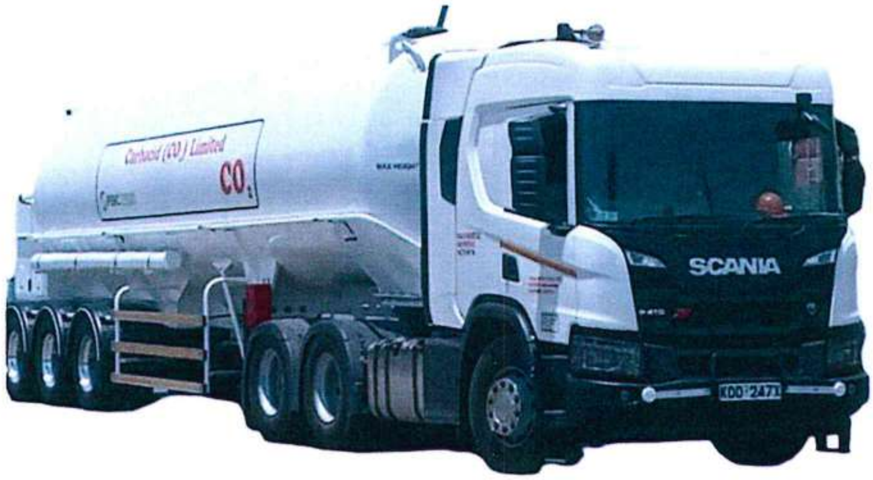
CARBACID INVESTMENTS plc

REPORT AND FINANCIAL STATEMENTS 2021



CONTENTS

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

Company secretary
Mr N P Kothari FCPS (Kenya) FCIS

Board Committees

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

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

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

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
Adili Corporate Services
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, Sarit Centre
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.

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

Anjarwalla & Khanna LLP
ALN House,
Eldama Ravine Close, off Eldama Ravine Road, Westlands
P.O. Box 200 - 00606, Sarit Centre
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 2021.

The financial year ending July 2021 was a challenging year for Kenya and indeed for the world economies. The disruption to normal working as a result of lockdowns created new supply chain scenarios and challenges. The Group's full attention was focused on addressing the impact on its business and staff arising from the spread of the COVID-19 pandemic. The Board of Directors and Management quickly implemented responses and recovery measures to protect the business, the stakeholders and further enhance the Group's Health and Safety protocols.

Whilst implementing all necessary changes to protect the current business, there were a number of opportunities arising from supply chain issues in Southern Africa that gave rise to increased exports across the region. There were also fresh ideas to explore possible new revenue streams using carbon dioxide. It is worth noting that during the pandemic the medical fraternity did not require additional quantities of medical grade carbon dioxide above the norms in previous years.

From a results perspective, turnover increased by 33% to KSh 906 million, the gross margins were maintained and net profit after tax at KSh 415 million, was 28% over prior year, resulting in an earnings per share of KSh 1.63 (2020: KSh 1.27). It is noteworthy that the regulatory and professional costs associated with the offer to acquire the shares of BOC Kenya Plc, amounting to KSh 37 million have been expensed in the year.

The Group has a consistent record of dividends payment after allocating funds for future business growth and investment. For the year ended 31 July 2021, the Board of Directors recommend a final dividend of KSh 0.70 per share (2020: KSh 0.70 per share) and a special dividend of KSh 0.90 per share, resulting in a proposed total dividend of KSh 1.60 per share, to be paid as soon as practical after approval by the Members at the Annual General Meeting in December 2021.

The Group continues to conduct continuous risk assessments and take appropriate actions towards managing these risks. A particular focus is on food safety and managing food hazards to world class levels. Our processes are independently audited by international agencies and staff are trained to the highest levels.

Our environmental, social and governance (ESG) strategy is an integral element of our corporate strategy and governance structure, with particular focus on the environment, health and safety and governance structures.

