendix I

	2018	2017
	Kshs	Kshs
Income		
Sales	25,621,097	1,002,398
Less: Cost of sales	<u>(22,761,122)</u>	<u>(959,278)</u>
Gross profit	<u>2,859,975</u>	<u>43,120</u>
Othe Income		
Realized Exchange gain	<u>-</u>	<u>93,099</u>
	<u>2,859,975</u>	<u>136,219</u>
Expenditure		
Administrative overheads		
Legal and secretarial fees	154,246	106,433
Company registration expenses	-	91,044
Audit & accountancy fees	270,000	69,600
Depreciation expense	4,640	-
Royalty expense	<u>128,106</u>	<u>-</u>
	<u>556,992</u>	<u>267,077</u>
Finance costs		
Bank charges	24,831	40,765
Un-realised exchange loss	<u>17,820</u>	<u>-</u>
	<u>42,651</u>	<u>40,765</u>
Total expenses	599,643	307,842
Net profit/(loss)	<u><u>2,260,332</u></u>	<u><u>(171,623)</u></u>

YEAR 2017/2018 TAX COMPUTATION

Kshs

Profit per accounts		2,260,332
Add: Depreciation	4,640	
Un-realized exchange gain	17,820	
		<u>22,460</u>
Less: Wear and tear allowances	<u>(2,900)</u>	
		<u>(2,900)</u>
Profit for the year		<u>2,279,892</u>
Tax losses b/f		<u>(171,623)</u>
Taxable Profit for the year		<u>2,108,269</u>
Chargeable tax for the year @30%		632,481
Tax Payable		<u><u>632,481</u></u>

Wear and tear computation

	Office Equipment Class IV Ksh.	Total Ksh.
WDV as 1.4.17	23,200	23,200
Additions	-	
As at 30.03.2018	<u>23,200</u>	<u>23,200</u>
Wear and tear allowances	<u>2,900</u>	<u>2,900</u>
WDV At 31 March 2018	<u><u>20,300</u></u>	<u><u>20,300</u></u>