
SUNBIRD BUSINESS SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

SUNBIRD BUSINESS SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr M J Aldridge Mr M J Insley Mr W Kenyanjui Mr J McDonough Mr I Mcfadyen Ms S Muna Mr W Sykes
Registered number	09107183
Registered office	5th Floor 8 City Road London EC1Y 2AA
Independent auditors	Barnes Roffe LLP Chartered Accountants Leytonstone House 3 Hanbury Drive Leytonstone London E11 1GA
Bankers	Barclays Bank Plc 1 Churchill Place Leicester Leicestershire LE87 2BB

SUNBIRD BUSINESS SERVICES LIMITED

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**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Introduction

Sunbird Business Services Limited (the "Group") is a provider of flexible offices and operations in multiple African locations, including Kenya, Tanzania, Uganda, Zambia, Nigeria and South Africa. These services are provided via Service Centers that offer clients a choice of flexible private offices, desks or meeting rooms.

Strategy

We define our strategic objectives as:

- Create, operate and maintain sophisticated workspace environments for enterprise (businesses) in Africa
- Use technology to enhance space and power services for our clients
- Focusing only on the private sector enterprise, including SMEs and multinationals
- Become the flexible office provider of choice across Africa

Market Indicators for our Services

Workspace environments are evolving globally to meet the demands of a changing workforce due to technology and change in habits.

From individuals to multinationals there is a growing trend to outsource workspace to experts so that businesses can focus on core activities as well as enjoying enhanced benefits from the variety of designed spaces which are available in a flexible workspace. This "space as a service" mode is particularly valuable in developing markets where there is a greater degree of uncertainty and replicating modern work environments is more difficult.

Performance (17 months ending 31 December 19)

The Group continues to be loss making before exceptional items (2019: \$6.7m, 2018: \$5.4m) with revenue not yet at a level capable of supporting the central overhead base. The Group is benefiting from a restructured central team and reduced overhead base, with the incumbent portfolio of Centres capable of delivering organic profits.

During the year the Group continued to restructure its operations to concentrate on its core service lines: Serviced Offices. The disposal of our South African FM contracts resulted in a reduction in overall revenues.

The Serviced Office business performed well during the year delivering increased revenues from its existing sites in Kenya, Tanzania and Uganda combined. Occupancy has been strong for all Centres in the year, with Tanzania and Uganda operating at full capacity for most of the year.

Summary of activities

In 2019 the company rebranded its Centres to KOFISI. During the year the Group opened additional Centres in Nairobi, expanded in Tanzania and began build on its new Site in West Africa. In addition a pipeline of expansion spaces in current Centres and new sites across the continent have been identified and discussions begun with Landlords. With further investment this pipeline would support a further doubling of the size of the business.

The company has fully deployed its new space and technology standards, aligning our designs with the global benchmark for flexible workspace but combined this with a strong focus on local design, procuring over 50% of furniture from local manufacturers. The Group's continued understanding of supply chains, the specific needs of the African Client, and an ability to hire and train local staff gives a strong platform to grow from.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Our goal is to be the most sophisticated flexible office provider in Africa. To pursue this strategy the Group has focused on its core Serviced Office service lines. We are one of a handful of multi city providers in Africa, and this knowledge combined with our leading product supports our plans to seek capital to support a roll out of more Centres.

Our principal risks can be seen in broad terms to encompass Currency, Political, Commercial, Credit, Ability to Raise Finance, Health and Safety, Control Environment and Compliance Obligations.

Risk committee commitment

Our Risk Committee is constituted by the Board and works alongside the Audit Committee and Remuneration Committee. It provides scope for which risks are analysed and proposes mitigation in respect of such risks.

Currency

The Group expects to operate and conduct its services in jurisdictions which could generate revenue, expenses and liabilities in currencies other than our functional currency which is the US Dollar. As a result, we will be subject to the foreign currency risks. Where appropriate the Group will consider entering into forward contracts to limit the exposure.

Political

The Group is continuously monitoring the political environment in Africa. Although the Group does no work directly for the public sector, the sector agnostic requirement for workspace infers that this risk of political impact is materially mitigated. In regards other political risk such as terrorism and war, the Group ensures such political risks are covered within the insurance policy cover.

Commercial

The Group commercial risks include, but are not limited to, customer and supplier due diligence, resource forecasting, and governance and control policies. The Group carries out checks on material customers and suppliers.

Credit

The Group on the whole will be exposed to the credit risk of clients related to the non-payment for services or non-reimbursement of costs incurred. The Group may also be subject to strict performance metrics that could increase its credit risk, requiring effort by management to retrieve payment for services. Failure by any clients to pay for services or reimburse costs may adversely increase the Group's credit risk that could have an impact on its profitability.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

Ability to raise finance

The Group has successfully raised finance through various forms including debt, equity and listed bonds since its formation. The working capital assumptions for the next twelve months assume this will continue as additional funding through debt and equity is required to support the business. The inability to raise further finance to provide development capital to existing service lines and their capital expenditure pipeline will have a significant detrimental effect on the Group's ability to achieve its commercial and strategic goals. As at the date of signing these financial statements the Group has successfully completed a rights issue and converted its long term debt to equity. Management are confident that this will allow the Group to continue its strategy. See going concern note for further detail.

Compliance obligations

Owing to the breadth of countries in which the Group operates, working to compliance obligations is integral to our business. We continually work to ensure that we obtain and continue to comply with all necessary approvals, licenses or permits.

Health and Safety

The Group puts health and safety firmly at the top of the list for every single project it undertakes from construction services to running serviced commercial offices. Occupational Health and Safety directives are constantly assessed through robust management systems - at a local and a global level. The Group ensures all sub-contractors adhere to equally high standards.

Control Environment

The Group operates subsidiaries in East and South Africa where the control environment expectations are different to those in the United Kingdom. This increases the risk of a weaker control environment in our operating subsidiaries. Management work to the principal that the control environment will be maintained across the Group to the highest standard.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Environmental

Our business activity has an impact on business ecosystem in the region and the communities surrounding areas where we operate. We are committed to working on sustainability policies, and environmental solutions, to assist our clients as they enter and expand into the market.

Corporate Social Responsibility commitment

Our workspace solutions enable local and international businesses to establish themselves and grow, impacting communities in the countries in which we operate. By enabling businesses we provide a platform for job creation as well as catering for the emerging entrepreneurial class of Africa.

