

# Company Information

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## **BOARD OF DIRECTORS**

The Directors of the Company were:

Martin Moeller Nielsen

Nikolai Barnwell

## **REGISTERED OFFICE**

L.R. No.330/671,  
4th Floor,Piedmont Plaza,  
Ngong Road  
P.O.BOX 1730-00606  
Nairobi

## **COMPANY SECRETARY**

Systematic Registrars  
P.O.BOX 1102-00600  
Nairobi

## **AUDITORS**

Nafisa Alibhai and Company  
P.O. Box 70540 00400  
Nairobi

## **BANKERS**

Chase Bank  
I&M Bank

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For the Year ended at 30th June 2018

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# Report of the Directors

For the Year ended at 30th June 2018

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The Directors submit their Report together with the audited financial statements for the year ended 30th June 2018, which discloses the state of affairs of the Company.

## PRINCIPAL ACTIVITY

The principal activity of the Company is that of online business activities.

## DIVIDEND

The Directors do not recommend the payment of dividends.

## DIRECTORS

The Directors who served during the year were :-  
Martin Moeller Nielsen  
Nikolai Barnwell

They continue in office in accordance with the Articles of Association of the Company.

## AUDITORS

Nafisa Alibhai and Company have been appointed and have expressed their willingness to continue in office in accordance with Section 717(1) of the Companies Act No 17 of 2015.

## BY ORDER OF THE BOARD



\_\_\_\_\_  
Director

Date 11th Dec 2018

# Directors' Responsibilities


For the Year ended at 30th June 2018

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The Companies Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the Directors to ensure the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The Directors accept the responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. 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 and of its operating results. The Directors further accept responsibility for the maintenance of the accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR

11th DEC 2018

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF MDUNDO LIMITED  
REPORT ON AUDIT OF THE FINANCIAL STATEMENTS**

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*Opinion*

We have audited the financial statements of Mdundo Limited (the 'Company') set out on pages six to sixteen which comprise the statement of financial Position as at 30th June 2018 and the statements of profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Mdundo Limited at 30th June 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards requirements of the Kenyan Companies Act, 2015

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company 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 financial statements in Kenya, and we have fulfilled our ethical 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.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Responsibilities of the directors for the financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with international Financial Reporting Standards and the requirements of the Kenyan Companies Act 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparation of 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

*Auditor's responsibilities for the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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.

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


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 and regulatory 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 purpose of our audit;
- (ii) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- (iii) The Company's statement of financial position is in agreement with the books of account.

*The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Nafisa Saleh Ali Mohammed- P/NO 1551*

  
**NAFISA ALIBHAI AND COMPANY**  
Certified Public Accountants

NAIROBI ..... 18<sup>th</sup> December 2018

# Statement of Comprehensive Income

For the Year ended at 30th June 2018

	<u>Note</u>	<u>2018</u> <u>KSHs</u>	<u>2017</u> <u>Kshs</u>
Revenue		5,371,386	7,485,520
Cost of Sales		2,923,130	3,624,139
Gross Profit		2,448,256	3,861,381
<b>TOTAL INCOME</b>		<b>2,448,256</b>	<b>3,861,381</b>
Establishment		902,342	1,942,376
Administration		4,697,675	10,504,524
Staff Costs		7,959,249	12,490,765
Distribution		5,603,228	9,110,460
Financial		369,956	242,721
Depreciation		16,681	27,777
<b>LOSS BEFORE TAX</b>		<b>(17,100,875)</b>	<b>(30,457,242)</b>
<u>After Charging:-</u>			
Depreciation		16,681	27,777
Auditors Remuneration		100,000	-
Directors' Remuneration		-	-
<b>TAXATION CHARGE</b>	11	<b>(1,332,891)</b>	<b>(9,137,172)</b>
<b>LOSS FOR THE YEAR</b>		<b>(15,767,984)</b>	<b>(21,320,070)</b>
Accumulated Losses at the Start of the Year		(44,586,409)	(23,266,339)
<b>ACCUMULATED LOSSES AT THE END OF THE YEAR</b>		<b>(60,354,393)</b>	<b>(44,586,409)</b>

