

NEBULA EAST AFRICA PRIVATE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31 MARCH 2021

Kreston KM & Co. LLP
Certified Public Accountants (K)
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**NEBULA EAST AFRICA PRIVATE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021**

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Board of Directors

Prabhakar Jain
Cheemarla 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

The directors submit their report together with the financial statements for the year ended 31st March 2021, 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 797,863 (2020:Kshs 1,425,743) 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.

Statement as to disclosure to the company's auditor

With respect to each director at the time this report was approved:

- (a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware;
- and
- (b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The Company Auditors Kreston KM & Co. LLP, 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 26.04. 2021

**NEBULA EAST AFRICA PRIVATE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST MARCH 2021**

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The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that gives a true and fair view of the financial position 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 keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small - sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) designing , implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) Selecting suitable accounting policies and applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on26.04.2021 and signed on its behalf by:


.....
Director

Date.....26.04.2021



NEBULA EAST AFRICA PRIVATE LIMITED
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS NEBULA EAST AFRICA PRIVATE LTD
FOR THE YEAR ENDED 31ST MARCH 2021

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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 2021, 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 2021 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.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS NEBULA EAST AFRICA PRIVATE LTD
FOR THE YEAR ENDED 31ST MARCH 2021**

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.

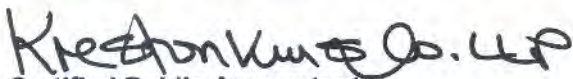
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

27th APRIL 2021

Statement of Comprehensive Income

	2021 Kshs	2020 Kshs
Sales	27,643,799	44,875,819
Less: cost of sales	<u>(24,155,248)</u>	<u>(38,015,650)</u>
Gross profit	3,488,551	6,860,169
Other income	<u>3,493</u>	<u>25,028</u>
	3,492,044	6,885,197
Administration overheads	1,913,335	5,284,539
Finance costs	<u>3,343</u>	<u>24,609</u>
Total Expenses	<u>1,916,678</u>	<u>5,309,148</u>
Net profit before tax	1,575,366	1,576,050
Tax expense	<u>(777,503)</u>	<u>(150,306)</u>
Net profit after tax	<u>797,863</u>	<u>1,425,743</u>

NEBULA EAST AFRICA PRIVATE LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST MARCH 2021

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Statement of financial position

	Note	Year ended 31 March	
		2021	2020
ASSETS		Kshs	Kshs
Fixed Assets			
Office Equipment	3	9,503	11,878
		<u>9,503</u>	<u>11,878</u>
Current Assets.			
Cash & Cash equivalent	4	11,864,059	5,636,827
Trade Receivables		10,392,723	30,491,048
		<u>22,256,782</u>	<u>36,127,875</u>
		<u>22,266,285</u>	<u>36,139,753</u>
EQUITY			
Capital and reserves			
Ordinary shares	6	5,000,000	5,000,000
Retained profit		4,461,299	3,663,436
		<u>9,461,299</u>	<u>8,663,436</u>
LIABILITIES			
Current Liabilities			
Trade payables	7	12,738,442	26,897,944
Other payables	7	66,544	104,846
Tax payable	8	-	473,527
		<u>12,804,986</u>	<u>27,476,317</u>
		<u>22,266,285</u>	<u>36,139,753</u>

The financial statements were approved by the Board of Directors on 26.04.2021
 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 2020				
Shares issued		5,000,000	3,663,436	8,663,436
Profit for the period		-	797,863	797,863
At 31st March 2021		5,000,000	4,461,299	9,461,299
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

Statement of Cashflows

	Notes	Year ended 31 March	
		2021 Ksh	2020 Ksh
Profit for the year		797,863	1,425,743
Adjustment for non cash items:			
Add: Depreciation		2,376	2,970
		<u>800,238</u>	<u>1,428,713</u>
Decrease/(increase) in receivables		20,098,325	(2,606,159)
Decrease/(increase) in payables		(14,671,332)	1,167,676
Net cash used in operating activities		<u>6,227,232</u>	<u>(9,770)</u>
Increase/(decrease) in cash and cash equivalents		6,227,232	(9,770)
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		5,636,827	5,646,597
Net increase/ (decrease) in cash and cash equivalents		<u>6,227,232</u>	<u>(9,770)</u>
Cash and cash equivalents at end of year	4	<u>11,864,059</u>	<u>5,636,827</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%
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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) 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
	20%
Cost	Kshs
At start of year	23,200
At period end	23,200
Depreciation	
At start of year	11,322
Depreciation	2,376
At year end	13,697
Carrying amount	
At year end	9,503
At 31 March 2021	11,878

