# KURWITU VENTURES LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2017

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## CORPORATE INFORMATION

### COMPANY SECRETARY

Isaac M. Nduru
Certified Public Secretaries
Africa Alliance YMCA, Ground Floor
State House Crescent Road
P.O Box 100803-00101
Nairobi, Kenya.

### AUDITOR

Abdulhamid & Company
Certified Public Accountants
Ramco Court-Unit 25
Opposite Capital Centre, Mombasa Road
P.O Box 23005-00100
Nairobi, Kenya.

### REGISTERED OFFICES

Kurwitu Ventures Limited
Woodland Office Park, Suite 2B
Woodlands Road, Hurlingham
P.O Box 105028-00101
Nairobi, Kenya.

### NOMINATED ADVISOR

ABC Capital Limited
ABC Bank House
Mezzanine Floor
Woodvale Grove, Westlands
P.O Box 34137-00100
Nairobi, Kenya.

The report and financial statements have been prepared in accordance with section 147 to 163 of the repealed companies Act Cap 486, which remain inforce under the transition rules contained in the sixth schedule, the transition and saving provisions of the companies Act 2015.

**PRINCIPAL ACTIVITIES**

The principal activity of the Group is to provide sharia compliant investment products. Sharia compliant investment products are products that meet the requirements of Sharia law and the principles articulated for Islamic finance. The Group consists of Kurwitu Ventures Limited (the "Company") and Kurwitu Asset Management Limited, which is a wholly owned subsidiary of the Company and whose principal activity is to carry out the business of asset management, provide asset management services, investment advisory services and real estate investment trust management. The subsidiary has not begun operations.

An example of a Sharia compliant investment product that Kurwitu Ventures Limited is offering is Sukuk Securities (Islamic Bond) which are structured securities to comply with Islamic investment principles that prohibit charging and paying of interest. Sukuk structuring is done by attaching real assets of the holders of Sukuk instruments who get in return a form of rental payment or profit share.

As a hybrid of both private equity and venture capital investments, Kurwitu Ventures Limited invests in opportunities that provide a reasonable amount of management control. Kurwitu Ventures Limited invests in all sectors of the economy, but with a key focus on the agricultural sector which employs the majority of Kenyans. Agriculture is the top foreign exchange earner in the Kenyan economy yet it is plagued with several structural inefficiencies. Addressing these inefficiencies could provide superior returns. While the key investment focus is on agriculture, Kurwitu Ventures Limited will also invest in non-agricultural ventures that meet the key sharia compliance test and have the potential to post attractive returns on capital.

Kurwitu Ventures Limited may also provide investment products jointly with others as a "pass through". Such products may not be featured on the group's and balance sheet and would be in the form of asset backed securities, real estate investment trusts and investment notes. The group has a social objective of broadening and deepening the capital markets by introducing innovative products to meet the diverse goals of sharia compliant investors.

Kurwitu Ventures Limited is a pioneer in its chosen field as a provider of sharia compliant investment products. It is the first company listed on the Nairobi Securities Exchange (NSE) with a focus of attracting Islamic investors into the capital markets.

Kurwitu Ventures Limited strives to offer its clients premier investment products, whilst adhering to good corporate governance and sustainability as the core of its values and visions. Although the financial products are sharia compliant, the company does not intend to deter potential investors and welcomes all investors interested in being part of developing this new investment frontier.

**RESULTS AND DRAWINGS**

The net loss for the year of KShs 10,834,180 (2016: KShs 14,490,605) has been added to accumulated losses. During the year, no interim dividend was paid (2016: nil). The directors do not recommend the approval of a final dividend.

**DIRECTORS**

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

| | |
|---|---|
| Mr. Abdikadir H. Mohamed | *Chairman* |
| Mr. Abdikadir M. Haji | *Vice Chairman* |
| Mr. Abdirahman Abdillahi | *Managing Director* |
| Ms. Sumayya Hassan | |
| Mr. Mohammed A Hassan | |
| Mr. Isaak Jamal Ibrahim | |
| Mr. Chris Maranga | *Executive Director* |

**NOMINATED ADVISORS**

ABC Capital Limited

**BANKERS**

The bankers of the group are:-

Stanbic Bank Limited
Gulf African Bank Limited

**AUDITOR**

The Company's auditor, Abdulhamid & Company CPA (K), continues in office in accordance with Section 159 (2) of the repealed Companies Act (Cap 486).

By order of the Board

SECRETARY

______________ 2018

The Company's Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the group and the company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the group and the company keep proper accounting records that are sufficient to show and explain the transactions of the group and the company; disclose with reasonable accuracy at any time the financial position of the group and the company; and that enables them to prepare financial statements of the group and the company that comply with prescribed financial reporting standards and the requirements of the Company's Act. They are also responsible for safeguarding the assets of the group and the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2015. They also accept responsibility for:

(i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
(ii) Selecting suitable accounting policies and then apply them consistently; and
(iii) Making judgements and accounting estimates that are reasonable in the circumstances

In preparing the financial statements, the directors have assessed the Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the directors to indicate that the group and the company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

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

| | |
|---|---|
| ________________________ | ________________________ |
| **Chairman** | **Managing Director** |
| *Mr. Abdikadir H. Mohamed* | *Mr. Abdirahman Abdillahi* |

_______________2018

ABDULHAMID & COMPANY
Certified Public Accountants (K)

# REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KURWITU VENTURES LIMITED

**Our opinion**

We have audited the accompanying consolidated financial statements of Kurwitu Ventures Limited (the Company) and its subsidiary (together, the Group), as set out on pages 8 to 42. These financial statements comprise the consolidated statement of financial position at 31 December 2017 and the consolidated statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, together with the statement of comprehensive income, statement of financial position of the Company standing alone at 31 December 2017 and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

**Directors' responsibilities for the financial statements**

The Directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

ABDULHAMID & COMPANY
Certified Public Accountants (K)

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KURWITU VENTURES LIMITED (continued)

### Directors' responsibilities for the financial statements (continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures or in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KURWITU VENTURES LIMITED (continued)

**Report on other legal requirements**

The Kenyan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) The company's balance sheet is in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Hamid Ibrahim of Practising Certificate No.1788.