It is in difficult times such as these, that support for disadvantaged children and families is most needed. Our community engagement programme continued to support and assist communities, in particular in the support of education, in paying school fees, university fees and stipends and in assisting to refurbish school buildings, in areas in which we operate from.

Shareholders, as you are all aware, the company made an offer to acquire the shares of BOC Kenya, PLC. Two of its shareholders have filed an objection thereto before the Capital Markets Tribunal and the High Court respectively. As a result of the objections, the offer has been suspended by the Capital Markets Authority, pending the determination of the proceedings before the Capital Markets Tribunal. Various steps are being taken to have the matter heard and determined so that a clear position can be established on the offer. We shall keep you informed on the developments as is appropriate.

A very special thank you is due to all our staff and management team for working with dedication and for the support given to the company during this pandemic. We are equally grateful for the ongoing trust received from all our business partners and stakeholders.

Finally, I would like to appreciate the solid support and guidance provided by my fellow directors to navigate the Group through this challenging period.

Sincerely

Ambassador Dennis N O Awori

Chairman

1st November 2021

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 complies 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 these requirements and is in full compliance. The Board Charter documents our commitments, principles and practices.
During the year a Governance Audit and a Legal 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.

Directors are subjected to a rigorous review by means of Board evaluation process, 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	7	7
B C Patel	Non-executive Director	7	6
M K R Shah	Non-executive Director	7	7
S O Mudhune	Independent Director	7	7
Eng. E A Musebe	Independent Director	7	7
R B Patel	Non-executive Director	7	7

Board Audit and Risk Committee

The Committee, chaired by Susan Mudhune, an independent Director, has three 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 (CO_2) attend the Board Audit and Risk Committee meetings.

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.

		Meetings Eligible to Attend	Meetings Attended
S O Mudhune	Chair	3	3
M K R Shah	Member	3	3
R B Patel	Member	3	3
Eng. E A Musebe	Member	3	3

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	1
S O Mudhune	Member	2	2

Board Finance and Investment Committee

The Committee consisting of three non-executive Directors currently chaired by Eng Edward A Musebe, 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
E A Musebe	Chair	2	2
M K R Shah	Member	2	2
R B Patel	Member	2	2

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.

The Group has a robust anti-money laundering and anti-terrorist financing policy.

Directors' interest

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

Name	No. of Shares 2021	2020
Mr. B C Patel (jointly with Mrs. A Patel)	127,172,592	102,913,592

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 2021

Shareholding (No of shares)	No. of Shareholder	No. of Shares	%
Less than 500	940	140,085	0.05%
501-5,000	1,164	2,179,383	0.86%
5001-10,000	298	2,224,999	0.87%
10,0001-100,000	672	23,767,564	9.33%
100,001 - 1,000,000	106	33,708,038	13.23%
Over 1,000,000	14	192,831,916	75.66%
Total	**3,194**	**254,851,985**	**100%**

b) Major Shareholders

The top 10 major shareholders as at 31 July 2021 were as follows:

Name	No of Shares	Shares held %
Amarjeet Baloobhai Patel & Baloobhai Chhotabhai Patel	127,172,592	49.90
BOC Kenya Plc	14,850,000	5.83
Miss T I Friedman	11,275,695	4.42
Standard Chartered Kenya Nominees Limited A/C KE004667	7,623,600	2.99
Peter Kingori Mwangi	5,501,959	2.16
One Globe Holdings Limited	4,311,500	1.69
Brenda Clare Kampf	4,037,130	1.58
Anju Mohanlal Shah	3,550,100	1.39
Mayur Mohanlal Shah	3,544,800	1.39
Jinit Mohanlal Shah	3,486,400	1.37
	185,353,776	72.73
3,184 other shareholders	69,498,209	27.27
	254,851,985	**100**

DENNIS N O AWORI - CHAIRMAN

Aged 67, 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 82, 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 67, 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 Group Plc and the Kenya Revenue Authority.

