

NAIROBI BUSINESS VENTURES PLC
(FORMERLY NAIROBI BUSINESS VENTURES LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2021

Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Annual report and financial statements
For the year ended 31st March 2021

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Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Company information
For the year ended 31st March 2021

Board of directors	Mr. Samuel Njuguna Kimani - Chairman (Appointed on 30th June 2021) Mr. Haresh Vrajlal D. Soni - CEO (Appointed on 20th November 2020) Mr. Dhaval Vinodbhai Soni (Appointed on 20th November 2020) Mr. Abotula Venkata Satyanarayana Vasu Mr. Naresh Jayantilal Ranpura (Appointed on 20th November 2020) Mr. Lukas F. L. O. Meso (Appointed on 20th November 2020) Mr. Robert Kanda Nyasimi (Appointed on 20th November 2020)
Company secretary	Mr. Lawrence Chelimo Kibet, P.O. Box 72133 - 00200, Nairobi, Kenya.
Registered office	Shreeji House, Shreeji Road, Embakasi, Off Airport North Road, P.O. Box 18638 - 00500, Nairobi, Kenya.
Independent auditor	Jessie & Associates, Certified Public Accountants, Adabu House, General Mathenge Drive, P.O. Box 43682 - 00100, Nairobi, Kenya.
Principal bankers	Diamond Trust Bank Kenya Ltd., Westgate Branch, P.O. Box 61711 - 00200, Nairobi, Kenya. Bank Of Baroda (Kenya) Ltd., Industrial Area Branch, P.O. Box 18269 - 00500, Nairobi, Kenya.
Legal advisers	MW & Company Advocates LLP AK 119, House no. 4, Slip Road - Off Waiyaki Way, P.O. Box 44468 - 00100, Nairobi, Kenya.

Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Report of the directors
For the year ended 31st March 2021

The directors submit their report together with the audited financial statements for the year ended 31st March 2021.

Incorporation

The Company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Kenyan Companies Act, 2015. On 25th November 2020, the Company changed its name from Nairobi Business Ventures Limited to Nairobi Business Ventures Public Limited Company. The address of the registered office is set out on page 1.

Directorate

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

Principal activities

During the year, the Company changed its principal activities from dealing in footwear to trading in hardware materials.

Results and dividends

The net profit/(loss) for the year of Shs 32,940,384 (2020: Shs (39,448,260)) has been (deducted from)/added to accumulated losses. The directors do not recommend the declaration of a dividend for the year.

Statement as to disclosure to the Company's auditor

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

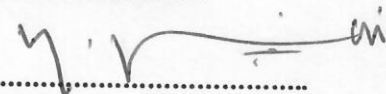
(a) there is, so far as the person is aware, no relevant audit information of which the Company's auditor is unaware; and

(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.

Terms of appointment of the auditor

Jessie & Associates continues in office in accordance with the company's Article of Association and Section 719 of the Companies Act, 2015. The director monitors the effectiveness, objectivity and independence of the auditor. The director also approves the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the board



.....
Director

Nairobi 30th August 2021

Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Statement of directors' responsibilities
For the year ended 31st March 2021

The Kenyan Companies Act, 2015 requires the directors to prepare 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 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 director to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

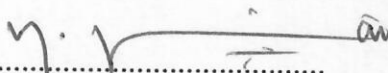
The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

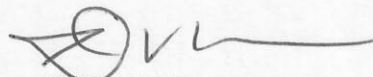
- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- 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 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 directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 30th August 2021 and signed on its behalf by:


.....
Director


.....
Director

Nairobi Business Ventures PLC

(Formerly Nairobi Business Ventures Limited)

Independent auditors' report to the members of Nairobi Business Ventures PLC

For the year ended 31st March 2021

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nairobi Business Ventures PLC set out on pages 6 to 26 which comprise the balance sheet as at 31st March 2021, the profit and loss account, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Nairobi Business Ventures PLC as at 31st March 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS's) and the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 *Institute of Certified Public Accountants Kenya Code of Ethics (ICPAK Code of Ethics)* which is consistent with the *International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements. The IESBA Code is consistent with the International Ethics Standard Board for Accountant's Board of Ethics for Professional Accountants (part A and B). 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, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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 on the other information that we have obtained prior to the date of this auditor's report, we conclude that if there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view 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 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 the director's either intend to liquidate the company or to cease operations, or have 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.