Certified Public Accountants
Nairobi

______________ 2018

## Consolidated statement of comprehensive income

| | Notes | Year ended 31 December 2017 KShs | 2016 KShs |
|---|---|---|---|
| Foreign exchange gain | | - | 13,572 |
| Interest income | | 317 | 7,313 |
| **Revenue** | | 317 | 20,885 |
| Staff costs | 18 | (5,497,748) | (13,216,443) |
| Administrative expenses | 19 | (7,808,313) | (4,759,730) |
| Other operating expenses | 20 | (2,074,245) | (2,745,576) |
| **Total expenses** | | (15,380,306) | (20,721,749) |
| **Operating loss before taxation** | 5 | (15,379,989) | (20,700,864) |
| **Income tax credit** | 7 | 4,545,809 | 6,210,259 |
| **Loss for the year** | | (10,834,180) | (14,490,605) |
| **Other comprehensive income net of income tax** | | - | - |
| **Total comprehensive loss for the year** | | (10,834,180) | (14,490,605) |
| **Attributable to:** | | | |
| Equity holders of the Company | | (10,834,180) | (14,490,605) |
| Non-controlling interest | | - | - |
| | | (10,834,180) | (14,490,605) |
| **Earnings per share for profit attributable to the equity holders of the Company** | | | |
| - basic (KShs per share) | 8 | (106) | (142) |
| - diluted (KShs per share) | 8 | (71) | (105) |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Company statement of comprehensive income

| | Notes | Year ended 31 December 2017 KShs | 2016 KShs |
|---|---|---|---|
| Foreign exchange gain | | - | 13,572 |
| Interest income | | 317 | 7,313 |
| **Revenue** | | | 20,885 |
| Staff costs | 18 | (5,497,748) | (13,216,443) |
| Administrative expenses | 19 | (7,777,671) | (4,751,144) |
| Other operating expenses | 20 | (2,074,245) | (2,745,576) |
| **Total expenses** | | (15,349,664) | (20,713,163) |
| **Operating loss before taxation** | 5 | (15,349,347) | (20,692,279) |
| **Income tax credit** | 7 | 4,604,804 | 6,207,684 |
| **Loss for the year** | | (10,744,543) | (14,484,595) |
| **Other comprehensive income net of income tax** | | - | - |
| **Total comprehensive loss for the year** | | (10,744,543) | (14,484,595) |
| **Earnings per share for profit attributable to the equity holders of the Company** | | | |
| - basic (KShs per share) | 8 | (105) | (142) |
| - diluted (KShs per share) | 8 | (73) | (104) |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Consolidated statement of financial position

| | Notes | 31 December 2017 KShs | 31 December 2016 KShs |
|---|---|---|---|
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | 9 | 10,227,200 | 10,227,200 |
| Share premium | 10 | 99,692,870 | 99,692,870 |
| Accumulated losses | | (43,935,029) | (33,100,849) |
| Attributable to company's equity holders | | 65,985,041 | 76,819,221 |
| Non-controlling interest | | - | - |
| **Total equity** | | 65,985,041 | 76,819,221 |
| **Non-current liabilities** | | | |
| Shareholders' loans | 11 | 70,439,744 | 50,553,613 |
| **Total non-current liabilities** | | 70,439,744 | 50,553,613 |
| **Total equity and non-current liabilities** | | 136,424,785 | 127,372,834 |
| **Non-current assets** | | | |
| Property, plant and equipment | 13(a) | 2,292,267 | 2,616,091 |
| Freehold land | 13(b),13(c) | 105,906,750 | 105,906,750 |
| Deferred income tax asset | 12 | 20,164,595 | 15,618,786 |
| | | 128,363,612 | 124,141,627 |
| **Current assets** | | | |
| Receivables and prepayments | 14 | 1,857,013 | 1,367,976 |
| Cash and cash equivalents | 15 | 10,215,703 | 3,136,655 |
| | | 12,072,716 | 4,504,631 |
| **Current liabilities** | | | |
| Payables and accrued expenses | 16 | 4,011,543 | 1,273,424 |
| | | 4,011,543 | 1,273,424 |
| **Net current assets** | | 8,061,173 | 3,231,207 |
| | | 136,424,785 | 127,372,834 |

The financial statements on pages 8 to 42 were approved for issue by the Board of Directors on ________________2018 and signed on its behalf by:

_________________ _________________

**Chairman**
*Mr. Abdikadir H. Mohamed*

**Managing Director**
*Mr. Abdirahman Abdillahi*

The notes on pages 18 to 42 are an integral part of these financial statements.

## Company statement of financial position

| | Notes | 31 December 2017 KShs | 31 December 2016 KShs |
|---|---|---|---|
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | 9 | 10,227,200 | 10,227,200 |
| Share premium | 10 | 99,692,870 | 99,692,870 |
| Accumulated losses | | (43,680,277) | (32,935,734) |
| Attributable to company's equity holders | | 66,239,793 | 76,984,336 |
| Non-controlling interest | | - | - |
| **Total equity** | | 66,239,793 | 76,984,336 |
| **Non-current liabilities** | | | |
| Shareholders' loans | 11 | 62,317,463 | 51,385,863 |
| Loan from subsidiary | | 5,000,000 | 4,000,000 |
| **Total non-current liabilities** | | 67,317,463 | 55,385,863 |
| **Total equity and non-current liabilities** | | 133,557,256 | 132,370,199 |
| **Non-current assets** | | | |
| Property, plant and equipment | 13(a) | 2,292,267 | 2,616,091 |
| Freehold land | 13(b),13(c) | 102,000,000 | 102,000,000 |
| Investment in subsidiary | 1.1 | 9,990,000 | 9,990,000 |
| Deferred income tax asset | 12 | 20,152,827 | 15,548,024 |
| | | 134,435,094 | 130,154,115 |
| **Current assets** | | | |
| Receivables and prepayments | 14 | 1,857,413 | 1,367,976 |
| Cash and cash equivalents | 15 | 1,276,291 | 2,121,532 |
| | | 3,133,704 | 3,489,508 |
| **Current liabilities** | | | |
| Payables and accrued expenses | 16 | 4,011,542 | 1,273,424 |
| | | 4,011,542 | 1,273,424 |
| **Net current (liabilities)/ assets** | | (877,838) | 2,216,084 |
| | | 133,557,256 | 132,370,199 |