**MDUNDO LIMITED**  
Annual Report and Financial Statements


# Statement of Financial Position

As at 30th June 2018

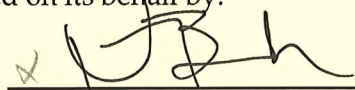
	Note	2018 KSHS	2017 Kshs
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets	3	73,524	74,505
Deferred Tax	11	20,222,779	18,889,888
		<b>20,296,303</b>	<b>18,964,393</b>
<b>CURRENT ASSETS</b>			
Receivables and Prepayments	5	4,974,768	5,871,570
Cash and Bank	6	126,907	6,611,207
Taxation		393	-
		<b>5,102,068</b>	<b>12,482,777</b>
<b>CURRENT LIABILITIES</b>			
Payables and Accruals	7	5,812,485	5,626,950
		<b>5,812,485</b>	<b>5,626,950</b>
<b>NET CURRENT ASSETS</b>			
		<b>(710,417)</b>	<b>6,855,827</b>
		<b>19,585,886</b>	<b>25,820,220</b>
<b>REPRESENTED BY</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share Capital	4	10,000	10,000
Profit and Loss Account		(60,354,392)	(44,586,408)
		<b>(60,344,392)</b>	<b>(44,576,408)</b>
<b>NON CURRENT LIABILITIES</b>			
Related Party	8	79,930,278	70,396,627
		<b>19,585,886</b>	<b>25,820,220</b>

The financial statements on pages 6 to 17 were approved by the board of directors on

11/12/2018 and were signed on its behalf by:

  
 \_\_\_\_\_  
 Martin Moeller Nielsen

**DIRECTOR**

  
 \_\_\_\_\_  
 Nikolai Barnwell

**DIRECTOR**



## Statement of Changes in Equity

For the Year ended at 30th June 2018

	<u>Share Capital</u> Kshs	<u>Accumulated</u> <u>Losses</u> Kshs	<u>Total</u> Kshs
<b>Year ended 30th June 2018</b>			
At 1st July 2017	10,000	(44,586,408)	(44,576,408)
Loss for the year	-	(15,767,984)	(15,767,984)
At 30th June 2018	10,000	(60,354,392)	(60,344,392)
<b>Year ended 30th June 2017</b>			
At 1st July 2016	10,000	(23,266,339)	(23,256,339)
Loss for the year	-	(21,320,069)	(21,320,069)
At 30th June 2017	10,000	(44,586,408)	(44,576,408)

# Cash Flow Statement

For the Year ended at 30th June 2018

	<u>2018</u>	<u>2017</u>
	<u>Kshs</u>	<u>Kshs</u>
Net Loss before taxation	(17,100,875)	(30,457,242)
<b>Adjustment for:-</b>		
Depreciation	16,681	27,777
Interest Expense	369,956	242,721
Operating Loss before working capital changes	(16,714,238)	(30,186,744)
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>		
Debtors	896,802	(3,854,734)
Creditors	185,535	854,000
Related Party	9,533,650	34,176,678
Net Cash from Operations	(6,098,251)	989,200
Taxation Paid	(393)	-
Net Cash from Operating Activities	(6,098,644)	989,200
<b>RETURN ON SERVICING OF FINANCE</b>		
Interest Expense	(369,956)	(242,721)
<b>RETURN ON FINANCING ACTIVITIES</b>		
Issue of Shares	-	-
Net Cash from Financing Activities	-	-
<b>RETURN ON INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(15,700)	(23,239)
Net Cash from Investing Activities	(15,700)	(23,239)
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(6,484,300)	723,240
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	6,611,207	5,887,965
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	126,907	6,611,207
<b>ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS</b>		
	<u>2018</u>	<u>2017</u>
	<u>Kshs</u>	<u>Kshs</u>
Cash in Hand and at Bank	126,907	6,611,207
	126,907	6,611,207