Nairobi Business Ventures PLC

(Formerly Nairobi Business Ventures Limited)

Independent auditors' report to the members of Nairobi Business Ventures PLC

For the year ended 31st March 2021

Report on the audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of 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 entity'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 the auditor's 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 matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jitendra C. Patel - P/No 043.

**Jessie & Associates,
Certified Public Accountants,
P.O. Box 43682 - 00100,
Nairobi.**

JESSIE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 43682
00100 GPO.
NAIROBI, KENYA

Pin No: A000151882 G

30X August
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Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Financial statements
For the year ended 31st March 2021

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021

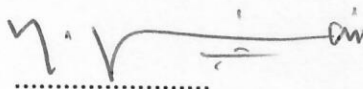
	Note	2021 Shs	2020 Shs
Revenue	4	45,381,014	-
Cost of sales		<u>(41,814,014)</u>	<u>-</u>
Gross profit		3,567,000	-
Other income	5	41,746,759	(18,008,729)
Administrative expenses		(12,279,556)	(21,184,878)
Finance costs	6	<u>(93,819)</u>	<u>(254,653)</u>
Profit/(loss) before tax	7	32,940,384	(39,448,260)
Income tax expense	8	<u>-</u>	<u>-</u>
Profit/(loss) for the year attributable to the owners of the Company		<u><u>32,940,384</u></u>	<u><u>(39,448,260)</u></u>

Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Financial statements
For the year ended 31st March 2021

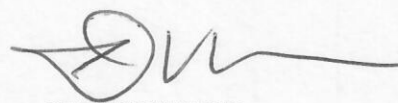
BALANCE SHEET AT 31ST MARCH 2021

	Note	2021 Shs	2020 Shs
EQUITY			
Share capital	9	246,100,000	38,600,000
Share premium		37,400,000	37,400,000
Accumulated losses		(134,577,345)	(167,517,729)
Total equity		148,922,655	(91,517,729)
Non-current liabilities			
Borrowings	10	-	64,465,690
Total non-current liabilities		-	64,465,690
		148,922,655	(27,052,039)
REPRESENTED BY			
Non-current assets			
Property and equipment	11	57,116	22,295
Intangible asset - goodwill	9	124,500,000	-
		124,557,116	22,295
Current assets			
Inventories		-	6,346,399
Trade and other receivables	12	32,246,424	551,081
Cash and cash equivalents	13	21,036,982	20,241
		53,283,406	6,917,721
Current liabilities			
Borrowings	10	-	18,493,396
Trade and other payables	14	28,917,867	13,603,033
Current tax payable		-	1,895,626
		28,917,867	33,992,055
Net current assets/(liabilities)		24,365,539	(27,074,334)
		148,922,655	(27,052,039)

The financial statements on pages 6 to 26 were approved for issue by the board of directors on 30th August 2021 and were signed on their behalf by:



 Director



 Director

Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Financial statements
For the year ended 31st March 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

	Note	Share capital Shs	Share premium Shs	Accumulated losses Shs	Total Shs
At 1st April 2019					
As previously reported		38,600,000	37,400,000	(128,069,469)	(52,069,469)
Loss for the year		-	-	(39,448,260)	(39,448,260)
At 31st March 2020		<u>38,600,000</u>	<u>37,400,000</u>	<u>(167,517,729)</u>	<u>(91,517,729)</u>
At 1st April 2020					
As previously reported		38,600,000	37,400,000	(167,517,729)	(91,517,729)
Transactions with owners: Shares issued for cash	9	207,500,000	-	-	207,500,000
Profit for the year		-	-	32,940,384	32,940,384
At 31st March 2021		<u>246,100,000</u>	<u>37,400,000</u>	<u>(134,577,345)</u>	<u>148,922,655</u>