The financial statements on pages 8 to 42 were approved for issue by the Board of Directors on ________________2018 and signed on its behalf by:

_________________ _________________

**Chairman**
*Mr. Abdikadir H. Mohamed*

**Managing Director**
*Mr. Abdirahman Abdillahi*

The notes on pages 18 to 42 are an integral part of these financial statements.

## Consolidated statement of changes in equity

| | Notes | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | Share capital KShs | Share premium KShs | Accumulated losses KShs | Proposed dividends KShs | Non-controlling interest KShs | Total equity KShs |
| **Year ended 31 December 2017** | | | | | | | |
| At start of year | | 10,227,200 | 99,692,870 | (33,100,849) | - | - | 76,819,221 |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | | - | - | (10,834,180) | - | - | (10,834,180) |
| Total other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive income for the year** | | 10,227,200 | 99,692,870 | (43,935,029) | - | - | 65,985,041 |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| Contributions by and distributions to owners: | | - | - | - | - | - | - |
| Dividends: | | | | | | | |
| - Final for 2016 | | - | - | - | - | - | - |
| - Proposed final for 2017 | | - | - | - | - | - | - |
| Total contributions by and distributions to owners | | - | - | - | - | - | - |
| At end of the year | | 10,227,200 | 99,692,870 | (43,935,029) | - | - | 65,985,041 |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Consolidated statement of changes in equity

| | Notes | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | Share capital KShs | Share premium KShs | Accumulated losses KShs | Proposed dividends KShs | Non-controlling interest KShs | Total equity KShs |
| **Year ended 31 December 2016** | | | | | | | |
| At start of year | | 10,227,200 | 99,692,870 | (18,610,244) | - | - | 91,309,826 |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | | - | - | (14,490,605) | - | - | (14,490,605) |
| Total other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive income for the year** | | - | - | (14,490,605) | - | - | (14,490,605) |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| Contributions by and distributions to owners: | | - | - | - | - | - | - |
| Dividends: | | | | | | | |
| - Final for 2015 | | - | - | - | - | - | - |
| - Proposed final for 2016 | | - | - | - | - | - | - |
| Total contributions by and distributions to owners | | - | - | - | - | - | - |
| At end of the year | | 10,227,200 | 99,692,870 | (33,100,849) | - | - | 76,819,221 |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Company statement of changes in equity

| | Notes | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Share capital KShs** | **Share premium KShs** | **Accumulated losses KShs** | **Proposed dividends KShs** | **Non-controlling interest KShs** | **Total equity KShs** |
| **Year ended 31 December 2017** | | | | | | | |
| At start of year | | 10,227,200 | 99,692,870 | (32,935,734) | - | - | 76,984,336 |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | | - | - | (10,744,543) | - | - | (10,744,543) |
| Total other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive income for the year** | | 10,227,200 | 99,692,870 | (43,680,277) | - | - | 66,239,793 |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| Contributions by and distributions to owners: | | - | - | - | - | - | - |
| Dividends: | | | | | | | |
| - Final for 2016 | | - | - | - | - | - | - |
| - Proposed final for 2017 | | - | - | - | - | - | - |
| Total contributions by and distributions to owners | | - | - | - | - | - | - |
| At end of the year | | 10,227,200 | 99,692,870 | (43,680,277) | - | - | 66,239,793 |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Company statement of changes in equity

| | Notes | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | Share capital KShs | Share premium KShs | Accumulated losses KShs | Proposed dividends KShs | Non-controlling interest KShs | Total equity KShs |
| **Year ended 31 December 2016** | | | | | | | |
| At start of year | | 10,227,200 | 99,692,870 | (18,451,139) | - | - | 91,468,931 |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | | - | - | (14,484,595) | - | - | (14,484,595) |
| Total other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive income for the year** | | - | - | (14,484,595) | - | - | (14,484,595) |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| Contributions by and distributions to owners: | | - | - | - | - | - | - |
| Dividends: | | | | | | | |
| - Final for 2015 | | - | - | - | - | - | - |
| - Proposed final for 2016 | | - | - | - | - | - | - |
| Total contributions by and distributions to owners | | - | - | - | - | - | - |
| At end of the year | | 10,227,200 | 99,692,870 | (32,935,734) | - | - | 76,984,336 |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Consolidated statement of cash flows

| | Notes | Year ended 31 December 2017 KShs | 2016 KShs |
|---|---|---|---|
| **Cash utilised in operating activities** | | | |
| Loss before tax | | (15,379,989) | (20,700,864) |
| Adjusted for: Depreciation | 13(a) | 356,875 | 414,400 |
| Unrealised foreign exchange loss | | 2 | - |
| Changes in working capital | | | |
| Receivables and prepayments | | (489,037) | 274,610 |
| Payables and accrued expenses | | 2,738,119 | (159,621) |
| Net cash utilised in operating activities | | (12,774,030) | (20,171,475) |
| **Cash utilised in investing activities** | | | |
| Purchase of property, plant and equipment | 13(a) | (33,051) | (254,819) |
| Net cash used in investing activities | | (33,051) | (254,819) |
| **Cash generated from financing activities** | | | |
| Proceeds from shareholder loans | 11 | 19,886,131 | 3,640,000 |
| Net cash generated from financing activities | | 19,886,131 | 3,640,000 |
| **Net increase/ (decrease) in cash and cash equivalents** | | 7,079,050 | (16,786,293) |
| **Movement in cash and cash equivalents** | | | |
| At start of year | | 3,136,653 | 19,922,948 |
| Increase/(decrease) | | 7,079,050 | (16,786,293) |
| At end of year | 15 | 10,215,703 | 3,136,655 |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Company statement of cash flows