SUSAN MUDHUNE, MBS

Aged 72, 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 the Kenya Revenue Authority. Previously, she was the KCB Group chairperson and on the Boards of Safaricom Plc and Sanlam Kenya Plc.

Eng. EDWARD MUSEBE

Aged 54, 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 other leading commercial companies. 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 46, 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. He has a wealth of business experience having worked as the Head of Corporate Development of a diversified investment group having investments in real estate services, insurance and asset management. Earlier Rohan 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

	2021 KSh'000	2020 KSh'000
Amb D N O Awori	4,101	3,944
Mr B C Patel	2,933	2,832
Mr M K R Shah	8,278	2,832
Mrs S O Mudhune	2,933	2,832
Eng. E Musebe Ochieng	2,933	2,832
R B Patel	5,599	266
Total	26,777	15,538

At the Annual General Meeting held on 29 January 2021, the shareholders unanimously approved the Directors' 2020 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

1st November 2021

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 2021 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	**2021** **KSh '000**	**2020** **KSh '000**
Profit before tax	540,265	426,959
Tax charge	(125,166)	(102,305)
Profit transferred to retained earnings	415,099	324,654

Dividends

The Directors recommend a final dividend of KSh 0.70 per share and a special dividend of KSh 0.90 per share resulting in a total dividend of KSh 1.60 per share (2020: KSh 0.70 per share). The total dividend will amount to KSh 407,763,176 (2020: KSh 178,396,390).

Business review

Revenue, for the year ended 31 July 2021, at KSh 906 million was 33% over prior year. The Board is pleased to note that entry into new markets and new regions have helped increase sales during the year. This is driven by the Group's delivery promise and the highest quality of product.

The Covid-19 pandemic has caused multiple challenges and business has adapted to the new circumstances. 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 providing customized solutions to the customers.

Business review (continued)

In view of the prevailing economic conditions in the region, the Company expects the operating environment to continue to be challenging. Increased local competition basically 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) continues to experience sharp volatilities in values of listed companies. Accordingly, the Company's investments in shares in various companies listed on NSE & DSE have been 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 2021, Carbacid's staff headcount stood at 65 (2020: 65) with 46 employees handling operations and 19 employees in administration and management.

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 Group has also granted indemnities to each of its directors and the Group Secretary to the extent permitted by law.

Corporate social responsibility

Our community engagement programme continued to support and assist communities, in particular in the support of education, in paying school fees, university fees and stipends and in assisting to refurbish school buildings in areas in which we operate from.

Appointment of Auditor

A resolution is to be proposed at the Annual General Meeting to appoint 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 2,197,000 has been charged to profit or loss in the year.

The Directors' report was approved by the Board on **1st November 2021** and signed by the Company Secretary on its behalf.

By order of the board

....

Company Secretary

Nairobi 1st November 2021

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the 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 **1st November 2021** and signed on its behalf by:

…………………………	…………………………
Director	**Director**

RSM

RSM Eastern Africa LLP
Certified Public Accountants

1st Floor, Pacis Centre, Slip Road
Off Waiyaki Way, Westlands
P. O. Box 349 - 00606, Nairobi, Kenya

T: +254 (0) 20 361 4000/4451747/8/9
M: +254 (0) 706 347950/772 786111
E: info@ke.rsm-ea.com

www.rsm.global/kenya

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 2021, 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 2021 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Registration number: LLP-3A1VXM
Partners: Ashif Kassam, Lina Ratansi, Nihla Mazrui, Elvis Ogeto

RSM Eastern Africa LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM Network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

RSM

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Elvis Ogeto**, Practising Certificate No. 2303.