Nairobi Business Ventures PLC
(Formerly Nairobi Business Ventures Limited)
Financial statements
For the year ended 31st March 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

	Note	2021 Shs	2020 Shs
Cash flows from operating activities			
Profit/(loss) for the year		32,940,384	(39,448,260)
Adjustments for:			
Income tax expense		-	-
Depreciation of property and equipment	11	24,479	9,555
Loss on disposal of property and equipment		-	4,182,885
Loss on disposal of intangible assets		-	7,065,193
Gain on write-off of revaluation reserve		-	(15,802,334)
Gain on derecognition of financial liability		(41,652,671)	-
Interest expense	6	93,819	254,653
Changes in operating assets and liabilities			
(Increase)/decrease in trade and other receivables		(31,695,343)	20,216,128
Decrease in inventories		6,346,399	22,562,986
Increase in trade and other payables		15,314,834	791,045
<i>Cash (used in)/generated from operations</i>		(18,628,099)	(168,149)
Interest paid		(93,819)	(254,653)
Income tax paid		(1,895,626)	-
<i>Net cash (used in)/from operating activities</i>		(20,617,544)	(422,802)
Cash flows from investing activities			
Purchase of property and equipment	11	(59,300)	-
<i>Net cash used in investing activities</i>		(59,300)	-
Cash flows from financing activities			
Proceeds from issue of ordinary shares		83,000,000	-
Proceeds from borrowings		-	167,625
Repayment of borrowings		(64,465,690)	-
Gain on derecognition of financial liability		41,652,671	-
<i>Net cash from financing activities</i>		60,186,981	167,625
Net increase/(decrease) in cash and cash equivalents		39,510,137	(255,177)
Cash and cash equivalents at start of year		(18,473,155)	(18,217,978)
Cash and cash equivalents at end of year	13	21,036,982	(18,473,155)

NOTES

1. Summary of significant accounting policies

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

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Shs), which is also the functional currency. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The financial statements comprise of a profit and loss account (statement of profit and loss), statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amount of cash and cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

b) New and revised standards

i) Adoption of new and revised standards

Five Amendments to standards became effective for the first time in the financial year beginning 1st January 2020 and after, and have been adopted by the Company. None of the Amendments has had an effect on the Company's financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards - Effective from 1st January 2020.
- Definition of a Business (Amendments to IFRS 3) - Effective from 1st January 2020.
- Definition of Material (Amendments to IAS 1 and IAS 8) - Effective from 1st January 2020.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) - Effective from 1st January 2020.
- Covid-19 - Related Rent Concessions (Amendments to IFRS 16) - Effective from 1st June 2020.

ii) New and revised standards that have been issued but are not yet effective

The Company has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2020 and after, and the Directors do not plan to apply them until they become effective. Note 17 lists all such new or revised Standards and Interpretations, with their effective dates, none of which is expected to have a significant impact on the Company's financial statements in the period of initial application.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary assets measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

d) Revenue recognition

The Company recognises revenue from direct sales of hardware material. The Company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

e) Other income

Rental income from operating leases is recognised on a straight-line basis over the period of the lease.

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired (see note 3 (a) (i)), the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

f) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

g) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current tax is the amount of income tax payable on the taxable profits for the year, and any adjustments to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it is has become probable that future taxable profits will allow the deferred tax asset to be recovered.

h) Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

i) Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are not recognised until they have been declared at an annual general meeting.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

j) Financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instruments. All financial assets are recognised initially using the trade date accounting which is the date the Company commits itself to the purchase or sale.

