

SHALBY (KENYA) LIMITED
AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

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SHALBY (KENYA) LIMITED
COMPANY INFORMATION

REGISTERED OFFICE

Plot No. 1870/II/236,
The Pride Rock No.6,
Donyo Sabuk Avenue,
Off General Mathenge Drive,
P.O Box 69952-00400,
Nairobi.

DIRECTORS

Mr. Nilesh Soni
Mr. Tejas P. Shah
Mr. Shyamal Joshi

NON-EXECUTIVE DIRECTORS

Mr Kuldip Singh
Mrs Priya Chadreshkumar Patel

COMPANY SECRETARY

Jophece Yogo
P.O Box 69952 - 00400
Nairobi.

AUDITORS

Moore Stephens JVB LLP.
Certified Public Accountants (K)
P.O Box 69952 - 00400
Nairobi.

BANKERS

Bank of Baroda (K) Ltd
Sarit Centre Branch
P. o Box 866-00606,
Nairobi

SHALBY (KENYA) LIMITED

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of the Company for the year ended 31st March, 2018.

PRINCIPAL ACTIVITIES

The principal activity of the company is to carry on business of all kinds of hospitals, dispensaries, clinics, laboratories and permissible services centre within a hospital.

RESULTS FOR THE YEAR

The results for the year are as shown on page 5.

The net loss for the year of Kshs 1,467,286/- (2017: Profit of Kshs.2,990,829/=) has been transferred to Retained earnings

DIVIDENDS

The directors do not recommend the payment of dividends.

DIRECTORS

The directors who served office during the year and to the date of this report were:-

Mr. Nilesh Soni

Mr. Tejas P. Shah

Mr. Shyamal Joshi

NON-EXECUTIVE DIRECTORS

Mr Kuldip Singh

Mrs Priya Chadreshkumar Patel

AUDITORS

Moore stephens JVB LLP., the Company's auditors, have indicated willingness to continue in office in accordance with section 719(2) of the Kenyan Companies Act.

By order of the board

Director

Director



Shyamal Joshi

Date: 5 MAY 2018.

SHALBY (KENYA) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan 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 period and of the company's operating results for that year. It also requires the directors to ensure the company keep 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 responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, selecting and applying appropriate accounting policies and making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st March 2018 and of its profit/loss and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

As per Note 17 to the accounts, it has come to the attention of the directors that the company faces material uncertainty due to high net liabilities which indicates that the company may not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 5 MAY 2018 and signed on its behalf by:

Director _____



Director _____



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Shalby (Kenya) Limited

Opinion

We have audited the Financial Statements of Shalby (Kenya) Limited set out on pages 5 to 18, which comprise the Statement of Financial Position as at 31 March, 2018, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the Year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the matter described in the section for Material uncertainty related to going concern, the accompanying Financial Statements give a true and fair view, in all material respects, the financial position of Shalby (Kenya) Limited as at 31 March, 2018, and its financial performance and cash flows for the Year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 (Parts A and B) (IESBA Code)* and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 17 in the Financial Statements, which indicates that the company's liabilities exceed its assets by Kshs 1,934,779/= as at 31 March 2018, this indicates that a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Kenyan Companies Act, which we obtained prior to the date of this report. Other information 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 an audit opinion or any form of assurance conclusion thereon.

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

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 Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 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 directors 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 International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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 the directors 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.

5. Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Joy V. Bhatt - Practicing certificate No. P992.

Moore Stephens JVB LLP
Moore Stephens JVB LLP.
Certified Public Accountants (K)

Nairobi.

Date: *05/05/2018*

SHALBY (KENYA) LIMITED
AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2018

	<i>Notes</i>	2018 Kshs.	2017 Kshs.
Revenue	3	1,167,400	7,823,607
Gross profit		1,167,400	7,823,607
Selling and distribution costs	4	(65,000)	(69,600)
Administrative expenses	5	(3,156,933)	(4,832,736)
Other Operating Costs	6	(11,641)	(38,566)
Profit/(Loss)from operations		(2,066,174)	2,882,705
Finance costs	7	(9,485)	(4,985)
Profit/(Loss)before tax		(2,075,659)	2,877,720
Income tax expenses	12	608,373	113,109
Profit/(Loss) for the year attributable to the owners of the company		(1,467,286)	2,990,829
Other comprehensive income:		-	-
Total comprehensive income for the year attributable to the owners of the company		(1,467,286)	2,990,829



Note:

The notes on page 10 to 18 form part of these financial statements.

