CARBACID INVESTMENTS plc

REPORT AND FINANCIAL STATEMENTS 2020

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Board of directors
Amb D N O Awori - Chairman
Mr B C Patel
Mr M K R Shah
Mrs S O Mudhune
Eng E A Musebe
Mr R B Patel (Appointed on 29th May 2020)

Company secretary
Mr N P Kothari FCPS (Kenya) FCIS

Audit & Risk Committee
Mrs S O Mudhune - Chairperson
Mr B C Patel
Mr M K R Shah

Nomination, Remuneration and Governance Committee
Amb D N O Awori - Chairperson
Mr B C Patel

Finance and Investment Committee
Amb D N O Awori - Chairperson
Mr B C Patel
Mr M K R Shah
Mrs S O Mudhune
Eng E A Musebe

Board Committees reconstituted on 1 August 2020

Audit & Risk Committee
Mrs S O Mudhune - Chairperson
Mr M K R Shah
Mr R B Patel
Eng E A Musebe

Nomination, Remuneration and Governance Committee
Amb D N O Awori - Chairperson
Mr B C Patel
Mrs S O Mudhune

Finance and Investment Committee
Eng E A Musebe – Chairperson
Mr M K R Shah
Mr R B Patel

Registered office
L.R. No. 1870/1/569
ALN House,
Eldama Ravine Close, off Eldama Ravine Road, Westlands
P.O. Box 764 - 00606, Sarit Centre
Nairobi, Kenya.

Registrars and transfer office
Axis Kenya
ALN House,
Eldama Ravine Close, off Eldama Ravine Road, Westlands
P.O. Box 764 - 00606, Sarit Centre
Nairobi, Kenya.

Independent auditor
RSM Eastern Africa LLP
Certified Public Accountants
1st Floor, Pacis Centre, Slip Road, off Waiyaki Way, Westlands
P.O. Box 349 - 00606
Nairobi, Kenya.

Principal banker
NCBA Bank Kenya Plc,
Upper Hill Branch, Mara & Ragati Road
P.O. Box 30437 - 00100, GPO
Nairobi, Kenya.

Legal advisors
Wainaina Ireri & Company Advocates
5th Floor, Laiboni Centre, Lenana Road, Kilimani
P.O. Box 42706 - 00100, GPO
Nairobi, Kenya.

Anjarwalla & Khanna LLP
ALN House,
Eldama Ravine Close, off Eldama Ravine Road, Westlands
P.O. Box 200 - 00606,
Nairobi, Kenya.

Oraro & Company Advocates
6th Floor ACK Garden Annex, 1st Ngong Avenue
P.O. Box 51236 - 00200
Nairobi, Kenya.

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the Annual Report and Audited Financial Statements of Carbacid Investments plc ("Carbacid Group") for the year ended 31 July 2020.

As we are all aware, the Covid-19 pandemic has reshaped what we all do and how we do it. There have been multiple effects to society, business and to everyone's lives. How long this situation will continue is unknown; however there will definitely be "new normals" in all aspects of business and society.

Due to the COVID-19 health emergency and the Government's measures limiting public gatherings, this year's Annual General Meeting will be held in a virtual format to comply with guidelines issued by the Capital Markets Authority. The Company will ensure that the necessary quorum requirement is satisfied and that the resolutions set out in the AGM Notice are proposed and voted upon. Shareholders will be invited to submit questions and vote on all AGM resolutions at the virtual AGM.

At Carbacid we recognize that it is important for companies to play their part in wider society. I would like to thank my fellow directors, management and staff for the proactive steps they have taken to safeguard key stakeholders during the coronavirus crisis, including our people, our customers, and our partners. We assisted the communities close to our operating sites by providing emergency food supplies to families in need and will continue to look at other forms of support during this crisis.

The Board made a decision at the onset of the pandemic to support our staff, not to reduce salaries, furlough or make any redundancies as a result of the pandemic. I am confident that this decision will help us come out of this difficult period to enable us to serve our customers better than ever.

Turning to the year's financial performance, Group turnover increased by 8% after a number of years of declining revenues. Profit before tax increased by 13% to KSh 427 million. Cash generation continues to remain healthy and we continue to invest in capital expenditure as necessary to replace assets and add capacity.

The 2020 financial results show total revenue increased to KSh 683 million (2019 – KSh 630 million), with the help of some good "tail winds" within Kenya. By continued focus on costs and efficiency we have managed to maintain our operating margin without increasing prices. We achieved this despite the increased costs of doing business such as increased mining royalties, and high electricity costs due to frequent outages.

The Group is debt free and cash generation from operations remains strong at KSh 390 million, a slight reduction from prior year of KSh 411 million. We continue to invest in new plant and equipment, in particular in new transport trucks and tankers while releasing inefficient assets.

As the number of competitors in the region continue to increase we know we have the capabilities to positively differentiate ourselves from our competitors. Carbacid has the largest quality production capability in the region with two production sites and a modern delivery fleet that is able to deliver to customers efficiently all over Eastern Africa. We continue to be FSSC 22000 certified and Halal certified.

The Board is committed to the highest standard of corporate governance and ethical business practices. To this end the Carbacid Group has developed a detailed Board Charter and has strong Board Committees. The Statement of Corporate Governance on Pages 4 to 8 outlines the Group's commitments.

Carbacid is committed to sustainable development and recognizes its social responsibilities. The Company's goal is to achieve further growth and thereby create added value for customers, employees, investors, and local communities surrounding the locations in which we operate. Responsibility to community and locations and environment protection are therefore the guiding principles for the Company's business activities. This continues to prudent water and energy management and protection of the forests and fauna.

In addition to the Covid-19 support mentioned above Carbacid continues to support education to deserving children of communities close to our operating sites.

We are delighted to have appointed Rohan Patel to the Board in May 2020. Rohan holds an MBA from International Institute for Management Development, Switzerland, and MSc Management, London School of Economics. He has a wealth of business management experience that will be very valuable for the Carbacid Group.

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Carbacid has a team of dedicated, creative, customer-focused employees who constantly demonstrate courage and integrity. The Board's speed and clarity of thinking governed our responses during this pandemic, which enabled the performance to be sustained; for this I express my appreciation to my fellow directors, the management team and all our employees. Our resilience and the compassion our employees have shown to our customers that Carbacid is a supplier they can rely on.

Given our strong performance in the financial year and expectation of resilience in the year ahead, the Board proposes to maintain a final dividend of 0.70 cents per share.

Dennis N O Awori

CHAIRMAN

20 November 2020

Chairman's comments

The Board of Directors of the Carbacid Investments plc ("Carbacid Group" or "Group") is committed to maintaining high standards of Corporate Governance, and the disclosures in this year's report and financial statements reflect that commitment. Effective corporate governance is essential to the long term success of the business. As Chairman, my role is to guide and lead the Board, ensuring it operates effectively and contains the right balance of skills and experience to successfully execute the Group's strategy.

Code compliance

The Group has made significant progress towards complying with the Code issued by the Capital Markets Authority under the Capital Markets Act (Cap 485A), the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("Code"). The Group remains committed to implementation of these requirements and continues to close any gaps in compliance. The Board Charter documents our commitments, principles and practices.

During the year a Governance Audit was conducted by an independent firm accredited by the Institute of Certified Public Secretaries of Kenya. The Carbacid Group has complied with Corporate Governance as set out in the Companies Act, 2015, the Code of Corporate Governance and has adopted best practices.

The Board

The Board currently has six non-executive Directors who bring considerable knowledge, judgement and experience to the Group. The Directors are from broad industry and professional backgrounds with varied expertise. The business of the Group is technical and specialist in nature, and requires considerable knowledge and experience to manage for results. During the year all directors and executive managers attended training on areas of governance from professional Corporate Governance trainers.

Directors are subjected to a rigorous review by means of Board Evaluation Forms, followed by feedback by the Nominations Committee. After giving thorough consideration, the Board considers that the Directors' independence, skills and experience make them effective as non-executive Directors and as Chairpersons to the Board Committees. The independent Directors, in the context of the CMA guidelines are Amb. Dennis Awori, Mrs. Susan Mudhune and Eng. Edward Musebe. Short biographies of the Directors are set out in this section.

The Board however considers that all of its non-executive Directors are independent in character and judgement, and their knowledge, diversity of experience and other business interests continue to enable them to contribute significantly to the Board's effectiveness. Directors have been issued with formal letters of appointment setting out terms and conditions. The main Board and the Board Committees receive up to date information for review in good time ahead of each meeting.

The Group Secretary acts as secretary to the Board and all committees of the Board. He is the focal point for communications and attends all Board meetings and offers additional guidance to the Board on matters relating to corporate governance and statutory matters. Annually the Secretaries performance is evaluated by the Directors.

One third of the members of the Board retire by rotation each year and may offer themselves for re-election if eligible in accordance with the Company's Articles of Association. Any Director appointed by the Board will be subject to election by shareholders at the first opportunity after his or her appointment and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Board responsibilities

The Board is responsible for major policy decisions whilst delegating more detailed matters to the Board Committees and to the Management Team. The Board is responsible for the Group's system of risk management and internal control and for monitoring implementation of its policies. The system of internal control is designed to manage risk.

The Board is responsible for the long-term growth and sustainability of the Carbacid Group. The Board charts the direction of the Group and monitors Management's performance on an on-going basis.