Classification

The company classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interests on the principal amount outstanding, are classified and measured **at amortised cost**;
- ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at fair value through other comprehensive**
- iii) All other financial assets are classified and measured **at fair value through profit or loss**.
- iv) Notwithstanding the above, the Company may:
 - a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income**
 - b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit and loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at below-market interest rate are classified and measured **at fair value through profit or loss**. The Company may also, on initial recognition, irrevocably designate a financial liability as **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- vi) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortised cost;
- Long term investments in non-quoted shares were classified by irrevocable election on initial recognition as at fair value through other comprehensive income;
- Other investments in shares were classified as at fair value through profit or loss;
- Borrowings and trade and other liabilities were classified as at amortised cost.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

Initial measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- ii) Trade receivables are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Fair value is determined as set out in Note 1(a). Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

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NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

Presentation (continued)

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Leases

Leases under which the Company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

k) Leases (continued)

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

Leases under which the Company is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit and loss account on a straight-line basis over the lease term. The Company has not entered into any finance leases.

l) Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

m) Post-employment benefit obligations

The Company and its employees contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the profit and loss account in the year to which they relate.

n) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

o) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

p) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognised at cost including the transaction costs. It is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of the property to its residual value over its estimated useful life. Gains or losses on disposal are recognised in profit or loss.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

q) Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life.

r) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

s) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs, variable production overheads and an allocation of fixed production overheads based on normal operating capacity, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

t) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

2. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

No significant judgements have had to be made by the directors in preparing these financial statements.

3. Nature and extent of risks arising from financial instruments

a) Financial risk management

The Company's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Company's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Company's performance by setting acceptable levels of risk. The Company does not hedge against any risks.

i) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Company carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

NOTES (CONTINUED)

Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The Company has not provided for expected credit losses from exposure to credit risk on financial assets (trade receivables) held at the balance sheet date because it changed its principal activities from dealing in footwear to trading in hardware materials during the year. Thus, the Company has not built up significant data on credit history of its new customers to assess the expected credit losses.

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NOTES (CONTINUED)

3. Nature and extent of risks arising from financial instruments (continued) [Tailor as appropriate]

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month Shs	Between 1-3 months Shs	Between 3-12 months Shs	Over 1 year Shs
31st March 2021				
Trade and other payables	28,917,867	-	-	-
Borrowings - bank	-	-	-	-
	<u>28,917,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
31st March 2020				
Trade and other payables	13,603,033	-	-	-
Borrowings - bank	-	-	18,493,396	64,465,690
	<u>13,603,033</u>	<u>-</u>	<u>18,493,396</u>	<u>64,465,690</u>

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

The Company has no borrowings and thus changes in interest rate have no effect.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The Company's trade receivables and trade payables are denominated in the local currency and hence is not exposed to currency risk.

Other price risk

The Company is not exposed to any price risk as it does not hold any equity investments.

b) Capital management

The Company's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The Company is not subject to any external capital requirements.

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NOTES (CONTINUED)

3. Nature and extent of risks arising from financial instruments (continued)

b) Capital management (continued)

The gearing ratio at the year-end was as follows:

	2021 Shs	2020 Shs
Total borrowings, including lease liabilities	-	82,959,086
Less: cash and cash equivalents	(21,036,982)	(20,241)
Net debt	(21,036,982)	82,938,845
Total equity	148,922,655	(91,517,729)
Less: goodwill	(124,500,000)	-
Total capital resources	3,385,673	(8,578,884)
Gearing	N/A %	N/A %

4. Revenue from contracts with customers

Recognised at a point in time:

Direct sales of hardware materials	37,761,014	-
Direct sales of footwear and leather goods	7,620,000	-
	45,381,014	-

5. Other income

Gain on derecognition of reserves and surpluses	-	15,802,334
Loss on disposal of inventories	-	(22,562,985)
Loss on disposal of property and equipment	-	(11,248,078)
Gain on derecognition of financial liability	41,652,671	-
Bad debts recovered	94,088	-
	41,746,759	(18,008,729)