SHALBY (KENYA) LIMITED
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2018


	<i>Notes</i>	Share capital	Retained Earnings	Total
		Kshs.	Kshs.	Kshs.
At 1 April 2016		100,000	(3,558,322)	(3,458,322)
Net Profit for the year			2,990,829	2,990,829
At 31 March 2017		100,000	(567,493)	(467,493)
At 1 April 2017		100,000	(567,493)	(467,493)
Net profit for the year			(1,467,286)	(1,467,286)
At 31 March 2018		100,000	(2,034,779)	(1,934,779)




SHALBY (KENYA) LIMITED
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

	Notes	2018 Kshs.	2017 Kshs.
ASSETS			
Current Assets			
Trade and other receivables	8	2,148,442	2,892,172
Current tax recoverable	12	158,487	138,554
Cash in Hand and at bank	9	313,551	1,086,690
		<u>2,620,480</u>	<u>4,117,416</u>
Non Current Assets			
Property, Plant and Equipment	10	67,845	79,486
Deferred Tax asset	13	721,482	113,109
		<u>789,327</u>	<u>192,595</u>
TOTAL ASSETS		3,409,807	4,310,011
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	563,367	325,286
Amounts due to related party	14	4,781,219	4,452,218
		<u>5,344,586</u>	<u>4,777,504</u>
Equity			
Issued Capital	15	100,000	100,000
Retained Earnings		(2,034,779)	(567,493)
		<u>(1,934,779)</u>	<u>(467,493)</u>
TOTAL EQUITY & LIABILITIES		3,409,807	4,310,011

The financial statements on pages 6 to 18 were approved for issue by the board of directors on 5 MAY 2018 and were signed on their behalf by:


 Director




 Director

SHALBY (KENYA) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2018

	2018 Kshs.	2017 Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss)before tax	(2,075,659)	2,877,720
<i>Adjustments for non-cash income and expenses:-</i>		
Depreciation	11,641	14,139
Interest expense	-	-
Operating Profit/(loss)before working capital changes	(2,064,018)	2,891,859
<i>Changes in operating assets and liabilities:</i>		
Increase in trade and other receivables	743,730	(2,635,933)
Increase in trade and other payables	567,082	341,993
<i>Cash generated from operations</i>	(753,206)	597,919
 Interest paid	-	-
<i>Net cash from operating activities</i>	(773,139)	459,365
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	-	(25,120)
<i>Net cash used in investing activities</i>	-	(25,120)
 Net increase / (decrease) in cash and cash equivalents	(773,139)	434,245
Cash and cash equivalent at beginning of year (Note 9)	1,086,690	652,445
Cash and cash equivalent at end of year (Note 9)	313,551	1,086,690



SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

GENERAL INFORMATION

Shalby Kenya Limited is incorporated and domiciled in Kenya under the Kenyan Companies Act as a private company limited by shares. The address of its registered office and principal place of business is plot No. 1870/II/236, The Pride Rock No.6, Donyo Sabuk Avenue, off General Mathenge Drive, P. O. Box 69952-00400, Nairobi. The principal activity of the company is to carry on business of all kinds of hospitals, dispensaries, clinics, laboratories and permissible services centre within a hospital.

1 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Kshs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below:

a Revenue recognition

Revenue from sale of services is recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided. Revenue is measured at the fair value of the consideration received or receivable, net of discounts.

b Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount represents the greater of the net selling price and the value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognised in income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c Property, plant & equipment

All categories of property, plant and equipment, including investment property, are measured at historical cost less accumulated depreciation and accumulated impairment losses.