The year ahead

The Group's key focus for FY2020 and beyond is to continue the expansion of Service Centers from our pipeline of new locations. This will include further Centers in core countries as well as new markets. The decision on opening cadence and geography will continue to be a function of client and market demand as well as the availability of financing.

The business has systems to deliver robust return on capital expenditure. Continued investment in our brand, marketing and sales engines will ensure we not only fill new spaces, but retain clients for the long run.

During FY2020 the Group had to pause on its growth plan due to the COVID pandemic. This led to the company raising a rights issue from current shareholders in Dec 2020. This was in tandem with the conversion of the long term debt to equity under a scheme of arrangement. The Group's growth plans will resume again in 2021, when we will seek institutional capital for the next phased of growth.

The market for flexible workspace has continued to grow and the macro for Africa remains a large growth opportunity. We believe we are in a strong position to achieve our primary objective of becoming the number one provider of flexible workspace solutions across the African Continent.

This report was approved by the board on 19 April 2021 and signed on its behalf.

Mr M J Aldridge
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the period ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to \$16,256,784 (2018 - loss \$4,671,786).

Directors

The directors who served during the period were:

Mr M J Aldridge
Mr M J Insley
Mr W Kenyanjui
Mr J McDonough
Mr I Mcfadyen
Ms S Muna
Mr W Sykes
Mr K Akinola (appointed 11 September 2019, resigned 13 February 2020)
Ms E Wagner (resigned 27 June 2019)
Mr R Bains (resigned 12 November 2019)

SUNBIRD BUSINESS SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

The Group has successfully raised \$3.15m in a rights issue to support its working capital requirements and to reduce its net liabilities. In addition, the company undertook a Scheme of Arrangement to convert its long term unsecured debt to equity. This was completed on 16 December 2020.

The Group continually reviews its space, in order to assess demand and yield. In the period following the accounts certain Centres have been closed, and some Centres expanded to match demand.

COVID has dominated the environment since March 2020. Operations have suffered, with discounting required to support current clients. This was mitigated by cost control programs. The demand for flexible workspace increased in this period, as more people opted towards this product line. The macro-opportunity remains unaffected by COVID, as the flexible market is nascent in Africa and has some way to catch up the adoption rates of other global cities.

The Group has reviewed its control procedures to adopt revised authority matrix, and has undertaken to strengthen its Board with the appointment of a Managing Director to the business to work alongside the CEO on all corporate matters. The Group has restricted its finance function to be in Nairobi, with the appointment of a new Kenyan Head of Finance.

Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 April 2021 and signed on its behalf.

Mr M J Aldridge

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED

Qualified Opinion

We have audited the financial statements of Sunbird Business Services Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2019, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED (CONTINUED)

Basis for qualified opinion

The predecessor auditors issued a disclaimer of opinion in respect of their audit of the financial statements for the year ended 31 July 2018. This was because they were unable to obtain sufficient appropriate audit evidence regarding certain matters during the year. In addition they were unable to obtain sufficient appropriate audit evidence in respect of comparative figures and opening balances, which followed a disclaimer of opinion made by the previous auditors for the year ended 31 July 2017.

In respect to these financial statements for the period to 31 December 2019 our opinion is qualified because the above matters have a potential impact on the 2018 financial year comparative figures and opening balances as at 1 August 2017 and 1 August 2018, the effect of which we were unable to quantify. We have not been able to obtain sufficient appropriate evidence in respect of the above matters during our audit by alternative means or by using other audit procedures. Accordingly the scope of our audit is limited. Our opinion on the current period's financial statements is also modified because of the possible effect of these matters on the comparability of the current period's figures and the corresponding figures.

In respect to the current period the scope of our audit was also limited as we were unable to obtain sufficient appropriate audit evidence in respect of the provision described in note 22 to the accounts and as such we were unable to confirm the accuracy of this provision and any consequential effect on exceptional administrative expenses in the event that this provision was misstated.

In addition, in respect of the subsidiary entities described in note 14 to the accounts, we were unable to confirm whether this parent company was the legal owner of the subsidiary entities or whether ownership vests with Sunbird Business Services Africa Ltd (UK registered number 09112066), itself a 100% subsidiary entity of this parent company, due to conflicting available information. Accordingly, our opinion on the parent company individual financial statements is modified in this respect but not in respect of the group financial statements.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Group incurred a net loss of \$16.3m during the period ended 31 December 2019 and, as of that date, the group's total liabilities exceeded its total assets by \$21.8m. As stated in note 2.3, these events or conditions, along with other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

As described in the basis for qualified opinion section, to the extent that the other information refers to the group's financial results, the other information may be materially misstated for the same reasons.

Opinion on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Arising solely from the limitation on the scope of our work as described in the basis for qualified opinion section, referred to above:

- we have not received all the information and explanations we require for our audit;
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 (UK) 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 Group financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Liggins (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Leytonstone House

3 Hanbury Drive

Leytonstone

London

E11 1GA

19 April 2021

SUNBIRD BUSINESS SERVICES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019**

		Continuing operations 17 months ended 31 December 2019	Discontin'd operations 17 months ended 31 December 2019	Total 17 months ended 31 December 2019	<i>Continuing operations 12 months ended 31 July 2018</i>	<i>Discontinued operations 12 months ended 31 July 2018</i>	<i>Total 12 months ended 31 July 2018</i>
	Note	\$	\$	\$	\$	\$	\$
Turnover	4	8,219,578	1,508,879	9,728,457	5,966,824	731,674	6,698,498
Cost of sales		(6,412,812)	(1,697,854)	(8,110,666)	(3,521,541)	(310,390)	(3,831,931)
Gross profit		1,806,766	(188,975)	1,617,791	2,445,283	421,284	2,866,567
Administrative expenses		(5,126,178)	(823,136)	(5,949,314)	(5,299,050)	(1,169,183)	(6,468,233)
Exceptional administrative expenses		(9,534,655)	-	(9,534,655)	(461,799)	1,197,672	735,873
Operating loss	5	(12,854,067)	(1,012,111)	(13,866,178)	(3,315,566)	449,773	(2,865,793)
Interest payable and expenses	9	(2,390,606)	-	(2,390,606)	(1,303,207)	-	(1,303,207)
Loss before taxation		(15,244,673)	(1,012,111)	(16,256,784)	(4,618,773)	449,773	(4,169,000)
Tax on loss	10	-	-	-	(502,786)	-	(502,786)
Loss for the financial period		(15,244,673)	(1,012,111)	(16,256,784)	(5,121,559)	449,773	(4,671,786)

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:\$NIL).