6. Finance costs

Bank overdraft interest	93,819	254,653
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7. Profit/(loss) before tax expense/income

Depreciation of property and equipment	24,479	9,555
Auditor's remuneration	750,000	150,000

8. Tax expense/income

Current income tax	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Deferred tax expense/(income) relating to change in tax rate	-	-
Write down/(reversal of a write down) of a deferred tax asset	-	-
Income tax expense/(credit)	-	-

The statutory tax rate was reduced from 30% to 25% for the year of income 2020 by the Tax Laws (Amendment) Act, 2020. The Tax Laws (Amendment) (No.2) Act, 2020 increased the rate back to 30% with effect

The Company has not recognised deferred tax assets for the year because on the basis of past years and future expectations, management considers it is not probable that taxable profits will be available against which the future income tax deductions can be utilised.

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NOTES (CONTINUED)

9. Share capital	No. of ordinary shares	Issued and fully paid up capital Shs	Share premium Shs
At 1st April 2019 and 31st March 2020	38,600,000	38,600,000	37,400,000
Share split	38,600,000	-	-
Issue for cash	415,000,000	207,500,000	-
	<u>492,200,000</u>	<u>246,100,000</u>	<u>37,400,000</u>
At 31st March 2021	<u>492,200,000</u>	<u>246,100,000</u>	<u>37,400,000</u>

The total number of authorised ordinary shares is 500,000,000 (2020: 38,600,000) with a par value of Shs. 0.50 (2020: Shs. 1.00) each.

On 6th November 2020, the Company effected a 1:1 share split of its ordinary shares.

On 6th November 2020, the issued and paid up capital was increased from Shs. 38,600,000 to Shs. 246,100,000 by an issue for cash of 415,000,000 ordinary shares at a price of Shs. 0.20 per share (Shs. 83,000,000) and by an issue for goodwill and technical know-how of 415,000,000 ordinary shares at a price of Shs. 0.30 per share (Shs. 124,500,000) to Delta International FZE.

The share premium account arose on issue of shares at a premium and is not distributable.

10. Borrowings	2021 Shs	2020 Shs
The borrowings are analysed as follows:		
Non-current		
Bank loans	-	64,298,065
Loans from related parties	-	167,625
	<u>-</u>	<u>64,465,690</u>
Current		
Bank overdraft	-	18,493,396
	<u>-</u>	<u>18,493,396</u>
Total borrowings	<u>-</u>	<u>82,959,086</u>

On 25th August 2020 the Company's request to settle outstanding principal bank loans and overdraft as at 18th August 2020 of Shs. 82,188,350 was accepted by Bank of Baroda (Kenya) Ltd for a compromise settlement fee of Shs. 40,535,679. The gain on derecognition of the financial liability of Shs. 41,652,671 has been reflected in other income in the profit and loss account (Note 5).

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NOTES (CONTINUED)

11. Property and equipment

	Computers, copiers and faxes Shs
At 1st April 2019	
Cost	839,871
Accumulated depreciation	<u>(609,916)</u>
Net carrying amount	<u>229,955</u>
Year ended 31st March 2020	
Opening carrying amount	229,955
Disposals	(198,105)
Depreciation charge	<u>(9,555)</u>
Closing carrying amount	<u>22,295</u>
At 31st March 2020	
Cost	65,000
Accumulated depreciation	<u>(42,705)</u>
Net carrying amount	<u>22,295</u>
Year ended 31st March 2021	
Opening carrying amount	22,295
Additions	59,300
Depreciation charge	<u>(24,479)</u>
Closing carrying amount	<u>57,116</u>
At 31st March 2021	
Cost	124,300
Accumulated depreciation	<u>(67,184)</u>
Net carrying amount	<u>57,116</u>
The annual depreciation rates used are as follows:	
Computers, copiers and faxes	<u>Rate - %</u> 30%