The Board has appointed Committees to which powers have been delegated in accordance with the terms of reference for each Committee. The Committees are detailed below.

Board meetings

The Board normally meets quarterly for scheduled meetings and on other occasions to deal with specific matters that require attention between scheduled meetings. Scheduled meetings include annual strategic reviews, review of quarterly performance and monitoring of business and operational issues. During the year, the Board held seven meetings. The attendance at the Board meetings is shown below:

		Meetings Eligible to Attend	Meetings Attended
Amb D N O Awori	Chairman, Independent Director	4	4
B C Patel	Non-executive Director	4	4
M K R Shah	Non-executive Director	4	4
S O Mudhune	Independent Director	4	4
Eng. E A Musebe	Independent Director	4	4
R B Patel*	Independent Director	1	1

*Appointed on 29th May 2020

Board Audit and Risk Committee

The Committee, chaired by Susan Mudhune, an independent Director, has two other non-executive Directors. One Committee member has relevant financial qualifications and experience. Attendance at the Board Committee meetings is shown below.

The Committee oversees and advises the Board on the effectiveness of the Company's risk management and internal control practices. The Board sets guidelines on the general level of risk which is acceptable and has a considered approach to evaluating risk and reward.

Risk management and internal control is a continuous process and has been considered by the Board on a regular basis throughout the year. The Board Audit and Risk Committee regularly reviews strategic and operational risks, and the associated controls and mitigating factors. These include business continuity plans and procedure manuals. The Board continues to develop risk management and internal controls where necessary. The Chief Operating Officer, the Finance and Administration Manager and Internal Auditor of Carbacid (CO2) attend the Board Audit and Risk Committee meetings.

		Meetings Eligible to Attend	**Meetings Attended**
S O Mudhune	Chair	3	3
M K R Shah	Member	3	3
B C Patel	Member	3	3

The Board Audit and Risk was reconstituted in June 2020. The current Committee is chaired by Susan Mudhune, an independent Director, with M K R Shah, E A Musebe and R B Patel as members.

Board Nomination, Remuneration and Governance Committee

The Committee, chaired by Amb Dennis Awori, an independent Director has two non-executive Directors. The Board has established and approved formal remuneration policies and procedures that attract and retain Board Members. Attendance at the Board Committee meetings is shown below.

The Committee meets whenever necessary to consider succession planning for Directors and other senior executives to ensure that requisite skills and expertise are available to the Board to address future challenges and opportunities.

The Committee determines the remuneration of the Directors and reviews the remuneration of senior Management. Note 27(c) of the Report and Financial Statements summarises remuneration of the Directors and key Management.

External consultants are used, if required, to assist in identifying suitable candidates, based on a written specification for each appointment. The Chairman is responsible for providing a shortlist of candidates for consideration by the Committee which then makes its recommendation for approval by the Board.

Appointments to the Board, as with other positions within the Group, are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made without reference to race, religion or gender.

The Committee continuously monitors governance and compliance matters. Attendance is shown below:

		Meetings Eligible to Attend	Meetings Attended
Amb D N O Awori	Chair	2	2
B C Patel	Member	2	2
Eng E A Musebe	Member	2	2

Board Finance and Investment Committee

The Committee consisting of six non-executive Directors currently chaired by Amb Dennis Awori, an independent Director. The Committee monitors the integrity of the financial statements of the Group, including its annual and half-yearly reports and monthly management statements. Attendance at the Board Committee meetings is shown below.
The Committee also formulates and proposes investment policies, objectives and strategies for the investment assets and asset allocation.

		Meetings Eligible to Attend	Meetings Attended
Amb D N O Awori	Chair	2	2
B C Patel	Member	2	2
M K R Shah	Member	2	2
S Mudhune	Member	2	2
E A Musebe	Member	2	2
R B Patel*	Member	1	1

* Appointed on 29th May 2020

Chairman

There is a clear division of responsibilities between the Chairman and the Board. This is set out in the Board Charter and other Board Policies. The Chairman guides and leads the Board to ensure that the Group has appropriate objectives and an effective strategy and that the Group is operating in accordance with a high standard of corporate governance.

Directors' conflicts of interest

The Group has formal procedures in place to manage conflicts of interest. Any Director upon becoming aware that they have an interest in an existing or proposed transaction with Carbacid must notify the Board in writing or report the conflict at the Board meeting. Internal controls are in place to ensure that any related party transaction involving Directors, or their related parties, are conducted at arm's length basis. Directors have a continuing duty to report any changes to these conflicts.

Board performance evaluation

A performance review of the Board, its Committees, Directors and the Group Secretary is undertaken annually. The evaluation helps enhance the Board's effectiveness and maximize strengths.

The review covers all aspects of the effectiveness of the Board including composition; or, experience; dynamics; the Chairman's leadership; the Board's role and responsibilities with particular regard to strategy; oversight of risk; and succession planning.

Whistle blowing

The Group has on its website a dedicated and secure Whistle Blowing platform in which confidentiality is assured. This platform is in support of the Group's commitment to achieving the highest standards of integrity in all of its business processes

Personal use of Company's assets and Loans to Directors

The Board Audit & Risk Committee reviewed and confirmed that during the year there has not been any improper personal use of Company's assets by Directors. Additionally during the year, there was no arrangement to which the Company was a party, whereby Directors acquired benefits by means of transactions in the Company's shares. There were no Directors' loans at any time during the year.

Relations with shareholders

The Board's primary role is to promote the success of the Carbacid Group and in that process, the interests of shareholders. The Board is accountable to shareholders for the performance and activities of the Group. Communication with its shareholders in respect of the Group's business activities is through General Meetings, the Annual Report and Financial Statements, yearly and half yearly announcements made in the press. These announcements are presented in a consistent format focusing on making the presentations simple, meaningful and understandable. Information is also made publicly available via the Company's website (www.carbacid.com). All shareholders have an opportunity to ask questions or represent their views to the Board, the Company Secretary and the external auditors at the Annual General Meeting. The Board takes reasonable measures to ensure information of a sensitive nature which is not available to the market as a whole is not disseminated.

Sustainability

Business sustainability is about managing various risks including operational, financial, social and environmental as well as obligations and opportunities. The Board has developed an Environment, Social and Corporate Governance policy to ensure sustainability so that future generations benefit from the Group's operations.

Directors' interest

The interest of the Directors in the Shares of the Company as at 31 July were as follows:

Name	No. of Shares 2020	2019
Mr B C Patel (jointly with Mrs A Patel)	102,913,592	90,196,478

Shareholders' profile

The Company, through its Secretary, regularly files returns in line with Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

a) Distribution of shareholders as at 31 July 2020

Shareholding (No of shares)	No. of Shareholder	No. of Shares	%
Less than 500	857	123,752	0.05%
501-5,000	1,062	2,041,092	0.80%
5001-10,000	262	1,961,277	0.77%
10,0001-100,000	652	23,308,029	9.15%
100,001 - 1,000,000	110	34,847,538	13.67%
Over 1,000,000	20	192,570,297	75.56%
Total	**2,963**	**254,851,985**	**100%**

b) Major Shareholders

The top 10 major shareholders as at 31 July 2020 were as follows:

Name	No of Shares	Shares held %
Amarjeet Baloobhai Patel & Baloobhai Chhotabhai Patel	102,913,592	40.38
BOC Kenya Limited	14,850,000	5.83
SBM Bank Nominees Limited A/C 0035	14,654,831	5.75
Miss T I Friedman	11,275,695	4.42
Standard Chartered Kenya Nominees Limited A/C	7,623,600	2.99
Peter Kingori Mwangi	5,500,859	2.16
One Globe Holdings Limited	4,311,500	1.69
Brenda Clare Kampf	4,037,130	1.58
Standard Chartered Kenya Nominees Limited A/C	3,911,265	1.53
Anju Mohanlal Shah	3,263,700	1.28
	172,342,172	67.62
2,953 other shareholders	82,509,813	32.38
	254,851,985	**100**

DENNIS N O AWORI - CHAIRMAN

Aged 66, Amb. Awori joined the Board on 7th August 2014. He graduated with an honours degree in Aeronautical Engineering from the University of Manchester in 1976 and has held senior positions in the motor industry during his career. Dennis was the Ambassador of the Republic of Kenya to Japan and Korea from 2004 to 2009. Currently, he is the Chairman of both Toyota Kenya Limited and Bank of Africa Limited and is also on the Boards of several reputable companies in Kenya.

BALOO C PATEL

Aged 81, Mr. Patel joined the Board in 2002. He is a significant shareholder in the Company and has extensive business interests in Kenya. He is also a Director at several other unlisted companies. His varied business experience brings a wide range of additional skills to the Board.

MUKESH K R SHAH FCCA, CPA (K), CPS (K)

Aged 66, Mr. Shah joined the Board in 2002. He is a member of the Institute of Certified Public Accountants of Kenya, the Institute of Certified Public Secretaries of Kenya and a Fellow of the Association of Chartered and Certified Accountants of the UK. He is a former partner of Price Waterhouse and a director of a leading consultancy firm that specialises in providing strategic and business advisory services to family-owned businesses. Mukesh is substantially a non-executive Director, but has certain specific responsibilities for financial matters of the Group. He is also a director of NCBA Bank plc and Kenya Revenue Authority.