The notes on pages 20 to 53 form part of these financial statements.

SUNBIRD BUSINESS SERVICES LIMITED
REGISTERED NUMBER: 09107183

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	31 July 2018 \$
Fixed assets			
Intangible assets	12	-	8,063,217
Tangible assets	13	1,578,610	1,358,272
		<u>1,578,610</u>	<u>9,421,489</u>
Current assets			
Stocks		-	39,348
Debtors: amounts falling due within one year	16	3,162,667	2,819,644
Cash at bank and in hand	17	803,837	336,575
		<u>3,966,504</u>	<u>3,195,567</u>
Creditors: amounts falling due within one year	18	(23,349,483)	(10,592,907)
Net current liabilities		<u>(19,382,979)</u>	<u>(7,397,340)</u>
Total assets less current liabilities		<u>(17,804,369)</u>	<u>2,024,149</u>
Creditors: amounts falling due after more than one year	19	(302,737)	(8,316,000)
Provisions for liabilities			
Other provisions	22	(3,681,157)	(2,261,292)
		<u>(3,681,157)</u>	<u>(2,261,292)</u>
Net liabilities		<u>(21,788,263)</u>	<u>(8,553,143)</u>
Capital and reserves			
Called up share capital	23	219,982	205,018
Share premium account	24	23,384,325	20,277,633
Other reserves	24	-	99,992
Profit and loss account	24	(45,392,570)	(29,135,786)
Equity attributable to owners of the parent Company		<u>(21,788,263)</u>	<u>(8,553,143)</u>
		<u>(21,788,263)</u>	<u>(8,553,143)</u>

SUNBIRD BUSINESS SERVICES LIMITED
REGISTERED NUMBER: 09107183

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 April 2021.

Mr M J Aldridge
Director

The notes on pages 20 to 53 form part of these financial statements.

SUNBIRD BUSINESS SERVICES LIMITED
REGISTERED NUMBER: 09107183

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	31 July 2018 \$
Fixed assets			
Tangible assets	13	1,839	13,125
Investments	14	-	5,952,464
		<u>1,839</u>	<u>5,965,589</u>
Current assets			
Debtors: amounts falling due within one year	16	137,641	1,837,837
Cash at bank and in hand	17	355,888	32,046
		<u>493,529</u>	<u>1,869,883</u>
Creditors: amounts falling due within one year	18	(18,661,070)	(7,344,739)
Net current liabilities		<u>(18,167,541)</u>	<u>(5,474,856)</u>
Total assets less current liabilities		<u>(18,165,702)</u>	<u>490,733</u>
Creditors: amounts falling due after more than one year	19	-	(8,195,000)
Provisions for liabilities			
Other provisions	22	(145,528)	(240,000)
		<u>(145,528)</u>	<u>(240,000)</u>
Net liabilities		<u>(18,311,230)</u>	<u>(7,944,267)</u>
Capital and reserves			
Called up share capital	23	219,982	205,018
Share premium account	24	23,384,325	20,277,633
Other reserves	24	-	99,992
Profit and loss account brought forward		(28,526,910)	(23,237,235)
Loss for the period		(13,388,627)	(5,289,675)
Profit and loss account carried forward		<u>(41,915,537)</u>	<u>(28,526,910)</u>
		<u>(18,311,230)</u>	<u>(7,944,267)</u>

SUNBIRD BUSINESS SERVICES LIMITED
REGISTERED NUMBER: 09107183

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 April 2021.

Mr M J Aldridge

Director

The notes on pages 20 to 53 form part of these financial statements.

SUNBIRD BUSINESS SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Called up share capital \$	Share premium account \$	Other reserves \$	Profit and loss account \$	Total equity \$
At 1 August 2017	187,018	16,608,633	99,992	(24,464,000)	(7,568,357)
Loss for the year	-	-	-	(4,671,786)	(4,671,786)
Shares issued during the year	18,000	3,669,000	-	-	3,687,000
At 1 August 2018	205,018	20,277,633	99,992	(29,135,786)	(8,553,143)
Loss for the period	-	-	-	(16,256,784)	(16,256,784)
Shares issued during the period	14,964	3,106,692	-	-	3,121,656
Shares issued during the period	-	-	(99,992)	-	(99,992)
At 31 December 2019	219,982	23,384,325	-	(45,392,570)	(21,788,263)

The notes on pages 20 to 53 form part of these financial statements.

SUNBIRD BUSINESS SERVICES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Called up share capital \$	Share premium account \$	Other reserves \$	Profit and loss account \$	Total equity \$
At 1 August 2017	187,018	16,608,633	99,992	(23,237,235)	(6,341,592)
Loss for the year	-	-	-	(5,289,675)	(5,289,675)
Contributions by and distributions to owners					
Shares issued during the year	18,000	3,669,000	-	-	3,687,000
At 1 August 2018	205,018	20,277,633	99,992	(28,526,910)	(7,944,267)
Loss for the period	-	-	-	(13,388,627)	(13,388,627)
Shares issued during the period	14,964	3,106,692	-	-	3,121,656
Shares issued during the period	-	-	(99,992)	-	(99,992)
At 31 December 2019	<u>219,982</u>	<u>23,384,325</u>	<u>-</u>	<u>(41,915,537)</u>	<u>(18,311,230)</u>

The notes on pages 20 to 53 form part of these financial statements.