| | Notes | Year ended 31 December 2017 KShs | 2016 KShs |
|---|---|---|---|
| **Cash utilised in operating activities** | | | |
| Loss before tax | | (15,349,347) | (20,692,279) |
| Adjusted for: Depreciation | 13(a) | 356,875 | 414,400 |
| Changes in working capital | | | |
| Receivables and prepayments | | (489,437) | 274,610 |
| Payables and accrued expenses | | 2,738,118 | (159,621) |
| Net cash utilised in operating activities | | (12,743,791) | (20,162,889) |
| **Cash utilised in investing activities** | | | |
| Purchase of property, plant and equipment | 13(a) | (33,051) | (254,819) |
| Investment in Kurwitu Asset Management Limited | 1.1 | - | (10,000) |
| Net cash used in investing activities | | (33,051) | (244,819) |
| **Cash generated from financing activities** | | | |
| Proceeds from shareholder loans | 11 | 10,931,600 | 3,630,000 |
| Loan from Kurwitu Asset Management Limited | | 1,000,000 | 4,000,000 |
| Net cash generated from financing activities | | 11,931,600 | 7,630,000 |
| **Net decrease in cash and cash equivalents** | | (845,242) | (12,777,707) |
| **Movement in cash and cash equivalents** | | | |
| At start of year | | 2,121,533 | 14,899,240 |
| Decrease | | (845,242) | (12,777,707) |
| At end of year | 15 | 1,276,291 | 2,121,533 |

The notes on pages 18 to 42 are an integral part of these financial statements.

## Notes

### 1 Reporting Entity

Kurwitu Ventures Limited with its subsidiary, Kurwitu Assets Management Limited offers sharia compliant investment and asset management services. Kurwitu Ventures Limited is incorporated in Kenya under the Companies Act as a limited liability company.

The company listed its shares on the Growth Enterprise Market Segment (GEMS) of the Nairobi Securities Exchange on 13th November 2014.

The address of the registered office of the company is:

Woodland Office Park, Suite 2B
Woodlands Road, Hurlingham
P.O Box 105028-00101
Nairobi, Kenya.

The consolidated financial statements of the company and its subsidiary, Kurwitu Asset Management Limited together referred to as "Group" and individually as "Company".

### 1.1 Kurwitu Asset Management Limited

The company was incorporate on 11th March 2015 in Kenya under company number CPR/2015/180452 with a nominal share capital of Kenya Shillings ten million (KShs 10,000,000) divided into ten thousand (10,000) shares of shillings one thousand (KShs 1,000) each. The shareholders at incorporation were as follows:

| | | | Company | |
|---|---|---|---|---|
| | Country of incorporation /citizenship | % interest Held | 2017 Shares | 2016 Shares |
| Kurwitu Ventures Limited | Kenya | 99.9% | 9,990 | 9,990 |
| Abdirahman Abdillahi | Kenya | 0.1% | 10 | 10 |
| | | 100.0% | 10,000 | 10,000 |

The principal activity is to carry on the business of asset management, for providing asset management services, investment advisory services and real estate investment trust management. The subsidiary has not started trading activities.

In the opinion of the Directors the carrying amount of debtors and other receivables represent their fair value and the group's exposure to debts is limited.

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# Notes (continued)

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (KShs).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**Changes in accounting policy and disclosures**

*(i) New and amended standards adopted by the Company*

The following standards and amendments have been applied by the company for the first time for the financial year beginning 1 January 2016:

Amendments to IAS 1, 'Presentation of Financial Statements': The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments, effective 1 January 2016, provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

## Notes (continued)

### 2 Summary of significant accounting policies (continued)

*(i) New and amended standards adopted by the Company (continued)*

- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

*Amendment to IAS 16 and IAS 41;* IAS 41 Agriculture now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses.

A bearer plant is defined as a living plant that:
- is used in the production or supply of agricultural produce
- is expected to bear produce for more than one period, and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
- Agricultural produce growing on bearer plants remains within the scope of IAS 41 and is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows.

*Amendment to IAS 27*;The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (KShs).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

# Notes (continued)

## 2 Summary of significant accounting policies (continued)

*(i) New and amended standards adopted by the Company(continued)*

*Amendments to IFRS 11*; The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

This includes:
- measuring identifiable assets and liabilities at fair value
- expensing acquisition-related costs
- recognising deferred tax, and
- recognising the residual as goodwill, and testing this for impairment annually.

Existing interests in the joint operation are not re-measured on acquisition of an additional interest, provided joint control is maintained.

The amendments also apply when a joint operation is formed and an existing business is contributed.

*Amendments to IAS 16 and IAS 38*; The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or

- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

*Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify* that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities

- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

As these amendments merely clarify the existing requirements, they do not affect the company's accounting policies or any of the disclosures.

# Notes (continued)

## 2 Summary of significant accounting policies (continued)

*(ii) New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted though the Company has not taken up this option.

*IFRS 15, 'Revenue from contracts with customers'* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. Early adoption is permitted though the Company has not taken up this option.

*IFRS 16,'Leases' A*fter ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

## Notes (continued)

### 2 Summary of significant accounting policies (continued)

*(ii) New standards and interpretations not yet adopted (continued)*

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment.
This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standards is effective for annual periods beginning 1 January 2019. Early adoption is permitted only if IFRS 15 is adopted at the same time.

*Recognition of Deferred Tax Asset for Unrealised Losses*-Amendment to IAS 12;Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

The amendment to IAS 12 is effective 1 January 2017.

*Disclosure Initiative – Amendments to IAS 7*; Effective 1 January 2017, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and on cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example, by providing a net debt reconciliation. However, in this case the changes in other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

# Notes (continued)

## 2 Summary of significant accounting policies (continued)

### (b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Results of associates as reported in the Group's financial statements have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

### (c) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya Shillings, which is the Group's functional and presentation currency.