for and on behalf of RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

1 November **2021**
404/2021

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2021

	Note	2021 KSh'000	2020 KSh'000
Revenue	6	906,588	682,878
Cost of sales		(352,941)	(258,667)
Gross profit		553,647	424,211
Other income	7	240,780	230,759
Fair value gain/(loss) on equity investments	20	12,533	(38,850)
Fair value gain on investment property	15	(2,591)	(2,349)
Administrative expenses		(264,104)	(186,812)
Profit before tax	8	540,265	426,959
Tax expense	9	(125,166)	(102,305)
Profit for the year		415,099	324,654
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Deficit on revaluation of property, plant and equipment	14	-	(30,934)
Deferred income tax relating to items that will not be reclassified	13	-	9,280
Other comprehensive loss for the year, net of tax		-	(21,654)
Total other comprehensive profit for the year		415,099	303,000
Earnings per share		**KSh**	**KSh**
Basic and diluted	10	1.63	1.27

COMPANY PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2021

	Note	2021 KSh'000	2021 KSh'000
Investment income	7	545,948	376,256
Fair value gain/(loss) on equity investments	20	41,084	(25,925)
Fair value loss on investment property	15	(2,700)	(2,300)
Administrative expenses		(53,132)	(12,447)
Profit before tax	8	531,200	335,584
Tax expense	9	(24,364)	(23,105)
Profit for the year		506,836	312,479

CONSOLIDATED BALANCE SHEET AT 31ST JULY 2021

	Note	2021 KSh'000	2020 KSh'000
EQUITY			
Share capital	11	254,852	254,852
Share premium	11	27	27
Revaluation surplus	12	57,938	121,670
Retained earnings		3,175,982	2,875,547
Total equity		3,488,799	3,252,096
Non-current liabilities			
Deferred income tax	13	181,067	192,441
		3,669,866	3,444,537
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	14	938,139	883,728
Investment property	15	244,414	247,451
Intangible assets	16	877	346
Right - of - use assets	18	52,383	52,672
Financial assets	20	1,440,469	1,387,308
		2,676,282	2,571,505
Current assets			
Inventories	21	39,898	33,863
Trade and other receivables	22	213,297	195,453
Current tax recoverable		8,996	7,274
Short-term bank deposits	23	813,115	813,641
Cash at bank and in hand	24	167,636	6,095
		1,242,942	1,056,326
Current liabilities			
Trade and other payables	25	170,906	112,983
Dividend payable	26(ii)	45,639	46,712
Current tax payable		32,813	23,599
		249,358	183,294
Net current assets		993,584	873,032
		3,669,866	3,444,537

The financial statements on pages 17 to 54 were authorised for issue by the board of directors on **1st Noverber 2021** and were signed on its behalf by:

....
Director **Director**

COMPANY BALANCE SHEET AT 31ST JULY 2021

	Note	2021 KSh'000	2020 KSh'000
EQUITY			
Share capital	11	254,852	254,852
Share premium	11	27	27
Revaluation surplus	12	-	47,955
Retained earnings		2,215,070	1,838,675
Total equity		2,469,949	2,141,509
Non-current liabilities			
Deferred income tax	13	13,389	13,174
		2,483,338	2,154,683
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	14	636	670
Investment property	15	244,800	247,500
Right - of - use assets	18	9,909	10,198
Investment in subsidiaries	19	3,546	3,546
Financial assets	20	1,291,095	1,209,383
		1,549,986	1,471,297
Current assets			
Trade and other receivables	22	39,670	31,066
Current tax recoverable		8,917	7,202
Short-term bank deposits	23	803,846	804,372
Cash at bank and in hand	24	128,462	6,470
Due from subsidiary companies	27(ii)	976	-
		981,871	849,110
Current liabilities			
Trade and other payables	25	2,880	2,465
Dividend payable	26(ii)	45,639	46,712
Due to subsidiary companies	27(ii)	-	116,547
		48,519	165,724
Net current assets		933,352	683,386
		2,483,338	2,154,683

The financial statements on pages 17 to 54 were authorised for issue by the board of directors on **1st Noverber 2021** and were signed on its behalf by:

....
Director

....
Director

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

	Note	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
At 1st August 2019		254,852	27	143,324	2,729,289	3,127,492
Changes in equity in 2020						
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 2019		-	-	-	(178,396)	(178,396)
At 31st July 2020		254,852	27	121,670	2,875,547	3,252,096
At 1st August 2020		254,852	27	121,670	2,875,547	3,252,096
Changes in equity in 2021						
Profit for the year		-	-	-	415,099	415,099
Transfer from revaluation surplus to retained earnings		-	-	(47,955)	47,955	-
Transfer of excess depreciation		-	-	(22,539)	22,539	-
Deferred income tax on depreciation transfer		-	-	6,762	(6,762)	-
Total comprehensive income for the year		-	-	(63,732)	478,831	415,099
Transactions with owners:						
Dividends:						
- Final for 2020		-	-	-	(178,396)	(178,396)
At 31st July 2021		254,852	27	57,938	3,175,982	3,488,799

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

	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
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
At 1st August 2020	254,852	27	47,955	1,838,675	2,141,509
Changes in equity in 2021					
Profit for the year	-	-	-	506,836	506,836
Transfer from revaluation surplus to retained earnings	-	-	(47,955)	47,955	-
Total comprehensive income for the	-	-	-	506,836	506,836
Transactions with owners:					
Dividends:					
- Final for 2020	-	-	-	(178,396)	(178,396)
At 31st July 2021	254,852	27	-	2,215,070	2,469,949

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2021

	Note	2021 KSh'000	2020 KSh'000
Cash flows from operating activities			
Profit for the year		415,099	324,654
Adjustments for:			
Income tax expense		125,166	102,305
Depreciation of property, plant and equipment	14	60,751	54,587
Depreciation of right - of - use asset	18	289	289
Amortisation of intangible assets	16	221	239
Loss/(gain) on disposal of property, plant and equipment	7	2,087	(29)
Fair value (gain)/loss on equity investments	20	(12,533)	38,850
Fair value loss on investment property	15	2,591	2,349
Dividend income - financial assets at fair value through profit or loss	7	(10,914)	(9,916)
Interest income	7	(196,289)	(186,877)
Operating profit before working capital changes		386,468	326,451
(Increase)/decrease in:			
Inventories		(6,035)	7,373
Trade and other receivables		(17,844)	(20,712)
Increase in:			
Trade and other payables		57,923	6,562
Cash generated from operations		420,512	319,674
Interest received		196,289	186,877
Income tax paid		(129,048)	(116,865)
Net cash generated from operating activities		487,753	389,686
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(125,589)	(49,857)
Purchase of intangible assets	16	(752)	(194)
Proceeds from disposal of property, plant and equipment		8,340	38
Reversal of investment property		446	-
Proceeds on redemption of corporate bond		-	15,625
Decrease/(increase) in short term bank deposits		526	(312,351)
Purchase of government securities		(220,628)	(101,565)
Dividends received		10,914	9,916
Dividends paid	26(ii)	(185,665)	(165,239)
Prior years dividends not transferred to Unclaimed Financial Assets Authority		6,196	-
Net cash used in investing activities		(326,212)	(603,627)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		161,541	(213,941)
Cash and cash equivalents at start of year		6,095	220,036
Cash and cash equivalents at end of year	24	167,636	6,095