SUNBIRD BUSINESS SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	31 December 2019 \$	31 July 2018 \$
Cash flows from operating activities		
Loss for the financial period	(16,256,784)	(4,671,786)
Adjustments for:		
Exceptional items	-	(735,873)
Amortisation of intangible assets	182,926	142,000
Depreciation of tangible assets	1,052,895	693,000
Impairments of fixed assets	7,737,733	-
Loss on disposal of intangible assets	149,132	-
Interest paid	2,390,606	1,303,207
Taxation charge	-	502,786
Decrease in stocks	39,348	387,000
(Increase)/decrease in debtors	(343,023)	779,000
Increase/(decrease) in creditors	5,419,039	(488,000)
Increase in provisions	1,419,865	-
Exchange difference	26,567	(28,832)
Deferred taxation write off	67,668	-
Net cash generated from operating activities	1,885,972	(2,117,498)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,469,880)	(728,000)
HP interest paid	(39,278)	-
Net cash from investing activities	(1,509,158)	(728,000)
Cash flows from financing activities		
Interest paid	(2,351,328)	-
Proceeds from issue of shares	3,121,656	2,605,000
Proceeds from issue of borrowings	-	912,000
Repayment of loan notes	-	(400,000)
Finance lease repayments	(679,880)	(518,000)
Interest paid	-	(165,000)
Net cash used in financing activities	90,448	2,434,000

SUNBIRD BUSINESS SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

	31 December 2019 \$	31 July 2018 \$
Net increase/(decrease) in cash and cash equivalents	467,262	(411,498)
Cash and cash equivalents at beginning of period	336,575	748,073
Cash and cash equivalents at the end of period	<u>803,837</u>	<u>336,575</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	803,837	336,575
	<u>803,837</u>	<u>336,575</u>

The notes on pages 20 to 53 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

1. General information

Sunbird Business Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5th Floor, 8 City Road, London, England, EC1Y 2AA.

The principal activity of the company continued to be the provision of integrated services to its subsidiaries to act as a holding company. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

The principal activity of the group is the provision of serviced offices and facilities management in the East and South African region. During the period ended 31 December 2019 the group also provided construction services and development consulting services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

The group has incurred a loss for the period of \$16.3m and has net liabilities of \$21.8m as at 31 December 2019. Subsequent to the period end, the group has successfully completed a rights issue and converted its long term debt to equity. Management are confident that this will allow the Group to continue its strategy.

The above rights issue and conversion of long term debt into equity provides a significant improvement to the group's immediate solvency position. However, the group continues to make financial losses post year end and therefore there remains a material uncertainty that the group will have the ability to continue as a going concern.

Despite this uncertainty, the directors have a reasonable expectation that the group will be able to meet its liabilities as they fall due and therefore can continue as a going concern for at least 12 months from the date of signing the accounts.

The financial statements have been prepared on that basis and do not include adjustments that would result if the group was unable to continue as a going concern.

2.4 Revenue

Revenue comprises the fair value of the consideration received and receivable by the group from the provision of its services. Those services include facilities management, construction services and the provision of serviced office workspaces.

Revenue is shown net of sales and value added taxes, returns, rebates and discounts.

The group recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity; and
- Specific criteria have been met for each of the activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. 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 (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

At the balance sheet date goodwill and other intangible fixed assets have been fully impaired.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvement	- 5 years straight line
Fixtures and fittings	- 3 years straight line
Plant and equipment	- 4 - 10 years straight line
Motor vehicles	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At the balance sheet date investments have been fully impaired.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions

Defined contribution pension plan

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet.

2.17 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.20 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the costs of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.21 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.21 Financial instruments (continued)

asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issues, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised costs basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Incremental costs of directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.22 Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

3. **Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are outlined below.

Critical Judgements

Leases

The group has entered into a facility for financing of fixtures, fittings and equipment installed and used in its centres. Management considers that the terms of the facility are such that the group receives substantially all of the risk and rewards incidental to ownership of the assets and have therefore classified the facility as a finance lease. As a substantial portion of the assets leased under this arrangement are fixtures and fittings which are integral to the building, the nature of the assets would make it difficult for them to be returned to the lessor at the end of the lease term, therefore management considered there to be no residual economic value.

Critical accounting estimates

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Dilapidation provision

The group makes an estimate in respect of its obligation to repair and reinstate the leased premises at the end of the lease period. The provision reflects management's best estimate of the expected costs.

Carrying value of goodwill

In assessing impairment, management estimates the recoverable amount of each cash-generating unit based on discounted expected future cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Full details are provided in Note 2.5.

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

4. Turnover

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Revenue analysed by class of business		
Serviced offices	6,137,443	4,350,609
Facilities management	1,371,985	2,040,389
Construction services	1,896,327	195,000
Other revenue	322,702	112,500
	<u>9,728,457</u>	<u>6,698,498</u>

Included in the above are amounts for discontinued operations as follows:-

Serviced offices \$466,943 (2019 - \$Nil)

Facilities management \$1,042,783 (2019 - \$424,000)

Construction services \$Nil (2019 - \$195,000)

Other revenue \$Nil (2019 - \$112,500)

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Revenue by geographical location		
Kenya	4,470,104	3,202,503
Tanzania	2,094,434	1,231,042
Uganda	407,348	265,963
South Africa	1,144,248	1,531,021
Nigeria	1,517,449	-
Zambia	94,874	23,884
Mozambique	-	444,085
United Kingdom	-	-
	<u>9,728,457</u>	<u>6,698,498</u>

Included in the above are amounts for discontinued operations as follows:-

Kenya \$Nil (2019 - \$281,000)

Mozambique \$Nil (2019 - \$451,000)

South Africa \$1,102,378 (2019 - \$Nil)

Uganda \$407,348 (2019 - \$Nil)

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

5. Operating loss

The operating loss is stated after charging:

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Depreciation of property, plant and equipment	1,052,895	693,000
Exchange differences	41,605	161,000
Loss on disposal of intangible fixed assets	149,132	-
Amortisation of intangible fixed assets	<u>182,926</u>	<u>142,000</u>

6. Auditors' remuneration

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>79,500</u>	<u>102,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>10,000</u>	<u>6,000</u>
	<u>10,000</u>	<u>6,000</u>

The fees payable to the auditors are split as follows. Fee for the company is \$10,000 (2018 - \$12,000) and for consolidation is \$69,500 (2018 - \$90,000).

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>	Company 31 December 2019 \$	<i>Company 31 July 2018 \$</i>
Wages and salaries	3,271,502	<i>3,696,000</i>	1,383,631	<i>1,341,815</i>
Social security costs	31,418	<i>55,000</i>	12,665	<i>25,352</i>
Pension costs	21,363	<i>43,000</i>	-	<i>-</i>
	<u>3,324,283</u>	<i><u>3,794,000</u></i>	<u>1,396,296</u>	<i><u>1,367,167</u></i>

The average monthly number of employees, including the directors, during the period was as follows:

	17 months ended 31 December 2019 No.	<i>12 months ended 31 July 2018 No.</i>
Admin	19	<i>22</i>
Support	93	<i>153</i>
Group	19	<i>21</i>
	<u>131</u>	<i><u>196</u></i>

8. Directors' remuneration

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Directors' emoluments	771,083	<i>915,000</i>
	<u>771,083</u>	<i><u>915,000</u></i>

The highest paid director received remuneration for qualifying services amounting to \$255,000 (2018 - \$505,000).