# Notes (continued)

## 2 Summary of significant accounting policies (continued)

### (c) Functional currency and translation of foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within ‘finance income or cost’. All other foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other expenses’.

### (d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

The directors consider the Group to be comprised of one operating segment. The financial statements are presented on the basis that risks and rates of return are related to this one reportable segment.

### (e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of value-added tax (VAT), returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company’s activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the Company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers’ acceptance of the products. Delivery does not occur until the products have been accepted by the customer.

Accumulated experience is used to estimate and provide for discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

(ii) Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

## Notes (continued)

### 2 Summary of significant accounting policies (continued)

### (f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost and subsequently depreciated

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life as follows:

| | |
|---|---|
| Computer equipment | 30.0% |
| Furniture, fittings and equipment | 12.5% |
| Motor vehicles | 25.0% |

Capital work in progress, which represents additions to property and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use.

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

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

### (g) Accounting for derivative financial instruments and hedging activities

Derivatives, which comprise solely forward foreign exchange contracts, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value is determined using forward exchange market rates at the balance sheet date. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in statement of comprehensive income.

### (h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# Notes (continued)

## 2 Summary of significant accounting policies (continued)

### (i) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### (j) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

### (j) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### (k) Share capital

Ordinary shares are classified as equity.

Ordinary shares are classified as ‘share capital’ in equity. Any premium received over and above the par value of the shares is classified as ‘share premium’ in equity.

Ordinary shares represent the residual economic value of a company. They carry rights to distribution of profits through dividends, to the surplus assets of a company on a winding up and to votes at general meetings of the company.

There are no differences in the voting rights of the shares held by the major shareholders of the Group.

Non-participating preference shares have the right to preference in the payment of the paid up par value in the event of liquidation of the Group and may be redeemed at any time by the Board of the Group subject to the provisions of the Companies Act.

### (l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

# Notes (continued)

## 2 Summary of significant accounting policies (continued)

### (m) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of the scheme are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

The Group's contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate.

(ii) Other entitlements

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

(iii) Employee share options

During the year the Group set up an Employee Share Ownership Plan (ESOP) under which, subject to vesting conditions, eligible employees are entitled to purchase units in a separately administered trust, each unit in the trust representing one share in the Company.

The shares that will be issued to the trust upon the expiry of the vesting period will be allocated from existing authorised but unissued shares of the Company. On vesting, eligible employees will purchase the units in the trust at the grant price.

The fair value of the options is measured using the intrinsic method and charged to the statement of comprehensive income over the vesting period.

### (n) Income tax

Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Kenyan Income Tax Act.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

## Notes (continued)

### 2 Summary of significant accounting policies (continued)

#### (n) Income tax (continued)

Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

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

#### (o) Borrowings

Borrowings are recognised initially at fair value including transaction costs and subsequently stated at amortised cost using the effective interest method. Any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### (p) Dividends

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

### 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Fair value estimation*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

*Income taxes*

Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## Notes (continued)

### 3 Critical accounting estimates and judgements (continued)

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- the classification of financial assets and leases
- whether assets are impaired.

### 4 Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

*Market risk*

*(i) Foreign exchange risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Group manages foreign exchange risk by holding foreign currency bank accounts which act as a natural hedge for purchases of future foreign currency denominated transactions

At 31 December 2017, if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, consolidated post tax profit for the year would have been KShs 221,259 (2016:KShs 137,956) higher/lower, mainly as a result of US dollar receivables and bank balances.

(ii) Price risk

The Group does not hold investments that would be subject to price risk.

## Notes (continued)

### 4 Financial risk management (continued)

*Credit risk*

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks, as well as trade and other receivables. The Group has no significant concentrations of credit risk. The Group's Managing Director assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2017 is made up as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **KShs** | **KShs** | **KShs** | **KShs** |
| Cash equivalents | 10,215,703 | 3,136,655 | 1,276,291 | 2,121,532 |
| Trade receivables | 1,857,013 | 1,367,976 | 1,857,413 | 1,367,976 |
| | 12,072,716 | 4,504,631 | 3,133,704 | 3,489,508 |

None of the above assets are either past due or impaired.

*Liquidity risk*

Liquidity risk includes the risk of being unable to meet the Company's financial obligations as they fall due because of inability to liquidate assets at a reasonable price and in an appropriate time frame.

The Group continually assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The table below analyses the Group's and the Company's financial assets and liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date..

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant

## Notes (continued)

### 4 Financial risk management (continued)

| (a) Group | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | KShs | KShs | KShs | KShs |
| **At 31 December 2017:** | | | | |
| **Liabilities** | | | | |
| - shareholders' loans | - | - | 70,439,744 | 70,439,744 |
| - payables and accruals | 4,011,542 | - | - | 4,011,542 |
| **Total financial liabilities** (contractual maturity dates) | 4,011,542 | - | 70,439,744 | 74,451,286 |
| **Assets** | | | | |
| - cash and bank balances | 10,215,703 | - | - | 10,215,703 |
| - receivables and prepayments | 1,857,013 | - | - | 1,857,013 |
| **Total financial assets** (expected maturity dates) | 12,072,716 | - | - | 12,072,716 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | KShs | KShs | KShs | KShs |
| **At 31 December 2016:** | | | | |
| **Liabilities** | | | | |
| - shareholders' loans | - | - | 50,553,613 | 50,553,613 |
| - payables and accruals | 1,273,424 | - | - | 1,273,424 |
| **Total financial liabilities** (contractual maturity dates) | 1,273,424 | - | 50,553,613 | 51,827,037 |
| **Assets** | | | | |
| - cash and bank balances | 3,136,655 | - | - | 3,136,655 |
| - receivables and prepayments | 1,367,976 | - | - | 1,367,976 |
| **Total financial assets** (expected maturity dates) | 4,504,631 | - | - | 4,504,631 |