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2021

	Note	2021 KSh'000	2020 KSh'000
Cash flows from operating activities			
Profit for the year		506,836	312,479
Adjustments for:			
Income tax expense		24,364	23,105
Depreciation of equipment	14	34	-
Depreciation of right - of - use asset	18	289	289
Fair value (gain)/loss on equity investments	20	(41,084)	25,925
Fair value loss on investment property	15	2,700	2,300
Dividend income - financial assets at fair value through profit or loss	7	(6,441)	(9,916)
Dividend income - investment in subsidiary	7	(320,000)	(160,000)
Interest income	7	(196,289)	(186,841)
Operating (loss)/profit before working capital changes		(29,591)	7,341
Increase in:			
Trade and other receivables		(8,604)	(3,638)
Due from subsidiary companies		(976)	-
Increase in:			
Trade and other payables		415	(392)
Due to subsidiary companies		(116,547)	94,035
Cash (used in)/generated from operations		(155,303)	97,346
Interest received		196,289	186,841
Income tax paid		(25,864)	(26,447)
Net cash generated from operating activities		15,122	257,740
Cash flows from investing activities			
Proceeds on redemption of corporate bond	20	-	15,625
Decrease/(increase) in short term bank deposits		526	(312,351)
Purchase of government securities		(220,628)	(101,565)
Dividends received		6,441	9,916
Dividend received from subsidiary		320,000	160,000
Dividends paid	27(ii)	(185,665)	(165,239)
Prior years dividends not transferred to Unclaimed Financial Assets Authority	27(ii)	6,196	-
Net cash generated from/(used in) investing activities		106,870	(393,614)
Net increase/(decrease) in cash and cash equivalents		121,992	(135,874)
Cash and cash equivalents at start of year		6,470	142,344
Cash and cash equivalents at end of year	24	128,462	6,470

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 in equity.

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

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

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 2020, and the Directors do not plan to apply any of them until they become effective. Note 30 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.

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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

Initial measurement

On initial recognition:

i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair
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.

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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

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.

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 15.

4. Nature and extent of risks arising from financial instruments

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

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 90 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. Nature and extent of risks arising from financial instruments (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 2021	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
Trade receivables	-	-	-	194,152	194,152
Other receivables	38,872	-	-	-	38,872
Cash at bank	167,636	-	-	-	167,636
Financial assets	1,440,469	-	-	-	1,440,469
Short-term bank deposits	813,115	-	-	-	813,115
Gross carrying amount	2,460,092	-	-	194,152	2,654,244
Loss allowance	-	-	-	(22,501)	(22,501)
Exposure to credit risk	2,460,092	-	-	171,651	2,631,743
At 31st July 2020					
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

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 2021	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
Trade receivables	-	-	-	1,062	1,062
Other receivables	37,967	-	-	-	37,967
Cash at bank and in hand	128,462	-	-	-	128,462
Financial assets	1,291,095	-	-	-	1,291,095
Short-term bank deposits	803,846	-	-	-	803,846
Gross carrying amount	2,261,370	-	-	1,062	2,262,432
Loss allowance	-	-	-	(980)	(980)
Exposure to credit risk	2,261,370	-	-	82	2,261,452

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (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 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

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; and
(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 2021	151,611	18,735	5,459	18,347	194,152
At 31st July 2020	129,475	32,215	6,142	12,985	180,817

__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 2021	82	-	-	980	1,062
At 31st July 2020	2,055	-	-	902	2,957

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (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 2021					
At start of year	-	-	-	17,088	17,088
Changes arising from receivables originating during the year	-	-	-	5,413	5,413
At end of year	-	-	-	22,501	22,501
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
At end of year	-	-	-	17,088	17,088

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 2021					
At start of year	-	-	-	(270)	(270)
Changes arising from receivables originating during the year	-	-	-	(710)	(710)
At end of year	-	-	-	(980)	(980)
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)

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. Nature and extent of risks arising from financial instruments (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 2021				
Trade and other payables	170,906	-	-	-
Dividend payable	45,639	-	-	-
	216,545	-	-	-
31st July 2020				
Trade and other payables	112,983	-	-	-
Dividend payable	46,712	-	-	-
	159,695	-	-	-

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 2021				
Trade and other payables	2,880	-	-	-
Dividend payable	45,639	-	-	-
	48,519	-	-	-
31st July 2020				
Trade and other payables	2,465	-	-	-
Dividend payable	46,712	-	-	-
Due to subsidiary companies	116,547	-	-	-
	165,724	-	-	-

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (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 2022 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 13,493,000 (2020: KSh 14,157,000) and of the Company would decrease/increase by KSh 13,429,000 (2020: KSh 14,087,000) 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$ KSh'000	Total KSh'000
At 31st July 2021		
Trade receivables	105,621	105,621
Cash and bank	20,211	20,211
Trade payables	(20,976)	(20,976)
Net exposure	104,856	104,856
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

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 2022 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 734,000 (2020: KSh 498,000).