SUSAN MUDHUNE, MBS

Aged 71, Mrs Susan Mudhune joined the Board in July 2017. She has a wealth of experience in the corporate world having served on a number of dynamic and successful Boards. She is a member of various business, professional and community service committees. Susan is a consultant in corporate governance and leadership and is a certified trainer in corporate governance with consultancy and training experience in the region. Susan holds degrees in Bachelor of Arts and Masters in Business Administration from the University of Nairobi. Susan is also a director of Kenya Revenue Authority, Sanlam Kenya PLC and is also on the Boards of several reputable companies.

Eng. EDWARD MUSEBE

Aged 53, Eng. Edward Musebe was appointed as an independent non-executive Director of the Company with effect from 11 December 2018. Edward holds a degree in Mechanical Engineering and Masters in Strategic Management and is currently pursuing his doctorate studies in Strategic Management. He has gained a wealth of business management experience having worked as Managing Director of Chemelil Sugar Company Limited and Amloy Engineering Limited; and various positions at Unga Limited, East African Cables Limited, East African Breweries Glass division and Magadi Soda Company plc. He is an adjunct lecturer at the United States International University of Africa. Edward was also non-executive Chairman of Kenya Broadcasting Corporation from 2013 to 2016 and part time lecturer at the University of Nairobi Institute of Tropical and Infectious Diseases (UNITID).

ROHAN B PATEL

Mr Rohan B Patel, age 45, was appointed as a Director of the Company at a Board on 29 May 2020. Rohan holds an MBA from International Institute for Management Development, Switzerland, MSc Management, London School of Economics, Advanced Management Programme, Harvard Business School, USA and Certificate in Real Estate, Development and Hotel Investment, Cornell University, USA. As Head of Corporate Development for about 15 years of a diversified investment group having investments in real estate services, insurance and asset management and having worked with KPMG Eastern Africa in Business and Financial Advisory Services and Development Advisory Services. Rohan is also a director of Sanlam Kenya PLC.

The Directors' Remuneration Report sets out the remuneration arrangements the Group has applied to remunerate Directors. The report has been prepared in accordance with the Kenyan Companies Act, 2015 and the relevant provisions of the Capital Markets Authority (CMA) Code of Corporate Governance.

Policy

It is the Company's policy to fairly remunerate Directors for the role and responsibilities that they undertake for the Group and Company. The remuneration is determined by the Board Nomination, Remuneration and Governance Committee by reference to market forces. The remuneration is subject to approval by the shareholders at the Annual General meeting.

Remuneration - auditable part

The table below provides the emoluments paid to Directors

	2020 KSh'000	2019 KSh'000
Amb D N O Awori	3,944	3,832
Mr B C Patel	2,832	2,752
Mr M K R Shah	2,832	2,752
Mrs S O Mudhune	2,832	2,752
Eng. E Musebe Ochieng	2,832	1,605
R B Patel	266	-
Hon J M Wanjigi	-	1,450
Total	15,538	15,143

At the Annual General Meeting held on 5 December 2020, the shareholders unanimously approved the Directors' 2019 remuneration report and policy.

The Group provides Directors' and Officers' Liability Insurance cover for all directors. There were no other benefits provided to Directors.

There are formal letters of appointment for services as Directors. On termination Directors are not entitled to compensation for loss of office.

There were no share options, long term incentive schemes, nor pensions for current Directors or compensation due to past Directors. There were no sums paid to third parties in respect of Directors' services.

BY ORDER OF THE BOARD

Mr N P Kothari
Group Secretary

Nairobi

20 November 2020

The Directors present their report together with the audited financial statements of Carbacid Investments plc (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 July 2020 which disclose the state of financial affairs of the Group and the Company.

Incorporation

The Company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Companies Act, 2015, Laws of Kenya. The address of the registered office is set out on page 1.

Directorate

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

Principal activities

The Company is an investment and holding company with three subsidiaries. The principal activities of the main subsidiary, Carbacid (CO_2) Limited, are mining, processing and marketing of natural carbon dioxide gas while the other two subsidiaries, Goodison Twenty Nine Limited and Goodison Forty Seven Limited, are investment companies.

Group financial results	2020 KSh '000	2019 KSh '000
Profit before tax	426,959	377,153
Tax charge	(102,305)	(112,564)
Profit transferred to retained earnings	324,654	264,589

Recommended dividend

The Directors recommend the approval of a final dividend of KSh 0.70 per share (2019: KSh 0.70 per) amounting to KSh 178,396,390 (2019: KSh 178,396,390).

Business review

Revenue, for the year ended 31 July 2020, at KSh 683 million was 8% over prior year. The Board is pleased to note that some good 'tail winds' within Kenya have helped increase sales during the year. This is driven by our delivery promise and the highest quality of product.

The Covid-19 pandemic has caused multiple challenges and we have had to reshape what and how we respond. In addition higher fuel prices; increasing power costs, mining royalties and other costs have impacted on the business.

Carbacid continued to make progress in pursuit of its strategy and in building a customer-oriented company by providing end to end carbon dioxide stock management. The Company strives to achieve this through timely full delivery of quality CO2 free of an alcohol base, a particular requirement of a large segment of the market for ethical reasons, and improving customers' yields. There is continued emphasis on the safety of the customers, employees and other stakeholders. Carbacid is the preferred choice for highest quality CO2 in the region, having the largest CO2 production facility and a large fleet of specialized cryogenic tankers and offering customized solutions to the customers.

Business review (continued)

In view of the Covid pandemic and the prevailing weak economic conditions in the region, the Company expects the operating environment to continue to be challenging. Increased local competition from alcohol-based CO2 and the volatility of currencies in the neighbouring countries continues to pose challenges to the Company's export business. Through research and development, the Group is continuously developing new markets for its products.

Further comments related to the business review is contained in the Chairman's report on pages 2 - 3.

Operating environment

The Nairobi Securities Exchange (NSE) and the Dar-es-Salaam Stock Exchange (DSE) have experienced sharp declines in values of listed companies. Accordingly, the Company's investments in shares in various companies listed on NSE & DSE have been adversely impacted. However, these are unrealised losses and the Company continues to pursue its strategy with a long term approach.

Environmental matters

The Company continues to be conscious of environmental aspects and operates accordingly. At a minimum, the Group is in compliance with the National Environmental Management Authority (NEMA) requirements. Safety is paramount in the operations and there is particular attention to a conducive working environment for staff and all other stakeholders. All Carbacid's manufacturing facilities continue to be FSSC 22000 (Food Safety System Certification) certified.

Our people

The Company believes in developing talent and rewarding fairly for performance and is committed to improving skills, knowledge and wellbeing of all employees. The selection process, training, development and promotion policies are geared to giving equal opportunities for all employees.

As of 31 July 2020, Carbacid's staff headcount stood at 60 (2018: 60) with 21 employees handling production, 20 sales and distribution and 19 in management and administration.

Directors' indemnities

In line with sound governance practices, the group maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action, brought against its Directors. The company has also granted indemnities to each of its directors and the group Secretary to the extent permitted by law.

Donations

We assisted the communities close to our operating sites by providing emergency food supplies to families in need and will continue to look at other forms of support during this crisis.

Re-Appointment of Auditor

A resolution is to be proposed at the Annual General Meeting to reappoint RSM Eastern Africa LLP as auditor of the Company.

Statement as to disclosure to the Group's auditor

With respect to each Director at the time this report was approved:
(a) there is, so far as the Director is aware, no relevant audit information of which the Group's auditor is unaware; and
(b) the Director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Terms of appointment of the auditor

The Directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 2,000,000 has been charged to profit or loss in the year.

The Directors' report was approved by the Board on 20th November 2020 and signed by the Company Secretary on its behalf.

By order of the board

....
Company Secretary

Nairobi 20th November 2020

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

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 Kenyan Companies Act, 2015. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) selecting suitable accounting policies and applying them consistently; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

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

Approved by the board of directors on 20th November 2020 and signed on its behalf by:

....
Director **Director**

RSM

RSM Eastern Africa LLP
Certified Public Accountants

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF CARBACID INVESTMENTS PLC

Opinion

We have audited the accompanying financial statements of Carbacid Investments plc (the "Company") and its subsidiaries (together, the "Group"), set out on pages 17 to 54, which comprise, for both the Group and the Company, the balance sheet as at 31st July 2020, the profit and loss account and statements of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st July 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

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 Group 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.

Key audit matter

We have determined that there are no key audit matters to communicate in our report.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

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

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF CARBACID INVESTMENTS PLC (CONTINUED)

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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RSM

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF CARBACID INVESTMENTS PLC (CONTINUED)

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion,

i) the information given in the report of the directors on pages 11 and 12 is consistent with the financial statements; and
ii) the auditable part of the directors' remuneration report has been properly prepared in accordance with the Kenyan Companies Act, 2015.

RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

20 November **2020**
399/2020

The signing partner responsible for the independent audit was **CPA Elvis Ogeto**, Practising Certificate No. 2303.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2020

	Note	2020 KSh'000	2019 KSh'000
Revenue	6	682,878	630,500
Cost of sales		(258,667)	(230,231)
Gross profit		424,211	400,269
Other income	7	230,759	203,666
Fair value loss on equity investments	21	(38,850)	(54,938)
Fair value gain on investment property	16	(2,349)	4,600
Impairment loss	10	-	(27)
Administrative expenses		(186,812)	(176,417)
Profit before tax	8	426,959	377,153
Tax expense	9	(102,305)	(112,564)
Profit for the year		324,654	264,589
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Deficit on revaluation of property, plant and equipment	15	(30,934)	-
Deferred income tax relating to items that will not be reclassified		9,280	-
Other comprehensive loss for the year, net of tax		(21,654)	-
Total other comprehensive loss for the year		303,000	264,589
Earnings per share		KSh	KSh
Basic and diluted	11	1.27	1.04

COMPANY PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2020

	Note	2020 KSh'000	2019 KSh'000
Investment income	7	376,256	341,708
Fair value loss on equity investments	21	(25,925)	(26,107)
Fair value (loss)/gain on investment property	16	(2,300)	4,600
Administrative expenses		(12,447)	(11,481)
Profit before tax	8	335,584	308,720
Tax expense	9	(23,105)	(36,355)
Profit for the year		312,479	272,365

CONSOLIDATED BALANCE SHEET AT 31ST JULY 2020

	Note	2020 KSh'000	2019 KSh'000
EQUITY			
Share capital	12	254,852	254,852
Share premium	12	27	27
Revaluation surplus	13	121,670	143,324
Retained earnings		2,875,547	2,729,289
Total equity		3,252,096	3,127,492
Non-current liabilities			
Deferred income tax	14	192,441	208,052
		3,444,537	3,335,544
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15	883,728	919,401
Investment property	16	247,451	249,800
Intangible assets	17	346	391
Prepaid operating lease rentals	18	-	52,961
Right - of - use assets	19	52,672	-
Financial assets	21	1,387,308	1,324,593
		2,571,505	2,547,146
Current assets			
Inventories	22	33,863	41,236
Trade and other receivables	23	195,453	174,741
Current tax recoverable		7,274	3,427
Financial assets	21	-	15,625
Short-term bank deposits	24	813,641	501,290
Cash at bank and in hand	25	6,095	220,036
		1,056,326	956,355
Current liabilities			
Trade and other payables	26	112,983	106,421
Dividend payable	27(ii)	46,712	33,555
Current tax payable		23,599	27,981
		183,294	167,957
Net current assets		873,032	788,398
		3,444,537	3,335,544

The financial statements on pages 17 to 54 were authorised for issue by the board of directors on 20th November 2020 and were signed on its behalf by:

....
Director

....
Director

COMPANY BALANCE SHEET AT 31ST JULY 2020

	Note	2020 KSh'000	2019 KSh'000
EQUITY			
Share capital	12	254,852	254,852
Share premium	12	27	27
Revaluation surplus	13	47,955	47,955
Retained earnings		1,838,675	1,704,592
Total equity		2,141,509	2,007,426
Non-current liabilities			
Deferred income tax	14	13,174	12,290
		2,154,683	2,019,716
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15	670	670
Investment property	16	247,500	249,800
Prepaid operating lease rentals	18	-	10,487
Right - of - use assets	19	10,198	-
Investment in subsidiaries	20	3,546	3,546
Financial assets	21	1,209,383	1,133,742
		1,471,297	1,398,245
Current assets			
Trade and other receivables	23	31,066	27,428
Current tax recoverable		7,202	2,977
Financial assets	21	-	15,625
Short-term bank deposits	24	804,372	492,021
Cash at bank and in hand	25	6,470	142,344
		849,110	680,395
Current liabilities			
Trade and other payables	26	2,465	2,857
Dividend payable	27(ii)	46,712	33,555
Due to subsidiary companies	28(ii)	116,547	22,512
		165,724	58,924
Net current assets		683,386	621,471
		2,154,683	2,019,716

The financial statements on pages 17 to 54 were authorised for issue by the board of directors on 20th November 2020 and were signed on its behalf by:

Director **Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2020

	Note	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
At 1st August 2018		254,852	27	152,128	2,634,292	3,041,299
Changes in equity in 2019						
Profit for the year		-	-	-	264,589	264,589
Total comprehensive income for the year		-	-	-	264,589	3,305,888
Transactions with owners:						
Dividends:						
- Final for 2019		-	-	-	(178,396)	(178,396)
Transfer of excess depreciation		-	-	(12,577)	12,577	-
Deferred income tax on depreciation transfer		-	-	3,773	(3,773)	-
At 31st July 2019		254,852	27	143,324	2,729,289	3,127,492
At 1st August 2019		254,852	27	143,324	2,729,289	3,127,492
Changes in equity in 2019						
Profit for the year		-	-	-	324,654	324,654
Surplus on revaluation of property, plant and equipment		-	-	(30,934)	-	(30,934)
Deferred income tax on revaluation surplus		-	-	9,280	-	9,280
Total comprehensive income for the year		-	-	(21,654)	324,654	303,000
Transactions with owners:						
Dividends:						
- Final for 2020		-	-	-	(178,396)	(178,396)
At 31st July 2020		254,852	27	121,670	2,875,547	3,252,096

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2020

	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
At 1st August 2018	254,852	27	47,955	1,610,623	1,913,457
Changes in equity in 2019					
Profit for the year	-	-	-	272,365	272,365
Total comprehensive income for the year	-	-	-	272,365	272,365
Transactions with owners:					
Dividends:					
- Final for 2018	-	-	-	(178,396)	(178,396)
At 31st July 2019	254,852	27	47,955	1,704,592	2,007,426
At 1st August 2019	254,852	27	47,955	1,704,592	2,007,426
Changes in equity in 2020					
Profit for the year	-	-	-	312,479	312,479
Total comprehensive income for the year	-	-	-	312,479	312,479
Transactions with owners:					
Dividends:					
- Final for 2019	-	-	-	(178,396)	(178,396)
At 31st July 2020	254,852	27	47,955	1,838,675	2,141,509

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2020

	Note	2020 KSh'000	2019 KSh'000
Cash flows from operating activities			
Profit for the year		324,654	264,589
Adjustments for:			
Income tax expense		102,305	112,564
Depreciation of property, plant and equipment	15	54,587	53,574
Amortisation of prepaid lease rental	18	-	953
Depreciation of right - of - use asset	19	289	-
Amortisation of intangible assets	17	239	179
(Gain)/loss on disposal of property, plant and equipment	7	(29)	8,961
Write off of prepaid operating lease rental	10	-	27
Fair value loss on equity investments	21	38,850	54,938
Fair value loss/(gain) on investment property	16	2,349	(4,600)
Dividend income - financial assets at fair value through profit or loss	7	(9,916)	(15,305)
Interest income	7	(186,877)	(161,914)
Operating profit before working capital changes		326,451	313,966
(Increase)/decrease in:			
Inventories		7,373	(4,196)
Trade and other receivables		(20,712)	(32,299)
Increase in:			
Trade and other payables		6,562	21,810
Cash generated from operations		319,674	299,281
Interest received		186,877	161,914
Income tax paid		(116,865)	(49,791)
Net cash generated from operating activities		389,686	411,404
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(49,857)	(37,687)
Purchase of intangible assets	17	(194)	-
Proceeds from disposal of property, plant and equipment		38	6,746
Purchase of equity investments	21	-	(18,056)
Proceeds on redemption of corporate bond		15,625	31,250
Decrease/(increase) in short term bank deposits		(312,351)	263,458
Purchase of government securities		(101,565)	(321,967)
Dividends received		9,916	15,305
Net cash used in investing activities		(438,388)	(60,951)
Cash flows from financing activities			
Dividends paid	27(ii)	(165,239)	(173,233)
Net cash used in financing activities		(165,239)	(173,233)
Net (decrease)/increase in cash and cash equivalents		(213,941)	177,220
Cash and cash equivalents at start of year		220,036	42,816
Cash and cash equivalents at end of year	25	6,095	220,036

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2020

	Note	2020 KSh'000	2019 KSh'000
Cash flows from operating activities			
Profit for the year		312,479	272,365
Adjustments for:			
Income tax expense		23,105	36,355
Amortisation of prepaid lease rental	18	-	459
Depreciation of right - of - use asset	19	289	-
Fair value loss on equity investments	21	25,925	26,107
Fair value loss/(gain) on investment property	16	2,300	(4,600)
Dividend income - financial assets at fair value through profit or loss	7	(9,916)	(10,548)
Dividend income - investment in subsidiary	7	(160,000)	(155,000)
Interest income	7	(186,841)	(159,935)
Operating profit before working capital changes		7,341	5,203
Increase in:			
Trade and other receivables		(3,638)	(5,051)
Increase in:			
Trade and other payables		(392)	1,099
Due to subsidiary companies		94,035	19,870
Cash generated from operations		97,346	21,121
Interest received		186,841	159,935
Income tax paid		(26,447)	(27,212)
Net cash generated from operating activities		257,740	153,844
Cash flows from investing activities			
Proceeds on redemption of corporate bond	21	15,625	31,250
Decrease/(increase) in short term bank deposits		(312,351)	264,082
Purchase of government securities		(101,565)	(321,967)
Purchase of property, and equipment		-	(670)
Dividends received		9,916	10,548
Net cash used in investing activities		(388,375)	(16,757)
Cash flows from financing activities			
Dividend received from subsidiary		160,000	155,000
Dividends paid	27(ii)	(165,239)	(173,233)
Net cash used in financing activities		(5,239)	(18,233)
Net (decrease)/increase in cash and cash equivalents		(135,874)	118,854
Cash and cash equivalents at start of year		142,344	23,490
Cash and cash equivalents at end of year	25	6,470	142,344

NOTES

1. General information

Carbacid Investments plc (the "company") is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015 as a public company limited by shares. The address of its registered office and principal place of business are set out on page 1.

2. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency (see (c) below), rounded to the nearest thousand (KSh'000).

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

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

Measurement basis

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

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

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

b) New and revised standards

i) Adoption of new and revised standards

One new Standard, one new Interpretation and a number of Amendments to standards became effective for the first time in the financial year beginning 1st August 2020 and have been adopted by the Group. Neither the Amendments nor the Interpretation has had an effect on the company's financial statements, but the new Standard has had an impact, as follows:

IFRS 16 Leases

From 1st August 2019, to comply with IFRS 16, Leases, which replaced IAS 17, Leases, the company now recognises lease liabilities relating to leases under which the company is the lessee that had previously been classified as operating leases (other than leases with less than 12 months to run from 1st August 2019 and leases of low value items). Such liabilities have been measured at 1st August 2019 at the present value of the remaining lease payments discounted using the company's incremental borrowing rate as at 1st August 2019. Corresponding right-of-use assets have been recognised, measured as if the company's new accounting policy (see Note 2(i)) had been applied since the commencement of each lease but discounted using the company's incremental borrowing rate as at 1st August 2019.

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

The company has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st August 2019, and the Directors do not plan to apply any of them until they become effective. Note 32 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the company's financial statements in the period of initial application.

c) Consolidation

A subsidiary is an entity (an investee) controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group's financial statements incorporate the results, cash flows, assets and liabilities of the Company and its subsidiaries. All intragroup transactions, balances, income, and expenses are eliminated on consolidation. Non-controlling interests in the results and net assets of the subsidiaries are presented separately in the Group's balance sheet, profit and loss account and statement of other comprehensive income.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

d) Translation of foreign currencies

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

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

e) Revenue recognition

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

Sale of goods are recognised upon the delivery of the product and customer acceptance and represents the value of carbon dioxide gas and/or dry ice invoiced to customers, excluding value added tax while transport income is recognised upon performance of the service and customer acceptance.

f) Other income

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

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

Interest income is recognised on a time proportion basis using the effective interest method.

g) Income tax

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

Current tax

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

Deferred income tax

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

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

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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

g) Income tax (continued)

Deferred income tax (continued)

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

h) Share capital and share premium

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

i) Dividends

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

j) Financial instruments

Initial recognition

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

Classification

The Group classifies its financial instruments into the following categories:

i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at amortised cost**;

ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at fair value through other comprehensive income.**

iii) All other financial assets are classified and measured **at fair value through profit or loss.**

iv) Notwithstanding the above, the Group may:
a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income**
b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured **at fair value through profit or loss**. The company may also, on initial recognition, irrevocably designate a financial liability as **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

vi) All other financial liabilities are classified and measured at amortised cost.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

Classification (continued)

Financial instruments held during the year were classified as follows:

- Trade and other receivables, demand and term deposits, investment in treasury bonds and corporate bonds with banking institutions were classified as at amortised cost:
- Investment in quoted shares held at fair value through profit and loss
- Borrowings and trade and other payables and other liabilities were classified as at amortised cost.

Initial measurement

On initial recognition:

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

Subsequent measurement

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

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

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

Impairment

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

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

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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

Presentation

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

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

Derecognition/write off

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

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

Offsetting

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

k) Leases

Leases under which the company is the lessee

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

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

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

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

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

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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

k) Leases (continued)

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

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

The above accounting policy has been applied from 1st August 2019. Note 31 sets out the equivalent policy applied in the previous year and the impact of the change in accounting policy.

Leases under which the Company is the lessor

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

l) Provisions for liabilities

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

m) Post-employment benefit obligations

The Group operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate fund, and 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 or prior periods. The Group's contributions are charged to the profit and loss account in the year to which they relate.

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

n) Short term employee benefits

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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

o) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. Items of property, plant and equipment are subsequently carried at a revalued amount, based on 3 year intervals by external independent valuers, less accumulated depreciation and accumulated impairment losses.

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

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

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

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

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

p) Intangible assets

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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

q) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interests in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the balance sheet date determined by annual valuations carried out by external registered valuers (Level 2). Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

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

r) Investment in subsidiaries

In the Company's balance sheet, investments in subsidiaries are measured at cost less accumulated impairment losses.

s) Impairment of non-financial assets

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

t) Inventories

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

u) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Significant judgements and key sources of estimation uncertainty

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

NOTES (CONTINUED)

3. **Significant judgements and key sources of estimation uncertainty (continued)**

a) Significant judgements made in applying the Group's accounting policies

The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

i) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest; and
ii) Judgement made by management in determining royalties payable by Carbacid (CO_2) Limited to the Ministry of Mining.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) Impairment losses on financial assets

Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.

ii) Provision for inventories

Estimates made in determining the provision for slow moving and obsolete inventory. Such estimates include the determination of the net realisable value of the asset.

iii) Fair value of investment property

Estimates made in determining the fair value of investment property. Such estimates include the determination of the open market value of investment property. The company engaged a registered valuer CP Robertson-Dunn Valuers & estate agents to carry out the valuation. The movement on fair value gain is set out in Note 16.

4. **Risk management objectives and policies**

a) Financial risk management

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

NOTES (CONTINUED)

4. Risk management objectives and policies

a) Financial risk management (continued)

i) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings. The Group carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

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

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 120 days past due.

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

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

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

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

NOTES (CONTINUED)

4. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Group

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
At 31st July 2020	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
Trade receivables	-	-	-	180,817	180,817
Other receivables	27,968	-	-	-	27,968
Cash at bank	6,095	-	-	-	6,095
Financial assets	1,387,308	-	-	-	1,387,308
Short-term bank deposits	813,641	-	-	-	813,641
Gross carrying amount	2,235,012	-	-	180,817	2,415,829
Loss allowance	-	-	-	(17,088)	(17,088)
Exposure to credit risk	2,235,012	-	-	163,729	2,398,741
At 31st July 2019					
Trade receivables	-	-	-	148,198	148,198
Other receivables	36,985	-	-	-	36,985
Cash at bank	220,036	-	-	-	220,036
Financial assets	1,340,218	-	-	-	1,340,218
Short-term bank deposits	501,290	-	-	-	501,290
Gross carrying amount	2,098,529	-	-	148,198	2,246,727
Loss allowance	-	-	-	(15,102)	(15,102)
Exposure to credit risk	2,098,529	-	-	133,096	2,231,625

Company

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
At 31st July 2020	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
Trade receivables	-	-	-	2,957	2,957
Other receivables	27,419	-	-	-	27,419
Cash at bank and in hand	6,470	-	-	-	6,470
Financial assets	1,209,383	-	-	-	1,209,383
Short-term bank deposits	804,372	-	-	-	804,372
Gross carrying amount	2,047,644	-	-	2,957	2,050,601
Loss allowance	-	-	-	(270)	(270)
Exposure to credit risk	2,047,644	-	-	2,687	2,050,331

NOTES (CONTINUED)

4. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

		Basis for measurement of loss allowance			
	12-month expected credit losses	Lifetime expected (a)	(b)	(c)	Total
At 31st July 2019	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**
Trade receivables	-	-	-	1,881	1,881
Other receivables	25,257	-	-	-	25,257
Cash at bank and in hand	142,344	-	-	-	142,344
Financial assets	1,149,367	-	-	-	1,149,367
Short-term bank deposits	492,021	-	-	-	492,021
Gross carrying amount	1,808,989	-	-	1,881	1,810,870
Loss allowance	-	-	-	(270)	(270)
Exposure to credit risk	1,808,989	-	-	1,611	1,810,600

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

(a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
(b) financial assets that are credit impaired at the balance sheet date;
(c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

Group

	Not past due	30 to 90 days past due	90 to 120 days past due	Over 120 days past due	Total
	KSh'000	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**
At 31st July 2020	129,475	32,215	6,142	12,985	180,817
At 31st July 2019	53,723	64,413	9,566	20,496	148,198

Company

	Not past due	30 to 90 days past due	90 to 120 days past due	Over 120 days past due	Total
	KSh'000	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**
At 31st July 2020	2,055	-	-	902	2,957
At 31st July 2019	883	-	-	930	1,881

NOTES (CONTINUED)

4. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The changes in the loss allowance during the year were as follows:

Group	**Basis for measurement of loss allowance**				
	12-month expected	**Lifetime expected credit losses (see note above)**			
		(a)	**(b)**	**(c)**	**Total**
	KSh'000	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**
Year ended 31st July 2020					
At start of year	-	-	-	15,102	15,102
Changes arising from receivables originating during the year	-	-	-	1,986	1,986
Provisions utilised	-	-	-	-	-
At end of year	-	-	-	17,088	17,088
Year ended 31st July 2019					
At start of year	-	-	-	16,250	16,250
Changes arising from receivables originating during the year	-	-	-	(406)	(406)
Provisions utilised	-	-	-	(742)	(742)
At end of year	-	-	-	15,102	15,102

Company	**Basis for measurement of loss allowance**				
	12-month expected	**Lifetime expected credit losses (see note above)**			
		(a)	**(b)**	**(c)**	**Total**
	KSh'000	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**
Year ended 31st July 2020					
At start of year	-	-	-	(270)	(270)
Changes arising from receivables originating during the year	-	-	-	-	-
At end of year	-	-	-	(270)	(270)
Year ended 31st July 2019					
At start of year	-	-	-	(270)	(270)
Changes arising from receivables originating during the year	-	-	-	-	-
At end of year	-	-	-	(270)	(270)

The Group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

No provision for expected credit losses was recognised on other receivables, cash in hand, financial assets and short term deposits since it was not considered to be material.