## Notes (continued)

### 4 Financial risk management (continued)

| (b) Company | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | KShs | KShs | KShs | KShs |
| **At 31 December 2017:** | | | | |
| **Liabilities** | | | | |
| - shareholders' loans | - | - | 62,317,463 | 62,317,463 |
| - loan from subsidiary | - | - | 5,000,000 | 5,000,000 |
| - payables and accruals | 4,011,542 | - | - | 4,011,542 |
| **Total financial liabilities** (contractual maturity dates) | 4,011,542 | - | 67,317,463 | 71,329,005 |
| **Assets** | | | | |
| - cash and bank balances | 1,276,291 | - | - | 1,276,291 |
| - receivables and prepayments | 1,857,413 | - | - | 1,857,413 |
| **Total financial assets** (expected maturity dates) | 3,133,704 | - | - | 3,133,704 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | KShs | KShs | KShs | KShs |
| **At 31 December 2016:** | | | | |
| **Liabilities** | | | | |
| - shareholders' loans | - | - | 51,385,863 | 51,385,863 |
| - loan from subsidiary | - | - | 4,000,000 | 4,000,000 |
| - payables and accruals | 1,273,424 | - | - | 1,273,424 |
| **Total financial liabilities** (contractual maturity dates) | 1,273,424 | - | 55,385,863 | 56,659,287 |
| **Assets** | | | | |
| - cash and bank balances | 2,121,532 | - | - | 2,121,532 |
| - receivables and prepayments | 1,367,976 | - | - | 1,367,976 |
| **Total financial assets** (expected maturity dates) | 3,489,508 | - | - | 3,489,508 |

## Notes (continued)

### 4 Financial risk management (continued)

*Capital management*

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

The Group has a dividend policy that permits dividends to be paid if the Board of Directors finds that the payments are sustainable, after taking into account the sufficiency of distributable reserves and liquidity in order to ensure the Group's operational needs and/or business growth are not limited by the unavailability of funds, as well as the Groups known contingencies and compliance with any funding facility covenants.

The first priority of the Group will be to maintain sufficient distributable reserves and liquidity to ensure that operational needs and/or business growth are not limited by the unavailability of funds and also that facilities are available to cover all known contingencies. Additionally, any dividends will only be declared and paid where allowable under any covenants included in any funding facilities.

Subject to this, the Group intends to operate a progressive distribution policy based on what it believes to be sustainable levels of dividend payments.

Whenever possible, it will be the Group's intention to, at least, maintain annual dividend payments at the level declared in the previous year. However, with respect to the initial dividend payment under the current policy, such dividends will not necessarily be at the level declared in the previous years, as the Group's previous dividend policy was based on other considerations and past dividend payments should not be taken as an indication of future payments.

The Group's focus is to minimise funds tied up in working capital, whilst ensuring that the Company has sufficient financial ability to meet its liabilities as and when they fall due.

| | **2017 KShs** | **2016 KShs** |
|---|---|---|
| **(a) Group** | | |
| Total borrowings | 70,439,744 | 50,553,613 |
| Less: cash and cash equivalents | (10,215,703) | (3,136,655) |
| Net debt | 60,224,041 | 47,416,958 |
| Total equity | 65,985,041 | 76,819,221 |
| Total capital | 65,760,920 | 76,819,221 |
| Gearing ratio | 91.3% | 61.7% |

## Notes (continued)

### 4 Financial risk management (continued)

| | 2017 KShs | 2016 KShs |
|---|---|---|
| **(b) Company** | | |
| Total borrowings | 67,317,463 | 55,385,863 |
| Less: cash and cash equivalents | (1,276,291) | (2,121,532) |
| Net debt | 66,041,172 | 53,264,331 |
| Total equity | 66,239,792 | 76,984,336 |
| Total capital | 66,239,792 | 76,984,336 |
| Gearing ratio | 99.7% | 69.2% |

*Operational risk*

The overall responsibility of managing operational risks-the risk arising from failed or inadequate internal processes, people, systems and external events - is vested with the Board of Directors. The Board issues policies that guide management on appropriate practices on operational risk mitigation. The Managing Director assures the Board Risk Committee of the implementation of the said policies.

The following are key measures that the Group undertakes when managing operational risks:

- Documentation of procedures and controls, including regular review and updates to reflect changes in the dynamic business environment;
- Appropriate segregation of duties, including the independent authorization of transactions;
- Reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Reporting of operational losses and ensuring appropriate remedial action to avoid recurrent;
- Training and professional development of employees to ensure they are well equipped to identify and mitigate the operational risks in a timely manner; and
- Establishment of ethical practices at business and individual employee's level.

The entire operational risk management framework is subjected to periodic independent audits (internal) in order for the company to obtain independent opinion of the effectiveness and efficiency of the framework. Further, the findings of the internal Audit department are reviewed by the Board Audit Committee and recommendations made implemented in line with the agreed timeframe.

*Compliance and regulatory risk*

Compliance and regulatory risk includes the risk of bearing the consequences of non-compliance with regulatory requirements. The Compliance function is responsible for establishing and maintaining an appropriate frame work of Company compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

## Notes (continued)

### 5 Operating loss

The following items have been charged in arriving at the loss before income tax:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Notes | KShs | KShs | KShs | KShs |
| Staff costs | 18 | 5,497,748 | 13,216,443 | 5,497,748 | 13,216,443 |
| Administrative expenses | 19 | 7,808,313 | 4,759,730 | 7,777,671 | 4,751,144 |
| Other operating expenses | 20 | 2,074,245 | 2,745,576 | 2,074,245 | 2,745,576 |

### 6 Staff costs

The following items have been included within staff costs:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | KShs | KShs | KShs | KShs |
| Salaries and wages | 5,475,262 | 12,586,924 | 5,475,262 | 12,586,924 |
| National Social Security Fund | 22,486 | 24,400 | 22,486 | 24,400 |
| Medical fees | - | 605,119 | - | 605,119 |
| | 5,497,748 | 13,216,443 | 5,497,748 | 13,216,443 |