Notes	31st March 2021 Kshs	31st March 2020 Kshs
4. Cash and Bank		
Bank	11,864,059	5,636,827
	11,864,059	5,636,827
5. Receivables		
Trade receivables	9,399,647	30,120,715
Prepayments and other receivables	993,076	370,333
	10,392,723	30,491,048

6. Authorized and Issued share capital

	Number of Shares	Ordinary Shares Kshs.	Totals Kshs.
6.1 Authorized Share Capital			
50,000 ordinary shares of Ksh 100 each, As 31 March 2021	50,000	100	5,000,000

6.2 Issued Share Capital			
50,000 ordinary shares of Ksh 100 each, As 31 March 2021	50,000	100	5,000,000

7. Payables		
Trade payables	12,738,442	26,897,944
Other payables and accruals	66,544	104,846
	12,804,986	27,002,789

8. Tax payable		
At the start of the year	473,527	-
Paid during the year	(1,251,030)	(673,332)
Current tax	777,503	673,332
Current tax provision	-	473,527
	-	473,527

**NEBULA EAST AFRICA PRIVATE LIMITED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2021**

Appendix I

	2021 Kshs	2020 Kshs
Income		
Sales	27,643,799	44,875,819
Less: Cost of sales	<u>(24,155,248)</u>	<u>(38,015,650)</u>
Gross profit	<u>3,488,551</u>	<u>6,860,169</u>
Othe Income		
Un-realised exchange gain	<u>3,493</u>	<u>25,028</u>
	3,492,044	6,885,197
Expenditure		
Administrative overheads		
Legal and secretarial fees	208,930	206,770
Accountancy fees	240,000	240,000
Audit fees: Kenya	60,000	60,000
: India	60,000	60,000
Depreciation expense	2,376	2,970
Licence & permits	15,000	30,000
Penalty	1,020	-
Travelling expenses	772,801	3,338,864
Royalty expense	553,209	672,603
Tax expense(Kenya)	<u>777,503</u>	<u>673,332</u>
	<u>2,690,838</u>	<u>5,284,539</u>
Finance costs		
Bank charges	3,343	22,983
Un-realised exchange loss	<u>-</u>	<u>1,626</u>
	<u>3,343</u>	<u>24,609</u>
Total expenses	2,694,181	5,309,148
Net profit before Tax	<u><u>797,863</u></u>	<u><u>1,576,050</u></u>

NEBULA EAST AFRICA PRIVATE LIMITED
SUPPLEMENATRY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2021

Schedule of Balance sheet items

	As at 31 March	
	2021	2020
	Ksh	Ksh
1. Trade payables		
Dechem Ltd	-	7,616,994
Pidilite India	620,469	672,603
Crown Paints Allied Industries Ltd	<u>11,583,015</u>	<u>18,399,547</u>
	<u>12,203,483</u>	<u>26,689,144</u>
2. Other payables		
Legal fees-Kairu Mbutia Advocates	257,359	-
Accountancy fees-Kreston KM & Co.	277,600	208,800
VAT payable	-	94,507
Withholding tax	10,339	10,339
Withholding Vat	56,205	-
Tax payable	-	473,527
	<u>601,502</u>	<u>787,173</u>
Total Payables	<u>12,804,986</u>	<u>27,476,317</u>
Crown classic	1,090,322	13,816,824
Crown paints K ltd	8,309,325	16,303,892
VAT recoverable	305,010	-
Tax paid inadvance	<u>688,066</u>	<u>370,332</u>
Total Receivable	<u>10,392,723</u>	<u>30,491,048</u>