NOTES (CONTINUED)

4. Risk management objectives and policies (continued)

a) Financial risk management (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Group's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due.

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

Group	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000
31st July 2020				
Trade and other payables	112,983	-	-	-
Dividend payable	46,712	-	-	-
	159,695	-	-	-
31st July 2019				
Trade and other payables	106,421	-	-	-
Dividend payable	33,555	-	-	-
	139,976	-	-	-

Company	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000
31st July 2020				
Trade and other payables	2,465	-	-	-
Due to subsidiary companies	116,547	-	-	-
	119,012	-	-	-
31st July 2019				
Trade and other payables	2,857	-	-	-
Due to subsidiary companies	22,512	-	-	-
	25,369	-	-	-

NOTES (CONTINUED)

4. Risk management objectives and policies (continued)

iii) Market risk

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

Interest rate risk

Interest rate risk is the risk that the Group's financial condition may be adversely affected as a result of changes in interest rate levels. The Group's interest rate risk arises from deposits with banking institutions and investments in corporate and government bonds. This exposes the Group to cash flow interest rate risk. Management consider that a change in interest rates of 1 percentage points in the year ending 31st July 2021 is reasonably possible. If the interest rates on the Group's deposit with financial institution at the year-end were to increase/decrease by this number of percentage points, with all other factors remaining constant, the post tax profit and equity of the Group would be higher/lower by KSh 14,157,000 (2019: KSh 10,425,000) and of the Company would decrease/increase by KSh 14,087,000 (2019: KSh 10,360,000) respectively.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The Group has financial assets and liabilities that are denominated in foreign currency.

The Company did not have any foreign currency denominated monetary assets and liabilities at the balance sheet date.

The significant exposure in respect of foreign currency is as follows:

	Group	
	US$	Total
	KSh'000	KSh'000
At 31st July 2020		
Trade receivables	55,801	55,801
Cash and bank	5,423	5,423
Trade payables	5,190	5,190
Net exposure	66,414	66,414
At 31st July 2019		
Trade receivables	67,109	67,109
Cash and bank	29,138	29,138
Trade payables	(3,806)	(3,806)
Net exposure	92,441	92,441

Management consider that an appreciation of the United States Dollar against the Kenya Shilling of 1% respectively or a depreciation of the United States Dollar against the Kenya Shilling of 1% respectively in the year ending 31st July 2021 are both reasonably possible. If the United States Dollar were to appreciate/depreciate against the Kenya Shilling by the said percentages, with all other factors remaining constant, the post tax profit and equity of the Group would be lower/higher by KSh 498,000 (2019: KSh 647,000).

NOTES (CONTINUED)

4. Risk management objectives and policies (continued)

iii) Market risk (continued)

Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The Group is exposed to other price risk on its investment in quoted shares. Management consider that a change in the market prices of its quoted shares of 10% either way in the year ending 31st July 2021 is reasonably possible. If the price of equity investments decreased/increased by the said percentage, with other factors remaining constant, the profit after tax of the Group would decrease/increase by KSh 23,506,000 (2019: KSh 24,659,000), and of the Company would decrease/increase by KSh 10,162,000 (2019: KSh 11,299,000).

b) Capital management

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

5. Segmental information

a) Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information reported to the Group's chief operating decision maker (the Board of Directors) for the purposes of

resource allocation and assessment of the segment performance is focused on the principal activities of the Group.

The principal activities of the Group are processing of carbon dioxide gas and investments. These are organised in the following operating segments:

i) Trading
ii) Investments

b) Segment revenues and results, assets and liabilities

The segment report provided to the Group's board of directors for the reportable segments is as follows:

Year 2020	**Trading**	**Investment**	**Group**
	KSh' 000	**KSh' 000**	**KSh' 000**
Revenue from contracts with customers	682,878	-	682,878
Interest income	36	186,841	186,877
Fair value loss on investment property	-	(2,349)	(2,349)
Profit before tax	264,702	162,257	426,959
Segment assets	1,400,682	2,227,149	3,627,831
Segment liabilities	314,500	61,235	375,735
Tax expense	(78,440)	(23,865)	(102,305)
Depreciation of property, plant and equipment	54,587	-	54,587
Amortisation of intangible assets	239	-	239
Depreciation of right - of - use assets	-	289	289
Capital expenditure	37,687	-	37,687

NOTES (CONTINUED)

5. **Segmental information (continued)**

b) **Segment revenues and results, assets and liabilities (continued)**

Year 2019	Trading KSh' 000	Investment KSh' 000	Group KSh' 000
Revenue from contracts with customers	630,500	-	630,500
Interest income	1,979	159,935	161,914
Fair value gain on investment property	-	4,600	4,600
Profit before tax	247,783	129,370	377,153
Segment assets	1,129,478	2,374,024	3,503,501
Segment liabilities	323,403	52,607	376,009
Tax	(77,310)	189,874	112,564
Depreciation of property, plant and equipment	53,574	-	53,574
Amortisation of intangible assets	179	-	-
Amortisation of prepaid lease rental	-	953	53,574
Capital expenditure	37,017	670	37,687

Revenue reported above represents revenue generated from external customers. There was no revenue derived from transactions with a single customer that amount to 10% or more of the group's revenue.

c) **Turnover - geographical distribution**

The sale of carbon dioxide is derived from sale in the following markets:

	2020 KSh' 000	2019 KSh' 000
Domestic sales	464,405	371,283
Export sales	218,473	259,217
	682,878	630,500

6. **Revenue**	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Revenue from customers - Sale of CO_2	536,286	485,907	-	-
Revenue from customers - Transport revenue	146,592	144,593	-	-
	682,878	630,500	-	-

7. **Other income**	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Sale of machine spares	1,301	2,789	-	-
Gain/(loss) on disposal of property, plant and equipment	29	(8,961)	-	-
Sundry income	11,300	2,434	500	-
Net foreign exchange gain/(loss)	2,241	4,429	-	-
Investment income				
Rental income	19,095	25,756	18,999	16,225
Dividend income				
- Financial assets at fair value through profit or loss	9,916	15,305	9,916	10,548
- Investment in subsidiary	-	-	160,000	155,000
Interest income	186,877	161,914	186,841	159,935
	230,759	203,666	376,256	341,708

NOTES (CONTINUED)

8. Profit before tax

(a) Items charged

The following items have been charged in arriving at profit before tax expense/income:

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Extraction and processing expenses	258,667	230,231	-	-
Employee benefits expense (Note 8(b))	156,914	149,369	-	-
Net foreign exchange gain	(2,241)	(4,429)	-	-
Depreciation of property, plant and equipment	54,587	53,574	-	-
Amortisation of prepaid operating lease rental	289	953	289	459
Amortisation of intangible assets	239	179	-	-

(b) Employee benefits expense

The following items are included in employee benefits expense:

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Wages and salaries	149,536	141,146	-	-
Retirement benefit costs:			-	-
- Defined contribution scheme	7,229	8,079	-	-
- National Social Security Fund	149	144	-	-
	156,914	149,369	-	-

The average number of persons employed during the year, by category, were:

	Group Number	Group Number	Company Number	Company Number
Production	21	27	-	-
Sales and distribution	20	18	-	-
Management and administration	19	23	-	-
Total	60	68	-	-

9. Tax

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Current income tax	108,636	113,915	22,221	30,646
Prior years income tax (over)/under statement	-	3,365	-	3,365
Deferred tax expense/(income) (Note 14)	(6,331)	(4,716)	884	2,344
Income tax expense	102,305	112,564	23,105	36,355

The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Profit before income tax	426,959	377,153	335,584	308,720
Tax calculated at the statutory tax rate of 25% (2019: 30%)	122,751	113,146	83,896	92,616
Prior years income tax (over)/under statement	-	3,365	-	3,365
Tax effect of:				
Income not subject to tax	(44,549)	(8,039)	(82,546)	(62,281)
Income subject to tax at 5%	585	-	575	-
Expenses not deductible for tax purposes	10,009	4,092	7,371	2,655
Effect of different tax rates used to compute deferred tax and corporate tax.	13,480	-	13,809	-
Over-provision of tax in prior year - deferred tax	29	-	-	-
Income tax expense	102,305	112,564	23,105	36,355

NOTES (CONTINUED)

10. Impairment loss

	Group		Company	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Impairment loss on trade and other receivables	-	-	-	-
Impairment loss on prepaid operating lease rentals	-	27	-	-
Impairment loss on short term deposits	-	-	-	3,700
	-	27	-	3,700

11. Earnings per share - basic and diluted

Earnings per share is calculated by dividing the profit for the year attributable to shareholders by the number of ordinary shares in issue during the year.

	2020 KSh'000	2019 KSh'000
Profit for the year (KSh ' 000)	324,654	264,589
Number of ordinary shares (thousands) - Note 12	254,852	254,852
Earnings per share - Basic and diluted (KSh)	1.27	1.04

There were no potentially dilutive shares outstanding at either 31st July 2020 or 31st July 2019.