### 7 Income tax expense

Represents 30% of the loss reported:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | KShs | KShs | KShs | KShs |
| Net loss as per accounts | (15,379,989) | (20,700,864) | (15,349,347) | (20,692,279) |
| ***Add back:*** | | | | |
| Depreciation | 356,875 | 414,400 | 356,875 | 414,400 |
| | (15,023,113) | (20,286,464) | (14,992,472) | (20,277,878) |
| ***Less:*** | | | | |
| Wear and tear allowance | (356,875) | (414,400) | (356,875) | (414,400) |
| Taxable loss for the year | (15,379,989) | (20.700.864) | (15,349,347) | (20.692,279) |
| Current tax credit @ 30% | (4,613,997) | (6,210,259) | (4,604,804) | (6,207,684) |
| Deferred tax prior year overprovision | 68,188 | - | - | - |
| | (4,545,809) | (6,210,259) | (4,604,804) | (6,207,684) |

## Notes (continued)

### 8 Earnings per share

Basic earnings per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| **(a) Group** | **2017** | **2016** |
|---|---|---|
| Loss attributable to equity holders of the Group (KShs) | (10,834,180) | (14,490,605) |
| Weighted average number of ordinary shares in issue (Basic) | 102,272 | 102,272 |
| Weighted average number of ordinary shares in issue (Diluted) | 152,586 | 138,382 |
| Basic earnings per share (KShs) | (106) | (142) |
| Diluted earnings per share (KShs) | (71) | (105) |

| **(b) Company** | **2017** | **2016** |
|---|---|---|
| Loss attributable to equity holders of the Group (KShs) | (10,744,543) | (14,484,595) |
| Weighted average number of ordinary shares in issue (Basic) | 102,272 | 102,272 |
| Weighted average number of ordinary shares in issue (Diluted) | 146,784 | 138,976 |
| Basic earnings per share (KShs) | (105) | (142) |
| Diluted earnings per share (KShs) | (73) | (104) |

The potential dilution is calculated by adjusting the number of ordinary shares outstanding during the year to assume conversion of dilutive potential ordinary shares. If conversion of the shareholders' loans was to be done, the maximum number of ordinary shares realised from the shareholders' loans would be 50,314 shares (2016: 36,110 shares). These have been added to the existing issued and paid up shares of 102,272 shares.

| **9 Share capital** | **Number of authorised shares** | **Number of issued shares** | **Authorised capital KShs** | **Issued capital KShs** |
|---|---|---|---|---|
| Balance at 1 January 2016 | 125,000 | 102,272 | 12,500,000 | 10,227,200 |
| Balance at 1 January 2017 | 125,000 | 102,272 | 12,500,000 | 10,227,200 |
| Balance at 31 December 2017 | 125,000 | 102,272 | 12,500,000 | 10,227,200 |

The par value of each share is KShs 100.

The Company's ordinary shares are traded at the Nairobi Security Exchange.

# Notes (continued)

### 10 Share premium

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| At start of the year | 99,692,870 | 99,692,870 | 99,692,870 | 99,692,870 |
| Issue of shares during the year | - | - | - | - |
| | 99,692,870 | 99,692,870 | 99,692,870 | 99,692,870 |

The share premium arose out of the shares issued during the year ended 31st December 2013 for which payment was done through transfer of land. The excess value between the par value and the value of the land was treated as share premium.

### 11 Shareholders' loans

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| At start of the year | 50,553,613 | 46,913,613 | 51,385,863 | 47,755,863 |
| Injections during the year | 19,886,131 | 3,640,000 | 10,931,600 | 3,630,000 |
| | 70,439,744 | 50,553,613 | 62,317,463 | 51,385,863 |

The shareholders' loan agreements provide that the loan can be converted into ordinary shares at par value of KShs 1,400 or is paid back to the shareholder in full or partly. Shareholders' loans are interest free with no set repayment date. The loans are non-yielding loans.

### 12 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2016: 30%) depending on the period of expected realisation. The movement on the deferred income tax account is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| At start of the year | (15,618,786) | (9,408,527) | (15,548,023) | (9,340,339) |
| Credit to statement of comprehensive income (Note 7) | (4,545,809) | (6,210,259) | (4,604,804) | (6,207,684) |
| | (20,164,595) | (15,618,786) | (20,152,827) | (15,548,023) |

## Notes (continued)

### 13(a) Property, plant and equipment

| (a) Group and Company | Motor vehicle | Computers | Furniture & Fittings & office equipment | Total |
|---|---|---|---|---|
| | KShs | KShs | KShs | KShs |
| **At 1 January 2017** | | | | |
| Cost | 200,000 | 213,839 | 3,631,354 | 4,045,193 |
| Accumulated depreciation | (101,563) | (137,114) | (1,190,425) | (1,429,102) |
| Net book amount | 98,437 | 76,725 | 2,440,929 | 2,616,091 |
| **Year ended 31 December 2017** | | | | |
| Opening net book amount | 98,437 | 76,725 | 2,440,929 | 2,616,091 |
| Additions | - | - | 33,051 | 33,051 |
| Disposal | - | - | - | - |
| Depreciation charge | (24,609) | (23,018) | (309,248) | (356,875) |
| Closing net book amount | 73,828 | 53,707 | 2,164,732 | 2,292,267 |
| **At 31 December 2017** | | | | |
| Cost | 200,000 | 213,839 | 3,664,405 | 4,078,244 |
| Accumulated depreciation | (126,172) | (160,132) | (1,499,673) | (1,785,977) |
| Net book amount | 73,828 | 53,707 | 2,164,732 | 2,292,267 |
| **Year ended 31 December 2016** | | | | |
| | **KShs** | **KShs** | **KShs** | **KShs** |
| Opening net book amount | 131,250 | 61,008 | 2,583,414 | 2,775,672 |
| Additions | - | 48,599 | 206,220 | 254,819 |
| Disposal | - | - | - | - |
| Depreciation charge | (32,813) | (32,882) | (348,705) | (414,400) |
| Depreciation on disposal | - | - | - | - |
| Closing net book amount | 98,437 | 76,725 | 2,440,929 | 2,616,091 |
| **At 31 December 2016** | | | | |
| Cost | 200,000 | 213,839 | 3,631,354 | 4,045,193 |
| Accumulated depreciation | (101,563) | (137,114) | (1,190,425) | (1,429,102) |
| Net book amount | 98,437 | 76,725 | 2,440,929 | 2,616,091 |

## Notes (continued)

### 13(b) Freehold land (Kurwitu Ventures Limited)

In 2013, the company acquired property in Lamu: Lamu/Hindi Magongoni/599, 782 and 783 for a total of KShs 102,000,000.