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (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 2022 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 22,816,000 (2020: KSh 23,506,000), and of the Company would decrease/increase by KSh 12,360,000 (2020: KSh 10,162,000).

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 2021	**Trading**	**Investment**	**Group**
	KSh' 000	**KSh' 000**	**KSh' 000**
Revenue from contracts with customers	906,588	-	906,588
Interest income	1	196,289	196,290
Fair value loss on investment property	-	(2,591)	(2,591)
Profit before tax	352,960	187,305	540,265
Segment assets	1,386,067	2,533,157	3,919,224
Segment liabilities	164,384	266,041	430,425
Tax expense	(100,804)	(20,154)	(120,958)
Depreciation of property, plant and equipment	60,717	-	60,751
Amortisation of intangible assets	221	-	221
Depreciation of right - of - use assets	-	289	289
Capital expenditure	125,589	-	125,589

NOTES (CONTINUED)

5. **Segmental information (continued)**

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

Year 2020	**Trading KSh' 000**	**Investment KSh' 000**	**Group 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	49,857	-	49,857

Revenue reported above represents revenue generated from external customers. Two customers each represents more than 10% of the total Group's revenue.

c) **Turnover - geographical distribution**

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

	2021 KSh' 000	**2020 KSh' 000**
Domestic sales	437,065	464,405
Export sales	469,523	218,473
	906,588	682,878

	Group		**Company**	
6. Revenue	**2021 KSh'000**	**2020 KSh'000**	**2021 KSh'000**	**2020 KSh'000**
Revenue from customers - Sale of CO_2	662,311	536,286	-	-
Revenue from customers - Transport revenue	244,277	146,592	-	-
	906,588	682,878	-	-

	Group		**Company**	
7. Other income	**2021 KSh'000**	**2020 KSh'000**	**2021 KSh'000**	**2020 KSh'000**
Sale of machine spares	1,389	1,301	-	-
(Loss)/gain on disposal of property, plant and equipment	(2,087)	29	-	-
Sundry income	14,942	11,300	-	500
Net foreign exchange (loss)/gain	(981)	2,241	-	-
Investment income				
Rental income	20,314	19,095	23,218	18,999
Dividend income				
- Financial assets at fair value through profit or loss	10,914	9,916	6,441	9,916
- Investment in subsidiary	-	-	320,000	160,000
Interest income	196,289	186,877	196,289	186,841
	240,780	230,759	545,948	376,256

NOTES (CONTINUED)

	Group		Company	
8. Profit before tax	**2021**	**2020**	**2021**	**2020**
	KSh'000	**KSh'000**	**KSh'000**	**KSh'000**
(a) Items charged				
The following items have been charged in arriving at profit before tax expense/income:				
Extraction and processing expenses	352,941	258,667	-	-
Employee benefits expense (Note 8(b))	184,584	156,914	-	-
Net foreign exchange gain	981	(2,241)	-	-
Depreciation of property, plant and equipment	60,751	54,587	34	-
Right - of - use assets	289	289	289	289
Amortisation of intangible assets	221	239	-	-
(b) Employee benefits expense				
The following items are included in employee benefits expense:				
Wages and salaries	177,053	149,536	-	-
Retirement benefit costs:			-	-
- Defined contribution scheme	7,383	7,229	-	-
- National Social Security Fund	148	149	-	-
	184,584	156,914	-	-

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

	Group		Company	
	Number	**Number**	**Number**	**Number**
Production	26	25	-	-
Sales and distribution	20	21	-	-
Management and administration	19	19	-	-
Total	65	65	-	-

