

NEBULA EAST AFRICA PRIVATE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31 MARCH 2020

Kreston KM & Co.
Certified Public Accountants (K)
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**NEBULA EAST AFRICA PRIVATE LIMITED
MANAGEMENT ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2020**

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**NEBULA EAST AFRICA PRIVATE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2020**

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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 2020**

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The directors submit their report together with the financial statements for the year ended 31st March 2020, 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 year of Kshs 1,425,743 (2019:Kshs 781,465) has been added to the accumulated profit.

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., 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 29th May 2020

**NEBULA EAST AFRICA PRIVATE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST MARCH 2020**

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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 2020 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 on 29th May 2020 and signed on its behalf by:


.....

Director

Date 29th May 2020

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 2020, 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 2020 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

02/06..... 2020



Statement of Comprehensive Income

	2020 Kshs	2019 Kshs
Sales	44,875,819	52,526,633
Less: cost of sales	(38,015,650)	(45,241,813)
Gross profit	<u>6,860,169</u>	<u>7,284,820</u>
Other income	25,028	-
	<u>6,885,197</u>	<u>7,284,820</u>
Administration overheads	5,284,539	6,179,469
Finance costs	24,609	103,284
Total Expenses	<u>5,309,148</u>	<u>6,282,752</u>
Net profit before tax	1,576,050	1,002,067
Tax expense	(150,306)	(220,602)
Net profit after tax	<u><u>1,425,743</u></u>	<u><u>781,465</u></u>

NEBULA EAST AFRICA PRIVATE LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST MARCH 2020

Statement of financial position

	Note	Year ended 31 March	
		2020 Kshs	2019 Kshs
ASSETS			
Fixed Assets			
Office Equipment	3	11,878	14,848
		<u>11,878</u>	<u>14,848</u>
Current Assets.			
Cash & Cash equivalent			
Trade Receivables	4	5,636,827	5,646,597
		30,491,048	27,884,889
		<u>36,127,875</u>	<u>33,531,486</u>
		<u>36,139,753</u>	<u>33,546,334</u>
EQUITY			
Capital and reserves			
Ordinary shares			
Accumulated profit	6	5,000,000	5,000,000
		3,663,436	2,237,693
		<u>8,663,436</u>	<u>7,237,693</u>
LIABILITIES			
Current Liabilities			
Trade payables	7	26,897,944	25,983,134
Other payables	7	104,846	2,285
Tax payable	8	473,527	323,221
		<u>27,476,317</u>	<u>26,308,640</u>
		<u>36,139,753</u>	<u>33,546,334</u>

The financial statements were approved by the Board of Directors on 29th May 2020 and signed on its behalf by;

Director.....

Director.....

Statement of changes in equity.

	Note	Share Capital Kshs.	Retained Earnings Kshs.	Total Kshs.
At 1st April 2019				
Shares issued		5,000,000	2,237,693	7,237,693
Profit for the period		-	1,425,743	1,425,743
At 31st March 2020		5,000,000	3,663,436	8,663,436
At 1st April 2018				
Shares issued		5,000,000	1,456,228	6,456,228
Profit for the period		-	781,465	781,465
At 31st March 2019		5,000,000	2,237,693	7,237,693

Statement of Cashflows

	Notes	Year ended 31 March	
		2020 Ksh	2019 Ksh
Adjustment for non cash items:		1,425,743	781,465
Add: Depreciation		2,970	3,712
		<u>1,428,713</u>	<u>785,177</u>
(Increase) in receivables		(2,606,159)	(12,575,104)
Increase in payables		1,167,676	8,749,006
Net cash used in operating activities		<u>(9,770)</u>	<u>(3,040,921)</u>
Decrease in cash and cash equivalents		(9,770)	(3,040,921)
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		5,646,597	8,687,518
Net decrease in cash and cash equivalents		(9,770)	(3,040,921)
Cash and cash equivalents at end of year	4	<u>5,636,827</u>	<u>5,646,597</u>

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

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 service by the client for the year, determined in accordance with the Kenyan Income Tax Act 2015.

Notes 2 (condt.)

(g) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated

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%

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) 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.

(i) 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

	2020	
	Kshs	
3. Property, plant and equipment		
		Furniture & Equipments
Cost		20%
At start of year		Kshs
At period end		23,200
		<u>23,200</u>
Depreciation		
At start of year		8,352
Depreciation		2,970
At year end		<u>11,322</u>
Carrying amount		
At year end		<u>11,878</u>
		<u>14,848</u>
At 30 March 2019		<u>14,848</u>
Notes		
	31st March	31st March
	2020	2019
	Kshs	Kshs
4. Cash and Bank		
Bank	5,636,827	5,646,597
	<u>5,636,827</u>	<u>5,646,597</u>
5. Receivables		
Trade receivables	30,120,715	27,752,422
Prepayments and other receivables	370,333	132,467
	<u>30,491,048</u>	<u>27,884,889</u>
6. Authorised and Issued share capital		
6.1 Authorized Share Capital	Number of Shares	Ordinary Shares
50,000 ordinary shares of Ksh 100 each, As 31 March 2020	50,000	Kshs. 100
	<u>50,000</u>	<u>5,000,000</u>
6.2 Issued Share Capital		
50,000 ordinary shares of Ksh 100 each, As 31 March 2020	50,000	100
	<u>50,000</u>	<u>5,000,000</u>
7. Payables		
Trade payables	26,897,944	25,983,134
Other payables and accruals	104,846	2,285
	<u>27,002,789</u>	<u>25,985,419</u>
8. Tax payable		
Current tax provision	473,527	220,602
	<u>473,527</u>	<u>323,221</u>

NEBULA EAST AFRICA PRIVATE LIMITED
SUPPLEMENATRY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2020

Appendix I

	2020 Kshs	2019 Kshs
Income		
Sales	44,875,819	52,526,633
Less: Cost of sales	(38,015,650)	(45,241,813)
Gross profit	<u>6,860,169</u>	<u>7,284,820</u>
Othe Income		
Realized Exchange gain	25,028	-
	<u>6,885,197</u>	<u>7,284,820</u>
Expenditure		
Administrative overheads		
Legal and secretarial fees	206,770	259,227
Accountancy Fees	240,000	225,000
Audit Fees	120,000	120,000
Depreciation expense	2,970	3,712
Licence & Permits	30,000	19,500
Office Expense	-	11,281
Advertisement & publicity	-	269,618
Travelling expenses	3,338,864	4,749,505
Royalty expense	672,603	521,626
Tax expense(Kenya)	673,332	-
	<u>5,284,539</u>	<u>6,179,469</u>
Finance costs		
Bank charges	22,983	29,122
Un-realised exchange loss	1,626	74,162
	<u>24,609</u>	<u>103,284</u>
Total expenses	5,309,148	6,282,752
Net profit before Tax	<u><u>1,576,050</u></u>	<u><u>1,002,067</u></u>