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NOTES (CONTINUED)

	2021	2020
	Shs	Shs
12. Trade and other receivables		
Trade receivables (Note 15(iii))	32,246,424	-
Other receivables	-	551,080
	<u>32,246,424</u>	<u>551,080</u>

13. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash in hand	233,822	5,927
Cash at bank	20,803,160	14,314
	<u>21,036,982</u>	<u>20,241</u>
Bank overdraft (Note 10)	-	(18,493,396)
	<u>21,036,982</u>	<u>(18,473,155)</u>

14. Trade and other payables

Trade payables (Note 15(iii))	23,109,326	11,857,892
Accruals	750,000	450,000
Other payables	5,058,541	1,295,141
	<u>28,917,867</u>	<u>13,603,033</u>

15. Related party transactions

The parent company is Delta International FZE, incorporated in the United Arab Emirates, which owns 84.31% of Nairobi Business Ventures PLC shares. Nairobi Business Ventures PLC is also related with Shreeji Enterprises (Kenya) Ltd through common shareholding and common directorships.

The following transactions were carried out with related parties.

	2021	2020
	Shs	Shs
i) Purchase of goods and services		
- Parent company	-	-
- Other related parties	32,401,284	-
	<u>32,401,284</u>	<u>-</u>
ii) Sale of goods and services		
- Parent company	-	-
- Other related parties	21,789,866	-
	<u>21,789,866</u>	<u>-</u>

Sales and purchases to/from related parties were made at terms and conditions similar to those offered to/by major customers/suppliers.

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NOTES (CONTINUED)

	2021	2020
	Shs	Shs
15. Related party transactions (continued)		
iii) Outstanding balances arising from sale/purchase of goods and other receivables		
Trade receivables from related parties (Note 12)		
- Parent company	-	-
- Other related parties	15,176,759	-
Trade payables to related parties (Note 14)		
- Parent company	-	-
- Other related parties	17,439,472	-
There are no impairment provisions held against any related party balances		
iv) Key management compensation (including directors' remuneration)		
Salaries and other employment benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
v) Directors' benefits and other remuneration		
Salaries	-	-
Fees	-	-

16. Contingent liabilities

There were no known contingent liabilities as at 31st March 2021.

17. New and revised financial reporting standards

The Company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2020.

Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020)

The amendments, applicable to annual periods beginning on or after 1 June 2020, permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

NOTES (CONTINUED)

17. New and revised financial reporting standards (continued)

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)

The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendment to IFRS 1 titled Subsidiary as a First-time Adopter (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)

The amendments, applicable to annual periods beginning on or after 1 January 2023, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)

The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

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TRADING ACCOUNT

1. COST OF SALES

	2021 Shs	2020 Shs
Opening stock	6,346,399	6,346,399
Purchases	35,467,615	-
Closing stock	-	(6,346,399)
	<u>41,814,014</u>	<u>-</u>

SCHEDULE OF OPERATING EXPENDITURE

1. ADMINISTRATIVE EXPENSES

Employment:

Salaries and wages

Staff welfare

NSSF company contributions

Total employment costs

Other administration expenses:

Bad debts

Depreciation of property and equipment

Office expenses

AGM meeting expenses

Stamp duty

Printing and stationery

Audit fees - Current

- Prior year

Legal and professional fees

Advertisement and promotion

Penalties and fines

Bank charges and commissions

Total other administration expenses

Total administrative expenses

-	-
-	-
-	-
-	-
-	-
-	20,216,128
24,479	9,555
50,000	-
1,600,000	-
2,000,040	-
131,450	-
750,000	150,000
24,000	-
2,327,894	808,670
553,116	-
4,809,002	-
9,575	525
<u>12,279,556</u>	<u>21,184,878</u>
<u>12,279,556</u>	<u>21,184,878</u>