**MDUNDO LIMITED**  
Annual Report and Financial Statements

# Notes to the Financial Statements

For the Year ended at 30th June 2018

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## 1. GENERAL INFORMATION

The company is incorporated in Kenya under the Kenyan Companies Act as a private limited liability company and is domiciled in Kenya. The address of its registered office is:

L.R. No. 330/671,  
4th Floor, Piedmont Plaza,  
Ngong Road  
P.O. Box 1730-00606  
Nairobi

## 2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) BASIS OF PREPARATION

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Kenya Shilling (KShs), and prepared under the historical cost convention as modified by the revaluation of certain property and equipment at fair values.

### (b) REVENUE RECOGNITION

Turnover which represents the fair value of consideration derived from online services excluding value added tax and is accounted for on a receivable basis.

### (c) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions are translated into the functional currency of the company using exchange rates prevailing on dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### (d) PROPERTY PLANT AND EQUIPMENT

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in carrying amount arising on revaluation are credited to a revaluation surplus reserve equity.

Depreciation on all assets is calculated using the reducing balance method based on the estimated useful life of the assets as under:

Computers	12.5% per annum
Furniture & Equipment	25% per annum

Gains or losses on disposal of property, plant and equipment are determined by reference to the carrying amounts and are included in the profit and loss account. A full year's depreciation is charged in the year of introduction into service and no charge of depreciation is made in the year of sale.

# Notes to the Financial Statements

For the Year ended at 30th June 2018

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## **(e) INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method.

## **(f) RECEIVABLES**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables. The amount of provision is recognised in the profit and loss account.

## **(g) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

## **(h) EMPLOYEE ENTITLEMENTS**

Employee entitlements to long service awards are recognised when they accrue to the employees. No provision has been made for such entitlements as a result of services rendered by employees upto the balance sheet date.

The estimated monetary liability for employees accrued leave entitlement to the balance sheet date is recognised as and when paid.

## **(i) INCOME TAX**

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using the current tax rates enacted at the balance sheet date.

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

# Notes to the Financial Statements

For the Year ended at 30th June 2018

## 5. RECEIVABLES AND PREPAYMENTS

	<u>2018</u> <u>Kshs</u>	<u>2017</u> <u>Kshs</u>
Trade Receivables	4,811,487	4,947,160
Other Receivables	163,281	924,410
	<u>4,974,768</u>	<u>5,871,570</u>

## 6. CASH AND CASH EQUIVALENTS

	<u>2018</u> <u>Kshs</u>	<u>2017</u> <u>Kshs</u>
Cash at Bank and in Hand	126,907	6,611,207
Bank Overdraft	-	-

## 7. PAYABLES AND ACCRUED EXPENSES

	<u>2018</u> <u>Kshs</u>	<u>2017</u> <u>Kshs</u>
Trade Payables	4,226,084	4,217,514
Accruals and Other Payables	1,586,401	1,409,436
	<u>5,812,485</u>	<u>5,626,950</u>

# Notes to the Financial Statements

For the Year ended at 30th June 2018

## 10. TAXATION

	<u>2018</u> <u>Kshs</u>	<u>2017</u> <u>Kshs</u>
Current Tax Charge	-	-
Prior Year Adjustment	3,794,372	-
Deferred Tax Charge	(5,127,263)	(9,137,173)
	<u>(1,332,891)</u>	<u>(9,137,173)</u>

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	<u>2018</u> <u>Kshs</u>	<u>2017</u> <u>Kshs</u>
Accounting Loss before tax	(17,100,875)	(30,457,242)
Tax calculated at the standard rate of 30%	(5,130,263)	(9,137,173)
Expenses not deductible for tax purposes	3,000	-
Income not deductible for tax purposes	-	-
	<u>(5,127,263)</u>	<u>(9,137,173)</u>

## 11. DEFERRED TAX ASSETS

Deferred Tax Assets as at 30th June 2018 are attributable to the following items:-