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

9. Interest payable and similar expenses

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Bank interest payable	5,409	-
Other loan interest payable on debt financing	2,345,919	1,250,207
Finance leases and hire purchase contracts	39,278	53,000
	<u>2,390,606</u>	<u>1,303,207</u>

10. Taxation

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Deferred tax		
Deferred tax asset write off	-	502,786
Total deferred tax	<u>-</u>	<u>502,786</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>502,786</u>

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Loss on ordinary activities before tax	<u>(16,256,784)</u>	<u><i>(4,169,000)</i></u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(3,088,789)	<i>(792,110)</i>
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,470,169	<i>-</i>
Unrelieved tax losses carried forward	1,618,620	<i>792,110</i>
Deferred tax asset write off	-	<i>502,786</i>
Total tax charge for the period/year	<u>-</u>	<u><i>502,786</i></u>

Factors that may affect future tax charges

The group has significant tax losses carried forward which may be offsetable against future profits.

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

11. Exceptional items

	17 months ended 31 December 2019 \$	<i>12 months ended 31 July 2018 \$</i>
Write-off of irrecoverable amounts in relation to disposed entities	-	461,799
Gain on disposal of subsidiaries	-	(1,197,672)
Goodwill and other intangible fixed asset impairment	7,737,733	-
Charge to the profit and loss in respect of dilapidation provision	1,796,922	-
	<u>9,534,655</u>	<i><u>(735,873)</u></i>

Goodwill Impairment

The directors have considered impairment of the group's intangible fixed assets. As a result of the issues facing the shared office sector at present, resulting in lower valuations, the directors have considered the intangible fixed assets of the group to be fully impaired. Should the prevailing sector conditions improve and/or the group generate profits, we would expect the goodwill impairment to be revisited and potentially reversed.

Charge to the profit and loss in respect of dilapidation provision

The directors have reassessed the dilapidation provision in respect of new centres opened and expansion of existing centres in the year and have subsequently increased the provision in FY2019.

Gain on disposal of subsidiaries

In the prior year, as part of the restructuring, the directors have focused on serviced offices and facilities management service lines. Investments outside of these two core services lines were disposed of in the period resulting in an exceptional gain of \$1,197,672 in FY2018.

Write off of irrecoverable amounts in relation to disposed entities

In the prior year, transactions with the disposed entities, after the date of disposal, were deemed irrecoverable and written off. This resulted in a loss of \$461,799.

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

12. Intangible assets

Group and Company

	Other intangible fixed assets \$	Goodwill \$	Total \$
Cost			
At 1 August 2018	1,025,000	12,917,000	13,942,000
At 31 December 2019	1,025,000	12,917,000	13,942,000
Amortisation			
At 1 August 2018	340,136	5,538,647	5,878,783
Charge for the period	182,926	-	182,926
On disposals	142,558	-	142,558
Impairment charge	359,380	7,378,353	7,737,733
At 31 December 2019	1,025,000	12,917,000	13,942,000
Net book value			
At 31 December 2019	-	-	-
At 31 July 2018	684,864	7,378,353	8,063,217

Other intangibles relate to Trade name and customer relationships acquired as part of the ESBC acquisition. Goodwill represents the excess of purchase price over the fair value of net assets acquired for ESBC. The carrying value of goodwill which is considered to have an indefinite life is allocated to the cash generating units (CGUs). The cash generating unit is considered to be the serviced offices core service line and the net book value attributable to the serviced offices core service line is £Nil (2019 - \$7,378,353).

The group tests the carrying amount of goodwill annually for impairment, or more frequently if there are indicators that the carrying value might be impaired.

In the current year, the directors have considered impairment of the group's intangible fixed assets. As a result of the issues facing the shared office sector at present, resulting in lower valuations, the directors have considered the intangible fixed assets of the group to be fully impaired. Should the prevailing sector conditions improve and/or the group generate profits, we would expect the goodwill impairment to be revisited and potentially reversed.

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

Group

	Leasehold land and buildings	Plant and equipment	Motor vehicles	Fixtures and fittings	Total
	\$	\$	\$	\$	\$
Cost or valuation					
At 1 August 2018	855,000	736,272	88,000	917,000	2,596,272
Additions	211,949	1,067,956	-	189,975	1,469,880
Disposals	(106,360)	(123,584)	(88,000)	(63,655)	(381,599)
At 31 December 2019	960,589	1,680,644	-	1,043,320	3,684,553
Depreciation					
At 1 August 2018	195,000	543,000	50,000	450,000	1,238,000
Charge for the period on owned assets	55,853	143,589	-	136,247	335,689
Charge for the period on financed assets	-	717,206	-	-	717,206
Disposals	(64,311)	(64,744)	(50,000)	(5,897)	(184,952)
At 31 December 2019	186,542	1,339,051	-	580,350	2,105,943
Net book value					
At 31 December 2019	774,047	341,593	-	462,970	1,578,610
At 31 July 2018	660,000	193,272	38,000	467,000	1,358,272

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2019	31 July 2018
	\$	\$
Plant and equipment	244,782	4,290
	244,782	4,290

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

13. Tangible fixed assets (continued)

Company

	Motor vehicles	Office equipment	Total
	\$	\$	\$
Cost or valuation			
At 1 August 2018	20,490	89,685	110,175
Additions	-	3,038	3,038
	<hr/>	<hr/>	<hr/>
At 31 December 2019	20,490	92,723	113,213
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 August 2018	20,490	76,560	97,050
Charge for the period on owned assets	-	14,324	14,324
	<hr/>	<hr/>	<hr/>
At 31 December 2019	20,490	90,884	111,374
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2019	<hr/> -	<hr/> 1,839	<hr/> 1,839
At 31 July 2018	<hr/> -	<hr/> 13,125	<hr/> 13,125

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

14. Fixed asset investments

Company

	Investments in subsidiary companies \$
Cost or valuation	
At 1 August 2018	6,506,876
Additions	3,472,748
	<hr/>
At 31 December 2019	9,979,624
	<hr/>
Impairment	
At 1 August 2018	554,412
Charge for the period	9,425,212
	<hr/>
At 31 December 2019	9,979,624
	<hr/>
Net book value	
At 31 December 2019	<hr/> <hr/> -
<i>At 31 July 2018</i>	<hr/> <hr/> 5,952,464

