



**One Nine Seven Digital Solutions Limited**  
**Annual Report and Financial Statements**  
**for the year ended December 31, 2020**

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## General Information

---

<b>Country of incorporation and domicile</b>	Kenya
<b>Date of incorporation</b>	June 2, 2019
<b>Director</b>	Ajay Shekhar Sharma
<b>Registered office</b>	L.R. No. 209/1907 5th Floor Avocado Towers, Muthithi Road, Westlands PO Box 45669-00100 Nairobi
<b>Principal bankers</b>	Standard Chartered Bank Kenya Limited Chiromo 48 Westlands Road, P.O. Box 30003 - 00100 GPO, Nairobi
<b>Company secretary</b>	Mutual Registrars Associates Certified Public Secretaries (K) P.O. Box 45669-00100 Nairobi
<b>Company registration number</b>	C.PVT-V7UE539
<b>Tax reference number</b>	P051815905J

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Contents

---

	<b>Page</b>
Director's Report	3 - 4
Statement of Director's Responsibilities	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Significant Accounting Policies	10 - 11
Notes to the Annual Report And Financial Statements	12 - 14

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Director's Report

---

The director submits his report together with the audited annual report and financial statements for the year ended December 31, 2020.

### 1. Principal activities

The principal activities of the company is to provide various Value Added Services (VAS) primarily using voice, messaging and digital services platforms to telecommunication operators and enterprise customers. The company operates principally in Kenya.

The company has obtained relevant Commination Authority of Kenya (CAK) License of Content Service provider vide certificate serial no. 05-00868-00-00-00233 dated 17<sup>th</sup> Nov, 2020 valid till 30<sup>th</sup> June, 2021

There have been no material changes to the nature of the company's business from the prior year.

### 2. Business review of financial results and activities

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

The company recorded a loss after tax for the year ended December 31, 2020 of Ksh (837,572).

The movement for the above financial results for the year ended December 31, 2020 have been attributed due to the following:

There was no business activity during the financial year but the Company is exploring for opportunities in Kenya to provide value added services to the telecom operators. The company has signed service agreement with Telkom Kenya Limited on 28<sup>th</sup> Dec, 2020 and service will live soon.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Director

The director in office at the date of this report are as follows:

#### Director

Ajay Shekhar Sharma

There have been no changes to the directorate for the year under review.

### 5. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report.

### 6. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

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

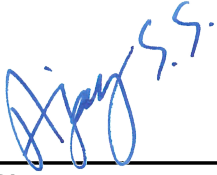
# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Director's Report

---

The annual report and financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the on February 24, 2021, and were signed on its behalf by:



Director

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Statement of Director's Responsibilities

---

The Kenyan Companies Act, 2015 requires the director to prepare annual report and financial statements for each financial year that give 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 director to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The director is also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

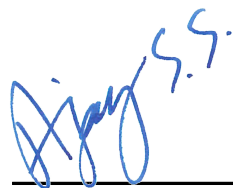
The director accepts responsibility for the preparation and presentation of these annual report and financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. He also accepts responsibility for:

- designing, implementing and maintaining such internal controls as he determines necessary to enable the presentation of annual report and financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- 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 director is 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 director acknowledges that the independent audit of the annual report and financial statements does not relieve them of their responsibilities.

The annual report and financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the on February 24, 2021 and were signed on its behalf by:



Director



# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	2020
Operating expenses	2	(651,062)
<b>Operating loss</b>		<b>(651,062)</b>
Investment revenue	3	12,545
<b>Loss before taxation</b>		<b>(638,517)</b>
Taxation	4	(199,055)
<b>Loss for the year</b>		<b>(837,572)</b>
Other comprehensive income		-
<b>Total comprehensive loss for the year</b>		<b>(837,572)</b>

The accounting policies on pages 10 to 11 and the notes on pages 12 to 14 form an integral part of the annual report and financial statements.

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Statement of Financial Position as at December 31, 2020

Figures in Shillings	Note(s)	2020
<b>Assets</b>		
<b>Current Assets</b>		
Trade and other receivables	7	5,596
Cash and cash equivalents	8	4,826,020
		<b>4,831,616</b>
<b>Total Assets</b>		<b>4,831,616</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	9	4,999,900
Accumulated loss		(837,572)
		<b>4,162,328</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Deferred tax	6	195,919
<b>Current Liabilities</b>		
Trade and other payables	10	470,233
Current tax payable		3,136
		<b>473,369</b>
<b>Total Liabilities</b>		<b>669,288</b>
<b>Total Equity and Liabilities</b>		<b>4,831,616</b>

The annual report and financial statements and the notes on pages 6 to 14, were approved by the on the February 24, 2021 and were signed on its behalf by:

\_\_\_\_\_  
**Director**

The accounting policies on pages 10 to 11 and the notes on pages 12 to 14 form an integral part of the annual report and financial statements.



# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Statement of Changes in Equity

Figures in Shillings	Share capital	Accumulated loss	Total equity
Loss for the year	-	(837,572)	(837,572)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(837,572)</b>	<b>(837,572)</b>
Issue of shares	4,999,900	-	4,999,900
<b>Total changes</b>	<b>4,999,900</b>	<b>-</b>	<b>4,999,900</b>
<b>Balance at December 31, 2020</b>	<b>4,999,900</b>	<b>(837,572)</b>	<b>4,162,328</b>

Note(s)

9

The accounting policies on pages 10 to 11 and the notes on pages 12 to 14 form an integral part of the annual report and financial statements.

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Statement of Cash Flows

Figures in Shillings	Note(s)	2020
<b>Cash flows from operating activities</b>		
Cash used in operations	11	(185,074)
Interest income		12,545
<b>Net cash from operating activities</b>		<b>(172,529)</b>
<b>Cash flows from financing activities</b>		
Proceeds on share issue	9	4,999,900
<b>Total cash and cash equivalents movement for the year</b>		<b>4,827,371</b>
Cash balances		(1,351)
<b>Total cash and cash equivalents at end of the year</b>	8	<b>4,826,020</b>

The accounting policies on pages 10 to 11 and the notes on pages 12 to 14 form an integral part of the annual report and financial statements.

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Significant Accounting Policies

---

### 1. Basis of preparation and summary of significant accounting policies

The annual report and financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Kenyan Companies Act, 2015. For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

The annual report and financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Shillings and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period.

#### 1.1 Financial instruments

##### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

##### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the 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.

#### 1.2 Tax

##### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

##### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Significant Accounting Policies

---

### 1.3 Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

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 par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

### 1.4 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

### 1.5 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

### 1.6 Foreign exchange

#### Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Notes to the Annual Report And Financial Statements

Figures in Shillings

2020

### 2. Operating expenses

The following items are included within operating expenses:

Bank charges	16,162
Legal and professional fees	633,549
Loss on exchange differences	1,351
	<u>651,062</u>

### 3. Investment revenue

Interest revenue

Other interest	<u>12,545</u>
----------------	---------------

### 4. Taxation

Major components of the tax expense

Current taxation

Local normal tax - year	<u>3,136</u>
-------------------------	--------------

Deferred taxation

Local deferred tax - current year	<u>195,919</u>
	<u>199,055</u>

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	<u>(638,517)</u>
-----------------	------------------

Tax at the applicable tax rate of 25%	159,629
---------------------------------------	---------

Tax effect of adjustments on taxable income

Expenses not deductible for tax purposes	<u>39,426</u>
	<u>199,055</u>

### 5. Tax refunded

Current tax for the year recognised in loss	(3,136)
---	---------

Balance at end of the year	<u>3,136</u>
----------------------------	--------------

-

### 6. Deferred tax

Deferred tax asset	<u>(195,919)</u>
--------------------	------------------

Reconciliation of deferred tax asset/(liability)

Recognised in profit or loss:

Write downs and reversal of write downs of deferred tax assets	<u>(195,919)</u>
--	------------------

At end of year	<u>(195,919)</u>
----------------	------------------

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Notes to the Annual Report And Financial Statements

Figures in Shillings

2020

### 7. Trade and other receivables

Withholding tax	1,226
Accrued income	4,370
	<u>5,596</u>

### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1,326,020
Short-term deposits	3,500,000
	<u>4,826,020</u>

### 9. Share capital

#### Authorised

49,999 Ordinary shares of Ksh 100/= each	<u>4,999,900</u>
--	------------------

#### Issued

49,999 Ordinary shares of Ksh 100/= each	<u>4,999,900</u>
--	------------------

All issued shares are fully paid.

### 10. Trade and other payables

Trade payables	143,864
Short-term provisions	234,968
Amounts due to related parties (Note 12)	84,802
Other payables	6,599
	<u>470,233</u>

### 11. Cash used in operations

Loss before taxation	(638,517)
<b>Adjustments for:</b>	
Loss on foreign exchange	1,352
Interest received	(12,545)
<b>Changes in working capital:</b>	
Trade and other receivables	(5,596)
Trade and other payables	470,232
	<u>(185,074)</u>

### 12. Related parties

#### Related party balances and transactions with other related parties

##### Related party balances

##### Amounts due to related parties

One97 Communications Singapore Private Limited	<u>84,802</u>
--	---------------

##### Compensation paid to key management

One Nine Seven Digital Solutions Limited is related to the above related companies by virtue of common control and directorship.

# One Nine Seven Digital Solutions Limited

Annual Report And Financial Statements for the year ended December 31, 2020

## Notes to the Annual Report And Financial Statements

---

Figures in Shillings

2020

---

### 13. Commitments

#### Commitments relating to joint ventures

There were no commitments for the year ended December 31, 2020.

### 14. Contingencies

There were no contingencies for the year ended December 31, 2019.

### 15. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

### 16. Events after the reporting period