The fair value model has been applied for the property. The company commissioned Knight Frank Valuers Limited in financial year 2013 to determine the fair value of the property. The open market value of all properties was determined using the prevailing market values at that time.

### 13(c) Freehold land (Kurwitu Asset Management Limited)

In 2015, the company acquired property in Lamu/Lake Kenyatta 11/509 for a total of KShs 3,906,750.

### 14 Receivables and prepayments

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| Rent deposits | 689,130 | 689,130 | 689,130 | 689,130 |
| VAT receivable | 1,145,133 | 656,096 | 1,145,533 | 656,096 |
| Withheld tax | 22,750 | 22,750 | 22,750 | 22,750 |
| | 1,857,013 | 1,367,976 | 1,857,413 | 1,367,976 |

In the opinion of the directors, the carrying amounts of receivables and prepayments represent their fair value and the Group's exposure to debt is limited.

## Notes (continued)

### 15 Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| Cash at bank-unrestricted | 6,050,209 | 3,135,518 | 1,233,247 | 2,120,395 |
| Cash at bank-restricted cash guarantee | 4,122,450 | - | - | - |
| Cash in hand | 43,044 | 1,137 | 43,044 | 1,137 |
| | 10,215,703 | 3,136,655 | 1,276,291 | 2,121,532 |

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| Cash and bank balances as above | 10,215,703 | 3,136,655 | 1,276,291 | 2,121,532 |
| Bank overdrafts | - | - | - | - |
| | 10,215,703 | 3,136,655 | 1,276,291 | 2,121,532 |

### 16 Payables and accrued expenses

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 KShs | 2016 KShs | 2017 KShs | 2016 KShs |
| Audit fees | 220,000 | 200,000 | 220,000 | 200,000 |
| Accounts payables | 3,552,706 | 1,053,202 | 3,552,706 | 1,053,203 |
| Payroll statutory deductions | 30,128 | - | 30,128 | - |
| Directors' advances to the Company | 208,708 | 20,220 | 208,708 | 20,220 |
| | 4,011,542 | 1,273,422 | 4,011,542 | 1,273,423 |

Payables and accrued expenses are stated at their nominal value. Directors' advances to the Company attract no interest payable.

### 17 Currency

The financial statements are prepared in Kenya Shillings (KShs). All foreign currency transactions have been converted into Kenya Shillings using the rate at the closing rate in accordance with International Accounting Standard No.21.

## Notes (continued)

| 18 Staff Costs | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | KShs | KShs | KShs | KShs |
| Salaries and wages | 5,475,262 | 12,586,924 | 5,475,262 | 12,586,924 |
| N.S.S.F Contributions | 22,486 | 24,400 | 22,486 | 24,400 |
| Medical fees | - | 605,119 | - | 605,119 |
| | 5,497,748 | 13,216,443 | 5,497,748 | 13,216,443 |

| 19 Administrative expenses | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | KShs | KShs | KShs | KShs |
| Professional fees | 2,735,055 | 230,100 | 2,735,055 | 230,100 |
| Audit & accounting fees | 540,000 | 200,000 | 540,000 | 200,000 |
| Printing and stationery | 102,042 | 195,301 | 102,042 | 195,301 |
| Postage and telephone | 18,050 | 45,920 | 18,050 | 45,920 |
| Newspapers and periodicals | 28,080 | 31,140 | 28,080 | 31,140 |
| Internet and computer expenses | 169,688 | 128,935 | 169,688 | 128,935 |
| Bank charges | 47,822 | 25,522 | 17,180 | 16,937 |
| Utilities | 100,956 | 102,709 | 100,956 | 102,709 |
| Office expenses | 383,519 | 285,026 | 383,519 | 285,026 |
| Depreciation | 356,875 | 414,400 | 356,875 | 414,400 |
| Rent & Rates | 3,319,926 | 3,076,476 | 3,319,926 | 3,076,476 |
| Repairs and maintenance | 6,300 | 24,200 | 6,300 | 24,200 |
| **Total administrative expenses** | 7,808,313 | 4,759,730 | 7,777,671 | 4,751,144 |

| 20 Other operating expenses | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | KShs | KShs | KShs | KShs |
| Licenses & permits | 172,500 | 137,500 | 172,500 | 137,500 |
| Nominated advisors fees | 385,821 | 424,300 | 385,821 | 424,300 |
| Insurance | - | 12,086 | - | 12,086 |
| Motor vehicle expenses | 12,550 | 8,965 | 12,550 | 8,965 |
| Travel and accommodation | 396,074 | 653,186 | 396,074 | 653,186 |
| Project facilitation expenses | 600,000 | 712,000 | 600,000 | 712,000 |
| Entertainment expenses | 7,850 | 170,692 | 7,850 | 170,692 |
| Penalties | - | 2,687 | - | 2,687 |
| Donation | - | 7,313 | - | 7,313 |
| Website development | - | 44,364 | - | 44,364 |
| Advertisement and marketing | 372,255 | 200,861 | 372,255 | 200,861 |
| Conference and meeting expenses | 127,195 | 371,622 | 127,195 | 371,622 |
| | 2,074,245 | 2,745,576 | 2,074,245 | 2,745,576 |