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Company	Country	Holding	Nature
Sunbird Business Services Africa Ltd	United Kingdom	100%	Holding Company
Sunbird Business Services Botswana Ltd	Botswana	100%	Dormant
Sunbird Business Services Uganda Ltd	Uganda	100%	Property services
Sunbird Business Services Tanzania	Tanzania	100%	Property services
Sunbird Business Services Kenya Ltd	Kenya	100%	Property services
Big Bird Holding Tanzania Ltd	Tanzania	100%	Dormant
Sunbird Support Services Kenya Ltd	Kenya	100%	Dormant
Sunbird Support Service (Pty) Ltd	South Africa	100%	Facilities management
Sunbird Business Services Zambia Ltd	Zambia	100%	Property Services
Sunbird Business Services Namibia	Namibia	100%	Dormant
Sunbird Business Services South Africa (Pty) Ltd	South Africa	100%	Property Services

Below are the registered offices in each country:

United Kingdom - 8 City Road, London, EC1Y 2AA.

Uganda - 5 Floor Rwenzori Tower, Kampala, Uganda.

Tanzania - Kilwa House, Oysterbay, Dar Es Salaam, Tanzania.

Kenya - 4th floor, Eden Square Complex, Westlands Nairobi, Kenya.

South Africa - Westwood Building, 57 6th Rd Hyde Park, Johannesburg, South Africa.

Zambia - 3rd floor Mpile office park, 74 Independence Avenue, Lusaka, Zambia.

Botswana - Acumen Park, Plot 50370, Fairground, Gaborone.

Namibia - Unit 5 Ground Floor, Ausspann Plaza, Dr. Agostinho Neto Road, Windhoek, Namibia.

The following UK entities were dissolved during the period, Sunbird Business Services Ltd held 100% of the ordinary share capital :

Sunbird Group Limited

Sunbird Support Services Ltd

Sunbird TRSY Ltd

Sunbird BPO Ltd

Sunbird Real Estate Services Ltd

Sunbird Facilities Management Ltd

Sunbird Developments Ltd

Sunbird Consortium Support Services Ltd

Sunbird Construction Ltd

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

15. Stocks

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>
Inventory	-	39,348
	<u>-</u>	<u>39,348</u>

16. Debtors

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>	Company 31 December 2019 \$	<i>Company 31 July 2018 \$</i>
Trade debtors	898,631	1,177,381	-	665,184
Amounts owed by group undertakings	-	-	-	827,881
Other debtors	1,899,942	774,253	81,457	67,217
Prepayments and accrued income	364,094	868,010	56,184	277,555
	<u>3,162,667</u>	<u>2,819,644</u>	<u>137,641</u>	<u>1,837,837</u>

17. Cash and cash equivalents

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>	Company 31 December 2019 \$	<i>Company 31 July 2018 \$</i>
Cash at bank and in hand	803,837	336,575	355,888	32,046
	<u>803,837</u>	<u>336,575</u>	<u>355,888</u>	<u>32,046</u>

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

18. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	31 December	<i>31 July</i>	31 December	<i>31 July</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	\$	<i>\$</i>	\$	<i>\$</i>
Trade creditors	2,527,725	<i>1,755,483</i>	248,178	<i>537,184</i>
Borrowings	14,798,301	<i>5,551,502</i>	14,798,301	<i>5,175,370</i>
Corporation tax	4,154	<i>-</i>	-	<i>-</i>
Other taxation and social security	38,282	<i>13,782</i>	140	<i>140</i>
Obligations under finance lease and hire purchase contracts	417,081	<i>321,000</i>	-	<i>-</i>
Other creditors	2,281,241	<i>1,838,000</i>	1,278,976	<i>1,053,000</i>
Accruals and deferred income	3,282,699	<i>1,113,140</i>	2,335,475	<i>579,045</i>
	<u>23,349,483</u>	<i><u>10,592,907</u></i>	<u>18,661,070</u>	<i><u>7,344,739</u></i>

Borrowings due within one year comprise the following balances: -

	Group	<i>Group</i>	Company	<i>Company</i>
	31 December	<i>31 July</i>	31 December	<i>31 July</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	\$	<i>\$</i>	\$	<i>\$</i>
Series B Notes	-	<i>1,514,000</i>	-	<i>1,514,000</i>
Revolver Debt	3,830,649	<i>1,873,000</i>	3,830,649	<i>1,873,000</i>
Other borrowing	1,037,158	<i>708,502</i>	1,037,158	<i>332,370</i>
Series A Notes	1,250,000	<i>1,250,000</i>	1,250,000	<i>1,250,000</i>
3 Year Bond	8,680,494	<i>206,000</i>	8,680,494	<i>206,000</i>
	<u>14,798,301</u>	<i><u>5,551,502</u></i>	<u>14,798,301</u>	<i><u>5,175,370</u></i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

As at the date of signing these accounts the entire balance within borrowings above of \$14,798,301 had been converted into equity following a Scheme of Arrangement dated 16 December 2020. For completeness the borrowings did have the following characteristics:-

Series B Notes

The Series B Notes were unsecured loans created on 16 June 2015. The repayment date was 15 months from the issue date. Until such time as the Principal amount of the loan notes was paid off in full, interest accrued from the issue date daily in arrears on the basis of a 365 day year and actual days elapsed. Interest was payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December. Interest stopped accruing on repayment of the loan notes. Interest on the loan notes was calculated at the rate of 14% per annum on the Principal Amount of loan notes outstanding from time to time. At 31 December 2019, the Company had issued USD \$nil (31 July 2018: \$1,514,137) Series B loan notes which included \$nil of accrued interest (31 July 2018: \$141,637). During the period an additional \$Nil (2018: \$67,500) of loan notes were issued while \$1,514,000 (2018: \$3,005,000) of loan notes were settled. The Series B Notes were listed on the Bermudan stock exchange.

Revolver Debt

Revolver Debt are unsecured loans with a maturity of 360 days from issue. Interest on the loan is calculated at 9% per annum. At 31 December 2019, the Company had in issue USD \$3,830,649 of loan notes (31 July 2018: \$1,834,333) and accrued interest at the period end amounted to USD \$392,303 (31 July 2018: \$38,740). During the period, new loan notes of \$2,185,065 were issued (2018: \$2,095,392) and loan notes of \$188,750 were settled (2018: \$2,417,648).