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SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

1 ACCOUNTING POLICIES (continued)

c Property, plant & equipment (continued)

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

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 using the following annual rates:

Office equipment	12.5%
Furniture & fittings	12.5%
Computers	30%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

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.

d Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

e Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.



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SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

1 **ACCOUNTING POLICIES (continued)**

f **Impairment of non-financial assets**

At each reporting date, property, plant and equipment, investment property, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

g **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which expressed in foreign currencies are translated into Kenya shilling at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

h **Borrowing costs**

All borrowing costs are recognised in net profit or loss for the year in which they are incurred.

i **Cash and Cash equivalents**

These comprise cash on hand and at bank, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to and insignificant risk of changes in value.

j **Financial assets**

Investments in quoted shares are initially recognised at the transaction price and subsequently measured at fair value, with changes in fair value being recognised in profit or loss. Fair value is determined using the quoted bid price at the reporting date.

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.



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SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

1 ACCOUNTING POLICIES (continued)

k Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

l Share capital, share premium and dividends

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of the par value are classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

m Provision

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

n Comparatives

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

o Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

p Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profits defer from net profit as reported in the income statement as it is adjusted in accordance with the Kenyan Income Tax Act. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of the assets and the liabilities in the financial statements on the corresponding tax bases used in the computation of the taxable profit (known as temporary differences), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profits in the future and only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authorities and an entity within the company intends to settle its current tax assets and liabilities on a net basis.



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SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

1 ACCOUNTING POLICIES (continued)

q Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

r Employee benefits - post-employment benefits

The company and its employees also 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 profit or loss in the year to which they relate.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying company's accounting policies. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are as set out below:

a Property and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment based on the intended useful lives of the assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

b Inventories

Critical estimates are made by the directors in determining other costs to be included in the cost of inventories to the extent that they are incurred in bringing the inventories to their present location and condition.

3 REVENUE

	2018 Kshs.	2017 Kshs.
Income	1,167,400	7,823,607
	1,167,400	7,823,607

4 SELLING AND DISTRIBUTION COSTS

	2018 Kshs.	2017 Kshs.
Advertisement & sales promotion	65,000	69,600
	65,000	69,600



SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

	2018	2017
	Kshs.	Kshs.
5 ADMINISTRATIVE EXPENSES		
<i>Employment:</i>		
Salaries and wages	683,592	1,654,151
Staff Welfare	27,056	48,725
<i>Total employment costs</i>	<i>710,648</i>	<i>1,702,876</i>
<i>Other administration costs:</i>		
Auditors remuneration	116,000	116,000
Professional fees	-	86,061
Consultancy Fees	265,000	100,000
Insurance	45,519	66,621
Doctors Fees	7,980	451,879
Accountancy Fees	208,800	208,800
Electricity and water	13,320	11,080
Postage, Telephone & E-mail	118,503	104,462
Printing & Stationery	41,223	42,409
Rent & Rates	758,640	758,640
Repairs & maintenance	33,725	39,000
Travelling	211,240	131,535
General expense	107,645	57,423
Licences	291,590	745,950
Immigration Expenses	227,100	210,000
<i>Total other administration expenses</i>	<i>2,446,285</i>	<i>3,129,860</i>
<i>Total administrative expenses</i>	<i>3,156,933</i>	<i>4,832,736</i>
6 OTHER OPERATING EXPENSES		
	2018	2017
	Kshs.	Kshs.
Depreciation of property, plant & equipment	11,641	14,139
Penalties and fines	-	13,637
Donations	-	10,790
	11,641	38,566
7 FINANCE COSTS		
	2018	2017
	Kshs.	Kshs.
Bank charges and commission	9,485	4,985
Interest expenses	-	-
	9,485	4,985



SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

8 TRADE AND OTHER RECEIVABLES

	2018 Kshs.	2017 Kshs.
Trade receivables	2,060,236	2,736,686
Staff Advances	16,956	-
Prepayments	71,250	79,959
Withholding tax receivable	-	75,527
	2,148,442	2,892,172

9 CASH AND CASH EQUIVALENTS

	At 1 April 2017 Kshs.	Cash Flows Kshs.	At 31 March 2018 Kshs.
Cash in hand	105,176	118,744	223,920
Cash at bank	981,514	(891,883)	89,631
	1,086,690	(773,139)	313,551