12. Share capital

	Group and Company		
	No. of ordinary shares	Issued and fully paid up capital KSh'000	Share premium KSh'000
At 1st August 2019 and 31st July 2020	254,851,985	254,852	27
At 1st August 2018 and 31st July 2019	254,851,985	254,852	27

The total number of authorised ordinary shares is 1,000,000,000 (2019: 1,000,000,000) with a par value of KSh 1 each.

13. Revaluation surplus

The revaluation surplus arose on the revaluation of items of property, plant and equipment and is stated net of deferred income tax. The surplus is not distributable. It includes a revaluation surplus on certain of the company's property, plant and equipment that arose prior to it being transferred to investment property.

NOTES (CONTINUED)

14. Deferred income tax

Deferred income tax is calculated using the enacted tax rate of 25% except for capital gains, for which the enacted tax rate of 5% is used (2019: 30% and 5%). The directors' have however decided to use a tax rate of 30% to calculate deferred tax for the period ended 31st July 2020 and not the current enacted rate of 25% as it considered prudent because it is envisioned that the tax rate will revert back to the 30% tax regime in 2021.

Deferred tax assets/(liabilities), and the deferred tax charge/(credit) in the profit and loss account and in other comprehensive income are attributable to the following items:

Group	At start of year KSh'000	Charged to equity KSh'000	(Credited)/ charged to profit or loss KSh'000	At end of year KSh'000
Year ended 31st July 2020				
Property, plant and equipment	204,701	(9,280)	(7,920)	187,501
Investment property	13,132	-	1,577	14,709
Unrealised exchange gains	1,329	-	(657)	672
Provision for impairment of receivables and short term deposit	(4,531)	-	(595)	(5,126)
Leave pay	(493)	-	1,436	943
Other general provision	(3,473)	-	-	(3,345)
Provision for inventories	(2,613)	-	(300)	(2,913)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
Net deferred tax liability	208,052	(9,280)	(6,331)	192,441

	At start of year KSh'000	Charged to equity KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Year ended 31st July 2019				
Property, plant and equipment	216,248	-	(11,547)	204,701
Investment property	11,152	-	1,980	13,132
Unrealised exchange gains	(726)	-	2,055	1,329
Provision for impairment of receivables and short term deposits	(4,736)	(1,249)	1,454	(4,531)
Leave pay	(460)	-	(33)	(493)
Other general provision	(4,850)	-	1,377	(3,473)
Provision for inventories	(2,612)	-	(1)	(2,613)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
Net deferred tax liability	214,016	(1,249)	(4,715)	208,052

NOTES (CONTINUED)

14. Deferred income tax (continued)

Company

Year ended 31st July 2020	At start of year KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Investment property	12,388	853	13,241
Property, plant and equipment	(7)	26	19
Intangible asset	(10)	5	(5)
Provision for impairment of receivables and short term deposit	(81)	-	(81)
Tax losses carried forward	(9,758)	-	(9,758)
Deferred tax assets not recognised	9,758	-	9,758
Net deferred tax liability	12,290	884	13,174

Year ended 31st July 2019	At start of year KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Investment property	11,152	1,236	12,388
Property, plant and equipment	-	(7)	(7)
Intangible asset	(15)	5	(10)
Provision for impairment of receivables and short term deposit	(1,191)	1,110	(81)
Tax losses carried forward	(9,758)	-	(9,758)
Deferred tax assets not recognised	9,758	-	9,758
Net deferred tax liability	9,946	2,344	12,290

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KSh 9,758,000 (2019: KSh 9,758,000) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised. Under the Kenyan Income Tax Act, tax losses are allowable as a deduction only in the nine years succeeding the year in which they occurred. The tax losses of KSh 32,527,329 carried forward will expire by 31st July 2026.

NOTES (CONTINUED)

15. Property, plant and equipment - Group

	Leasehold land buildings and boreholes KSh'000	Freehold land KSh'000	Roads KSh'000	Motor vehicles KSh'000	Plant and equipment KSh'000	Total KSh'000
At 1st August 2018						
Cost or valuation	160,486	54,545	23,861	114,870	650,390	1,004,152
Accumulated depreciation	(2,858)	-	(2,386)	(11,018)	(36,895)	(53,157)
Net carrying amount	157,628	54,545	21,475	103,852	613,495	950,995
Year ended 31st July 2019						
Opening carrying amount	157,628	54,545	21,475	103,852	613,495	950,995
Additions	135	-	-	29,084	8,468	37,687
Disposals	-	-	-	(5,928)	(9,779)	(15,707)
Depreciation charge	(2,346)	-	(2,273)	(11,493)	(37,462)	(53,574)
Closing carrying amount	155,417	54,545	19,202	115,515	574,722	919,401
At 31st July 2019						
Cost or valuation	157,763	54,545	21,475	127,008	612,184	972,975
Accumulated depreciation	(2,346)	-	(2,273)	(11,493)	(37,462)	(53,574)
Net carrying amount	155,417	54,545	19,202	115,515	574,722	919,401
Year ended 31st July 2020						
Opening carrying amount	155,417	54,545	19,202	115,515	574,722	919,401
Additions	-	-	-	10,850	39,007	49,857
Revaluation surplus/(deficit)	28,644	-	2,288	22,402	(84,268)	(30,934)
Disposals	-	-	-	-	(9)	(9)
Depreciation charge	(2,346)	-	(2,386)	(11,813)	(38,042)	(54,587)
Closing carrying amount	181,715	54,545	19,104	136,954	491,410	883,728
At 31st July 2020						
Cost or valuation	179,003	54,545	16,718	125,936	454,515	830,717
Accumulated depreciation	2,712	-	2,386	11,018	36,895	53,011
Net carrying amount	181,715	54,545	19,104	136,954	491,410	883,728

The annual depreciation rates used are as follows:	**Rate - %**
Leasehold land and buildings	Over 50 years or remaining lease period whichever is less
Boreholes	5
Freehold land	Nil
Roads	10
Motor vehicles	10 - 25
Plant and equipment	5 - 33.3

All items of property, plant and equipment were valued (Level 2) on 31st July 2020 by C. P Robertson Dunn Valuers and Estate Agents, independent valuers, on the basis of open market value. The carrying amount of each asset was restated to the revalued amount of the asset, and the resulting deficit arising on revaluation net of deferred income tax was recognised in other comprehensive income and credited to the revaluation surplus in equity.

NOTES (CONTINUED)

15. Property, plant and equipment - Group (continued)

If the property, plant and equipment were stated on the historical cost basis, the carrying values would be as follows:

	Leasehold buildings and boreholes KSh'000	Freehold land KSh'000	Road KSh'000	Motor vehicles KSh'000	Plant and equipment KSh'000	Total KSh'000
31st July 2020						
Cost	117,618	36,422	31,190	195,913	804,648	1,185,791
Accumulated depreciation	(14,073)	-	(14,488)	(81,248)	(212,551)	(322,360)
Net book amount	103,545	36,422	16,702	114,665	592,097	863,431
31st July 2019						
Cost	117,618	36,422	31,190	185,063	765,650	1,135,943
Accumulated depreciation	(11,926)	-	(12,632)	(72,286)	(188,067)	(284,911)
Net book amount	105,692	36,422	18,558	112,777	577,583	851,032

Property plant and equipment - Company

	Equipment KSh'000
At 1st August 2018	
Cost or valuation	-
Accumulated depreciation	-
Net carrying amount	-
Year ended 31st July 2019	
Opening carrying amount	-
Additions	670
Depreciation charge	-
Closing carrying amount	670
At 31st July 2019	
Cost or valuation	670
Accumulated depreciation	-
Net carrying amount	670
Year ended 31st July 2020	
Opening carrying amount	670
Depreciation charge	-
Closing carrying amount	670
At 31st July 2020	
Cost or valuation	670
Accumulated depreciation	-
Net carrying amount	670

NOTES (CONTINUED)

16. Investment property

	Group		Company	
	2020	2019	2020	2019
	KSh'000	KSh'000	KSh'000	KSh'000
At beginning of the year	249,800	245,200	249,800	245,200
Fair value (loss)/gain	(2,349)	4,600	(2,300)	4,600
At the end of year	247,451	249,800	247,500	249,800

The fair value of the investment property is based on the valuation carried out on 31st July 2020 by CP Robertson-Dunn Valuers & Estate Agents, independent valuers, on the basis of open market value (Level 2). The valuer is a registered valuer and has recent experience in the location and the category of the investment property being valued.

17. Intangible assets - Group

	2020	2019
	KSh'000	KSh'000
Cost		
At 1st August	793	793
Additions	194	-
At 31st July	987	793
Amortisation		
At 1st August	402	223
Charge for the year	239	179
At 31st July	641	402
Net book amount		
At 31st July	346	391

Intangible assets relate to computer software and fleet management software.

The annual amortisation rate used is 25%.

18. Prepaid operating lease rentals

Prepaid operating lease rentals are recognised at historical cost and subsequently amortised over the lease period.