Other Borrowing

Other borrowing includes \$1,037,158 (31 July 2018: \$333,000) in relation to C Ordinary shares issued as part of a share for share exchange in the acquisition of ESBC Property Services Limited. The shares carry no voting rights and no rights to appoint a director and they offer a pro rata priority dividend in respect of income generated from the investment. The Group has entered into a loan agreement to redeem these shares and, as such, the amount outstanding at the period end has been classified as a liability in these financial statements. Other borrowings include a bridge finance loan amounting to \$750,000 (2018 - \$Nil).

Series A Notes

As at 31 December 2019, the Company had in issue USD \$1,250,000 Series A Notes (31 July 2018: \$1,250,000) which are listed on the Bermudan stock exchange. The interest rate on these notes is fixed at 10% with a repayment date of 15 months from the date of issue. Each Series A Note holder shall have the right to convert all their principal amount and any accrued interest into fully paid A1 Ordinary Shares of the Company subject to relevant fundraise (the Company raising over USD \$3,000,000 from an issue of Shares to any person(s)) at the Conversion Price (a price per Share being a 10% discount to the price per Share paid for Shares by the investors pursuant to that Relevant Fund Raising).

3 Year Bond (including embedded derivative)

3 Year Bonds are unsecured loans with a 3 year maturity from issue. The instrument was created by the Company on 19 April 2018. Interest on the bonds is calculated at 9% per annum and is to be settled at maturity with the principal. Investors have the option to convert any amount of the Loan Notes upon a Relevant Fundraise (being the next \$1m equity fundraise) at a strike price of \$2.06 ("Conversion Option 1"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 1 then any amount of accrued interest attaching to those Loan Notes being converted shall be cancelled and not payable. Upon any further fundraising after the Relevant Fundraise (where such fundraise is more than \$1m), the Investors have the option to convert any amount of their Loan Notes at a strike price of the market value of the shares pursuant to the fundraise less 15% ("Conversion Option 2"). If the

SUNBIRD BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

19. Creditors: Amounts falling due after more than one year

	Group 31 December 2019 \$	<i>Group</i> <i>31 July</i> <i>2018</i> \$	Company 31 December 2019 \$	<i>Company</i> <i>31 July</i> <i>2018</i> \$
Net obligations under finance leases and hire purchase contracts	302,737	121,000	-	-
Borrowings	-	8,195,000	-	8,195,000
	<u>302,737</u>	<u>8,316,000</u>	<u>-</u>	<u>8,195,000</u>

Borrowings due within after more than one year comprise the following balances: -

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	<i>Group 31 July 2018 \$</i>	<i>Company 31 July 2018 \$</i>
Embedded derivative	1,740,000	1,740,000
3 Year Bond	6,455,000	6,455,000
Other borrowing	121,000	-
	<u>8,316,000</u>	<u>8,195,000</u>

3 Year Bond (including embedded derivative)

3 Year Bonds are unsecured loans with a 3 year maturity from issue. The instrument was created by the Company on 19 April 2018. Interest on the bonds is calculated at 9% per annum and is to be settled at maturity with the principal. Investors have the option to convert any amount of the Loan Notes upon a Relevant Fundraise (being the next \$1m equity fundraise) at a strike price of \$2.06 ("Conversion Option 1"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 1 then any amount of accrued interest attaching to those Loan Notes being converted shall be cancelled and not payable. Upon any further fundraising after the Relevant Fundraise (where such fundraise is more than \$1m), the Investors have the option to convert any amount of their Loan Notes at a strike price of the market value of the shares pursuant to the fundraise less 15% ("Conversion Option 2"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 2 then any amount of accrued interest attaching to those Loan Notes being converted will be cancelled and not payable.

At the period end, the Company had in issue \$8,680,494 of 3 Year Bonds (31 July 2018: \$8,194,502 including the embedded derivative element of the 3 Year Bond) and accrued interest at period end amounted to \$1,315,810 (31 July 2018: \$206,097). During the period \$485,992 on new 3 Year Bonds were issued (2018: \$8,194,502).

Other Borrowing

Other borrowing includes \$Nil (31 July 2018: \$121,000) in relation to C Ordinary shares issued as part of a share for share exchange in the acquisition of ESBC Property Services Limited. The shares carry no voting rights and no rights to appoint a director and they offer a pro rata priority dividend in respect of income generated from the investment. The Group has entered into a loan agreement to redeem these shares and, as such, the amount outstanding at the period end has been classified as a liability in these financial statements.

In the current financial year, all borrowings have been reflected as due within one year as the group entered into a debt for equity swap which was completed on 16 December 2020.

SUNBIRD BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>
Within one year	417,081	<i>321,000</i>
Between 1-5 years	302,737	<i>121,000</i>
	<u>719,818</u>	<i><u>442,000</u></i>

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

21. Financial instruments

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>	Company 31 December 2019 \$	<i>Company 31 July 2018 \$</i>
Financial assets				
Financial assets measured at fair value through profit or loss	803,837	336,575	355,888	32,046
Financial assets that are debt instruments measured at amortised cost	2,764,739	1,711,731	47,623	1,506,513
	<u>3,568,576</u>	<u>2,048,306</u>	<u>403,511</u>	<u>1,538,559</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss	(1,740,000)	(1,740,000)	(1,740,000)	(1,740,000)
Financial liabilities measured at amortised cost	(18,629,521)	(16,055,767)	(14,585,595)	(13,220,694)
	<u>(20,369,521)</u>	<u>(17,795,767)</u>	<u>(16,325,595)</u>	<u>(14,960,694)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

21. Financial instruments (continued)

Fair value of measurement of financial instruments

Financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – other techniques for which all inputs which have a significant effect on the recorded value are observable either directly or indirectly; and
- Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Derivative financial instruments are level 2 financial instruments.

The embedded derivative liability of the Group's 3 year bonds has been measured using level 2 valuation techniques. The 3 year bonds are not traded in active markets. The instrument has been valued using observable interest rates which correspond to the maturity of the contract. The effects of non-observable inputs are not significant in the valuation.

Financial assets measured at fair value through profit or loss comprise bank and cash.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Derivative financial instruments measured at fair value through profit or loss comprise of an embedded derivative in respect of the group's 3 year bond.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and borrowings.

SUNBIRD BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

22. Provisions

The group's obligation to repair and reinstate the leased premises at the end of lease period, provision for unfavourable lease and any settlement of employment liabilities are recorded under provisions. The recognised provision reflects the management's best estimate of the expected cost.