10 PROPERTY, PLANT AND EQUIPMENTS (refer Page 19)

11 TRADE AND OTHER PAYABLES

	2018 Kshs.	2017 Kshs.
Other payables	424,097	232,486
Accrued Expenses	139,270	92,800
	563,367	325,286

12 TAXATION

a Income Statement

	2018 Kshs.	2017 Kshs.
Current tax applicable rate 30%	-	-
Deferred tax	(608,373)	(113,109)
Tax charge	(608,373)	(113,109)

b Balance sheet

	2018 Kshs.	2017 Kshs.
At 1 April 2017	(138,554)	-
Corporation tax for the year	-	-
Tax Paid	-	-
Withholding Tax paid	(19,933)	(138,554)
At 31 March 2018	(158,487)	(138,554)



SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12 TAXATION (Continued)

c Reconciliation of tax charge to expected tax based on accounting profit

Accounting Profit(loss) before tax	(2,075,659)	2,877,720
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c Reconciliation of tax charge to expected tax based on accounting profit (Continued)

Tax applicable rate of 30%	-	-
Tax effect of(expenses not deductible for tax)/non taxable income		
Deffered tax provision for the year	(608,373)	
Current tax charge	(608,373)	-

13 DEFERRED TAX

Deferred Tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30%. (2016:30%)

The deferred tax assets are the tax effects of expected future income tax benefits relating to:

- differences between the carrying amounts and tax written down values of property, plant and equipment;
- the foreign exchange loss on trade payables, which will not be tax-deductible until the payables are settled but has already been recognised as an expense in measuring the company's profit for the year.

The movement on the deferred tax account is as follows:

	2018 Kshs.	2017 Kshs.
At beginning of the year	(113,109)	-
Income statements (Credits)	(608,373)	(113,109)
At 31 March 2018	(721,482)	(113,109)

Deferred Tax assets and Deferred Tax credits in the profit and loss account are attributable to the following items:

	(Credited) to P & L	2018 Kshs.	2017 Kshs.
Deferred Tax Liabilities			
Accelerated Tax Depreciation	-	-	-
	-	-	-
Deferred Tax Assets			
Foreign exchange loss	-	-	-
Taxable losses	721,482	721,482	-
Foreign exchange loss	-	-	-
Net Deferred tax	721,482	721,482	-
	(721,482)	(721,482)	-



SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14 RELATED PARTIES

The company is related to other companies which are related through common shareholding or common directorships. The following transactions were carried out with related parties:

	2018	2017
	Kshs.	Kshs.
i) Amounts due to related party		
Shalby Limited (Kenya Branch)	444,675	444,675
Shalby Limited -India	4,336,543	4,007,543
	4,781,218	4,452,218

15 SHARE CAPITAL

AUTHORISED

100 Ordinary shares of Kshs 1,000/= each

ISSUED & FULLY PAID UP

100 Ordinary shares of Kshs 1,000/= each

	Kshs.	Kshs.
100 Ordinary shares of Kshs 1,000/= each	100,000	100,000
100 Ordinary shares of Kshs 1,000/= each	100,000	100,000

16 CONTINGENT LIABILITIES

There were no contingent liabilities existing at the year end.

17 GOING CONCERN

The company's total liabilities exceeds its total assets by Kshs. 1,934,779/-; however, assurance has been given from the shareholders, Shalby Limited(India) that they shall not withdraw their support within the next 12 months, and on this assurance, the accounts have been prepared on a going concern basis. If their support is withdrawn, the company faces a material uncertainty and the company may not be able to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.



SHALBY (KENYA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computers	Total
COST			
At 1 April 2017	89,491	13,920	103,411
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	89,491	13,920	103,411
Accumulated Depreciation			
At 1 April 2017	19,749	4,176	23,925
Charge for the Year	8,718	2,923	11,641
Disposal	-	-	-
At 31 March 2018	28,467	7,099	35,566
CARRYING AMOUNT			
At 31 March 2018	61,024	6,821	67,845