The movement in prepaid operating lease rentals is as follows:

	Group		Company	
	2020	2019	2020	2019
Cost	KSh'000	KSh'000	KSh'000	KSh'000
At start of year	64,763	64,790	17,350	17,350
Write off of prepaid operating lease	-	(27)	-	-
Transferred to right - of - use assets (Note 19)	(64,763)	-	(17,350)	-
At end of year	-	64,763	-	17,350
Amortisation				
At 1st January	11,802	10,849	6,863	6,404
Amortisation charge	289	953	289	459
Transferred to right - of - use assets	(12,091)	-	(7,152)	-
At 31st December	-	11,802	-	6,863
Net book amount				
At 31st December	-	52,961	-	10,487

NOTES (CONTINUED)

19. Right-of use assets

	Prepaid operating lease rentals Group KSh'000	Prepaid operating lease rentals Company KSh'000
At 1st August 2019	-	-
Transferred from prepaid operating lease rentals (see below)	52,961	10,487
Effect of change of accounting policy (Note 31)	-	-
Depreciation charge	(289)	(289)
Carrying amount at 31st July 2020	52,672	10,198

Under the previous accounting policy prepaid operating lease rentals were recognised at historical cost and subsequently amortised over the lease period. The carrying amount of prepaid operating lease rentals of KSh 52,961,000 and KSh 10,487,000 at 1st August 2019 for Group and Company respectively has been reclassified as right-of-use assets.

20. Investment in subsidiaries (Company)

	Holding %	Share capital KSh	Place of incorporation and operation	2020 KSh'000	2019 KSh'000
Carbacid (CO_2) Limited	100	3,348,000	Kenya	3,348	3,348
Goodison Twenty Nine Limited	100	100,000	Kenya	99	99
Goodison Forty Seven Limited	100	100,000	Kenya	99	99
				3,546	3,546

21. Financial assets

	Group 2020 KSh'000	Group 2019 KSh'000	Company 2020 KSh'000	Company 2019 KSh'000
Non-current				
Financial assets at amortised cost				
Government securities	893,893	792,328	893,893	792,328
Corporate bonds	180,000	180,000	180,000	180,000
Financial assets at fair value through profit or loss				
Equity investments	313,415	352,265	135,490	161,414
	1,387,308	1,324,593	1,209,383	1,133,742
Current				
Financial assets at amortised cost				
Corporate bonds	-	15,625	-	15,625
	1,387,308	1,340,218	1,209,383	1,149,367

The fair values of the financial assets measured at amortised cost at balance sheet date were:

	2020 KSh'000	2019 KSh'000
Government securities	892,700	802,700
Corporate bonds	180,000	180,000
	1,072,700	982,700

NOTES (CONTINUED)

21. Financial assets (continued)

The fair values of the government securities and corporate bonds are based on prices published by brokers.

Investment in equity instruments carried at fair value are valued on the basis of open market value (Level 1).

The movement in the fair value of those assets measured at fair value based on Level 1 were as follows:

Financial assets at fair value through profit or loss

	Group		Company	
	2020	2019	2020	2019
	KSh'000	KSh'000	KSh'000	KSh'000
Equity investments				
At start of year	352,265	389,147	161,414	187,521
Purchases	-	18,056	-	-
Disposal	-	-	-	-
Fair value (loss)/gain	(38,850)	(54,938)	(25,925)	(26,107)
At end of year	313,415	352,265	135,489	161,414

22. Inventories - Group

	2020	2019
Spare parts and materials	29,797	37,271
Carbon dioxide gas and dry ice	3,431	3,238
Fuel and chemicals	635	727
	33,863	41,236

	Group		Company	
	2020	2019	2020	2019
	KSh'000	KSh'000	KSh'000	KSh'000
23. Trade and other receivables				
Trade receivables	180,817	148,198	2,957	1,881
Less: provision for impairment losses	(17,088)	(15,102)	(270)	(270)
Net trade receivables	163,729	133,096	2,687	1,611
Prepayments	3,756	4,660	960	560
Other receivables	27,968	36,985	27,419	25,257
	195,453	174,741	31,066	27,428
The movement on the provision for impairment losses is as follows:				
At 1st August	15,102	12,086	270	270
Prior year provision for credit losses charged to retained earnings	-	4,164	-	-
Net increase/(decrease) charged to profit and loss account	1,986	(406)	-	-
Provisions utilised	-	(742)	-	-
At 31st July	17,088	15,102	270	270
24. Short-term bank deposits				
Bank deposit (maturity > 90 days)	813,641	501,290	804,372	492,021
25. Cash and cash equivalents				
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:				
Cash and current account balances	6,095	220,036	6,470	142,344
	6,095	220,036	6,470	142,344

NOTES (CONTINUED)

26. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	KSh'000	KSh'000	KSh'000	KSh'000
Trade payables	1,044	13,348	629	178
Accruals	111,939	93,073	1,836	2,679
	112,983	106,421	2,465	2,857

27. Dividends

i) Proposed dividend

At the forthcoming annual general meeting, a final dividend in respect of the year ended 31st July 2020 of KSh 0.70 per share amounting to KSh 178,396,390 (2019: KSh 0.7 per share amounting to KSh 178,396,390) is to be proposed. Payment of dividends to shareholders (other than companies owning more than 12.5% of the issued shares) is subject to deduction of withholding tax at a rate of 5% for residents and 15% for non-residents.

ii) The movement in the dividend payable account is as follow:

	2020	2019
	KSh'000	KSh'000
At the beginning of the year	33,555	28,392
Final dividend declared	178,396	178,396
	211,951	206,788
Dividend paid to shareholders	(160,509)	(171,038)
Unclaimed dividend transferred to Unclaimed Financial Assets Authority	(4,730)	(2,195)
Dividend paid	(165,239)	(173,233)
At the end of the year	46,712	33,555

28. Related party transactions

The Company is related to other companies which are related through common shareholding or common directorships.

i) The following transactions were carried out with related parties:

	Company	
	2020	2019
	KSh'000	KSh'000
Dividends received from Carbacid (CO_2) Limited	160,000	155,000
	160,000	155,000

ii) Outstanding balances arising from sale and purchase of goods/services

	2020	2019
	KSh'000	KSh'000
Other payables to subsidiaries		
Due to Carbacid (CO_2) Limited	116,547	22,512
	116,547	22,512

iii) Key management compensation (including directors' remuneration)

	Group		Company	
	2020	2019	2020	2019
	KSh'000	KSh'000	KSh'000	KSh'000
Salaries and other employment benefits	51,128	49,324	-	-

NOTES (CONTINUED)

28. Related party transactions (continued)

iv) Directors' benefits and other remuneration

	Group		Company	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
- salaries	13,680	13,530	-	-
- fees	1,858	1,613	-	1,613
	15,538	15,143	-	1,613

v) Services

During the year, the Group contracted consultancy services from firms related to it through common directorship. The fees charged for these services were KSh 3,984,000 (2019: KSh 4,085,588).

29. Contingent liabilities

	Group		Company	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Guarantees	6,000	6,000	-	-

The guarantee was placed with Kenya Power and Lighting Company by NCBA Plc on behalf of Carbacid (CO_2 Limited. Carbacid (CO_2) Limited in turn deposited an amount of KSh 6,000,000 with the bank.

30. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as

	Group		Company	
	2020 KSh'000	2019 KSh'000	2020 KSh'000	2019 KSh'000
Authorised and contracted for	30,765	18,623	-	-

31. Effect of change of accounting policy - leases

As explained in Note 2(b)(i), the Company changed its accounting policy for leases where the Company is a lessee. The new policy is described in Note 2(i). As permitted by the transition provisions in the new Standard, comparative amounts have not been restated. The Company's accounting policy for leases under which the Company was lessee was, up to 31st July 2019, as follows:

Leases of assets where a significant proportion 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 profit and loss account on a straight-line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

Right-of-use assets and lease liabilities in respect of operating leases (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) in force at 1st August 2019 have been recognised in accordance with the transition requirements of IFRS 16, as described in Note 2(b)(i). There was no resulting adjustment as a result of applying IFRS 16 since this was a transfer from prepaid operating lease rentals to right - of - use assets.

32. New and revised financial reporting standards

The Company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st August 2019.

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014). The amendments, applicable from a date yet to be determined.

IFRS 17 Insurance Contracts (issued in May 2017).The new standard, effective for annual periods beginning on or after 1st January 2021.

NOTES (CONTINUED)

32. New and revised financial reporting standards (continued)

Amendments to IFRS 3 titled Definition of a Business (issued in October 2018). he amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020.

Amendments to IFRS 3 titled Definition of a Business (issued in October 2018). he amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Amendments to IAS 1 and IAS 8 titled Definition of Material (issued in October 2018). The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Amendments to IFRS 9, IAS 39 and IFRS 7 titled Interest Rate Benchmark Reform (issued in September 2019). The amendments, applicable to annual periods beginning on or after 1 January 2020, modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the IBOR reform

Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020), the amendments, applicable to annual periods beginning on or after 1 June 2020, permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020), the amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020), the amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss

Amendment to IFRS 1 titled First time Adoption of International Financial Reporting Standards (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020), The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020), The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IFRS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020), The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

33. Subsequent events

The Company's operations subsequent to the financial year end have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a global pandemic by the World Health Organization in March 2020. The Kenyan government has taken significant measures to control the spread of the virus. The extent to which the pandemic impacts operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence at this time. These events have not resulted in any additional adjustments to the financial statements for the year ended 31st July 2020.