Group

	Employment Settlements	Dilapidation cost	Provision for unfavourable leases	Total
	\$	\$	\$	\$
At 1 August 2018	240,000	1,439,248	582,044	2,261,292
Charged/settled/released to the profit and loss	(94,472)	1,796,922	(282,585)	1,419,865
At 31 December 2019	145,528	3,236,170	299,459	3,681,157

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

22. Provisions (continued)

Company

	Employment Settlements	Total
	\$	\$
At 1 August 2018	240,000	240,000
Charged/settled/released to the profit and loss	(94,472)	(94,472)
	<u>145,528</u>	<u>145,528</u>
At 31 December 2019		

In addition to the above, a claim as been made against the company by a former employee following that employee's dismissal. The directors are confident that the claim will be dismissed and accordingly no provision has been made in these financial statements. It is not practical to quantify the financial impact in the event that the claim is not dismissed. The Company has also made a counter-claim against the same individual.

23. Share capital

	31 December 2019	31 July 2018
	\$	\$
Allotted, called up and fully paid		
13,652,431 (2018 - 12,165,700) A1 Ordinary shares of \$0.01 each	136,524	121,657
8,345,803 (2018 - 8,336,100) A2 Ordinary shares of \$0.01 each	83,458	83,361
	<u>219,982</u>	<u>205,018</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

23. Share capital (continued)

During the period, 1,486,731 A1 Ordinary shares (2018 – 1,789,395 A1 Ordinary shares) have an aggregate nominal value of \$14,867 (2018 - \$17,894) were allotted for consideration of \$3,308,466 (2018 - \$3,687,000).

During the period, 9,703 A2 Ordinary shares (2018 – Nil A2 Ordinary shares) having an aggregate nominal value of \$97 (2018 - \$Nil) were allotted at their par value (2018 - \$Nil).

There is a third class of authorised share, A3 Ordinary shares, which would be issued on conversion of redeemable preference shares. To date, no such shares were issued.

A1 and A2 Ordinary shares have voting rights but the voting rights to appoint directors do not attach to the shares. For A1 Ordinary shares only certain investors have the right to appoint directors subject to their share holdings. For A1 Ordinary shares, only 2 shareholders (Mr M Aldridge and Mr W Sykes) who are also directors have rights to appoint directors. A3 Ordinary shares have no voting rights.

All classes have equal rights to dividends and rank pari passu in that regard. A1 and A2 Ordinary shares have pre-emption rights priority whereas A3 Ordinary shares have no pre-emption rights. A1 Ordinary shares rank ahead of A2 and A3 Ordinary shares upon a liquidation or winding up.

24. Reserves

Share premium account

The share premium account relates to consideration paid in excess of the nominal value of shares acquired.

Other reserves

Other reserves relate to investments received and equity not issued. At the period end other reserves were \$Nil as the equity has now been issued.

Profit and loss account

The profit and loss account represents cumulative distributable profit and losses net of dividends and other adjustments.

25. Pension commitments

The Group operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the Group to the fund and amounted to \$21,363 (2018 - \$43,291).

SUNBIRD BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

26. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 31 December 2019 \$	<i>Group 31 July 2018 \$</i>
Not later than 1 year	1,891,182	<i>2,607,000</i>
Later than 1 year and not later than 5 years	5,613,325	<i>10,463,000</i>
Later than 5 years	137,635	<i>1,505,000</i>
	<u>7,642,142</u>	<i><u>14,575,000</u></i>

The Company has no operating lease commitments.

27. Related party transactions

The Group has taken advantage of the exemption, under FRS 102 paragraph 1.1 and paragraph 33.1A, from disclosing transaction and balances with its group companies because group accounts consolidating all group entities are prepared by the parent undertaking and are available from Companies House.

At 31 December 2019, Aldridge Capital Limited, a company in which Mr M Aldridge is a director was owed \$517,602 (2018 - \$466,827) on a 9% revolver loan. Interest outstanding at the year end amounted to \$43,513 (2018 - \$11,741).

At 31 December 2019, Aldridge Capital Limited, a company, in which Mr M Aldridge is a director, was owed \$2,275,695 (2018 - \$2,275,695) on a 3 year 9% bond. Interest outstanding at the year end amounted to \$348,223 (2018 - \$57,235).

At 31 December 2019, Aldridge Capital Limited, a company, in which Mr M Aldridge is a director, was owed \$530,700 (2018 - \$nil) on a 20% short term loan denominated in GBP. Interest outstanding at the year end amounted to \$38,359 (2018 - \$nil).

During the period, RMAI Limited, a company in which Mr M Aldridge is a director, charged the group rent and add on costs for the use of office space amounting to \$10,810 (2018 - \$31,093). At 31 December 2019 \$1,671 (2018 - \$49,131) was outstanding.

During the period, Terra Firma Kenya Ltd, a company in which Mr W Sykes is a director, was charged consultation fees by the group amounting to \$Nil (2018 - \$173,004). At 31 December 2019 \$Nil (2018 - \$Nil) was outstanding.

Remuneration of key management, which is defined as board directors and non-executive directors, is set out below:

Salaries including bonus \$668,333 (2018 - \$774,000)

Allowances \$112,500 (2018 - \$48,000)

Non-executive director fees \$93,000 (2018 - \$93,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

28. Post balance sheet events

The Group has successfully raised \$3m in a rights issue to support its working capital requirements and to reduce its net liabilities. In addition, the company undertook a Scheme of Arrangement to convert its long term unsecured debt to equity. This was completed on 16 December 2020.

The Group continually reviews its space, in order to assess demand and yield. In the period following the accounts certain Centres have been closed, and some Centres expanded to match demand.

COVID has dominated the environment since March 2020. Operations have suffered, with discounting required to support current clients. This was mitigated by cost control programs. The demand for flexible workspace increased in this period, as more people opted towards this product line. The macro-opportunity remains unaffected by COVID, as the flexible market is nascent in Africa and has some way to catch up the adoption rates of other global cities.

The Group has reviewed its control procedures to adopt revised authority matrix, and has undertaken to strengthen its Board with the appointment of a Managing Director to the business to work alongside the CEO on all corporate matters. The Group has restricted its finance function to be in Nairobi, with the appointment of a new Kenyan Head of Finance.

29. Controlling party

The company has no controlling party.

30. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.