	<u>2018</u>			<u>2017</u>		
	<u>CARRYING</u> <u>VALUE</u> <u>Kshs</u>	<u>TAX</u> <u>VALUE</u> <u>Kshs</u>	<u>TEMPORARY</u> <u>DIFFERENCE</u> <u>Kshs</u>	<u>CARRYING</u> <u>VALUE</u> <u>Kshs</u>	<u>TAX</u> <u>VALUE</u> <u>Kshs</u>	<u>TEMPORARY</u> <u>DIFFERENCE</u> <u>Kshs</u>
Fixed Assets	73,524	73,524	-	74,505	74,505	-
Tax Losses	-	67,409,263	(67,409,263)	50,318,388	50,318,388	(50,318,388)
	<u>73,524</u>	<u>67,482,787</u>	<u>(67,409,263)</u>	<u>74,505</u>	<u>50,392,893</u>	<u>(50,318,388)</u>

Movements in temporary differences between calculations of certain items for accounting and for taxation purposes can be specified as follows:-

	<u>BALANCE AT</u> <u>30/06/2018</u> <u>Kshs</u>	<u>MOVEMENT</u> <u>DURING</u> <u>THE YEAR</u>	<u>BALANCE AT</u> <u>30/06/2017</u> <u>Kshs</u>
Fixed Assets	-	-	-
Tax Losses	(67,409,263)	(17,090,875)	(50,318,388)
	<u>(67,409,263)</u>	<u>(17,090,875)</u>	<u>(50,318,388)</u>
<b>DEFERRED TAX ASSETS</b>	<u>(20,222,779)</u>	<u>(5,127,263)</u>	<u>(15,095,516)</u>

# Income Statement

For the Year ended at 30th June 2018

	<u>2018</u> <u>Kshs</u>	<u>2017</u> <u>Kshs</u>
<b>TURNOVER</b>	5,371,386	7,485,520
<b>COST OF SALES</b>		
Purchases & Other Operating Costs	2,923,130	3,624,139
<b>GROSS PROFIT</b>	2,448,256	3,861,381
<b>OVERHEAD EXPENSES</b>		
Establishment	902,342	1,942,376
Staff Cost	7,959,249	10,504,524
Administration	4,697,675	12,490,765
Selling	5,603,228	9,110,460
Financial	369,956	242,721
Depreciation	16,681	27,777
	19,549,131	34,318,623
<b>NET LOSS</b>	(17,100,875)	(30,457,242)
<b>LOSS FOR THE YEAR</b>	(17,100,875)	(30,457,242)

**MDUNDO LIMITED**  
Annual Report and Financial Statements

# Schedule of Overhead Expenses

For the Year ended at 30th June 2018

	2018 Kshs	2017 Kshs
<b>ESTABLISHMENT</b>		
Insurance	55,642	87,216
Rent & Rates	845,500	1,855,160
Repair & Maintenance	1,200	-
	902,342	1,942,376
<b>STAFF COSTS</b>		
Wages & Salaries	7,719,572	10,504,524
Staff Training & Welfare	239,677	-
	7,959,249	10,504,524
<b>ADMINISTRATION</b>		
Printing & Stationery	61,858	59,374
Fines & Penalties	10,000	-
Postage & Telephone	1,740,864	1,539,722
Accountancy Fees	308,000	251,000
Audit Fees	100,000	-
Subscriptions	78,497	82,557
Transport and Travelling	929,913	2,060,743
Legal and Professional	1,468,543	8,325,730
General Expenses	-	171,639
	4,697,675	12,490,765
<b>SELLING</b>		
Advertising	3,840,732	5,646,141
Entertainment	1,632,375	1,955,296
Commissions	130,121	1,509,023
	5,603,228	9,110,460
<b>FINANCIAL</b>		
Bank Charges & Interest	178,503	242,721
Exchange Differences & Charges	191,453	-
	369,956	242,721
<b>DEPRECIATION</b>		
Charge for the year	16,681	27,777