	Group		Company	
	2021	**2020**	**2021**	**2020**
9. Tax	**KSh'000**	**KSh'000**	**KSh'000**	**KSh'000**
Current income tax	136,622	108,636	24,149	22,221
Deferred tax expense/(income) (Note 13)	(11,456)	(6,331)	215	884
Income tax expense	125,166	102,305	24,364	23,105

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:

Profit before income tax	540,265	426,959	531,200	335,584
Tax calculated at the statutory tax rate of 25% and 30% (2020: 25% and 30%)	150,824	122,751	148,293	83,896
Tax effect of:				
Income not subject to tax	(37,825)	(44,549)	(125,793)	(82,546)
Income subject to tax at 5%	675	585	675	-
Expenses not deductible for tax purposes	12,215	10,009	1,220	7,371
Effect of different tax rates used to compute deferred tax and corporate tax.	(723)	13,480	(31)	13,809
Over-provision of tax in prior year - deferred tax		29	-	-
Income tax expense	125,166	102,305	24,364	23,105

NOTES (CONTINUED)

10. 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.

	2021 KSh'000	2020 KSh'000
Profit for the year (KSh ' 000)	415,099	324,654
Number of ordinary shares (thousands) - Note 11	254,852	254,852
Earnings per share - Basic and diluted (KSh)	1.63	1.27

There were no potentially dilutive shares outstanding at either 31st July 2021 or 31st July 2020.

11. Share capital

	Group and Company		
	No. of ordinary shares	Issued and fully paid up capital KSh'000	Share premium KSh'000
At 1st August 2020 and 31st July 2021	254,851,985	254,852	27
At 1st August 2019 and 31st July 2020	254,851,985	254,852	27

The total number of authorised ordinary shares is 1,000,000,000 (2020: 1,000,000,000) with a par value of KSh 1 each.

12. 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.

NOTES (CONTINUED)

13. Deferred income tax

Deferred tax is calculated using the currently enacted corporation tax rate of 30% (2020: 30%). 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 2021				
Property, plant and equipment	187,501	-	(7,424)	180,077
Investment property	14,709	-	425	15,134
Unrealised exchange gains	672	-	(966)	(294)
Provision for impairment of receivables and short term deposit	(5,126)	-	(1,624)	(6,750)
Leave pay	943	-	(1,248)	(305)
Other general provision	(3,345)	-	(537)	(3,882)
Provision for inventories	(2,913)	-	-	(2,913)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
Net deferred tax liability	192,441	-	(11,374)	181,067

	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 deposits	(4,531)	-	(595)	(5,126)
Leave pay	(493)	-	1,436	943
Other general provision	(3,473)	-	128	(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

NOTES (CONTINUED)

13. Deferred income tax (continued)

Company

Year ended 31st July 2021	At start of year KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Investment property	13,241	419	13,660
Property, plant and equipment	19	8	27
Intangible asset	(5)	1	(4)
Provision for impairment of receivables and short term deposit	(81)	(213)	(294)
Tax losses carried forward	(9,758)	-	(9,758)
Deferred tax assets not recognised	9,758	-	9,758
Net deferred tax liability	13,174	215	13,389

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

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KSh 9,758,000 (2020: 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.

NOTES (CONTINUED)

14. 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	Capital work-in-progress KSh'000	Total KSh'000
At 1st August 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	184,061	54,545	21,490	148,767	529,452	-	938,315
Accumulated depreciation	(2,346)	-	(2,386)	(11,813)	(38,042)	-	(54,587)
Net carrying amount	181,715	54,545	19,104	136,954	491,410	-	883,728
Year ended 31st July 2021							
Opening carrying amount	181,715	54,545	19,104	136,954	491,410	-	883,728
Additions	-	-	-	88,656	8,313	28,620	125,589
Disposals	-	-	-	-	(10,427)	-	(10,427)
Depreciation charge	(4,120)	-	(2,012)	(24,591)	(30,028)	-	(60,751)
Closing carrying amount	177,595	54,545	17,092	201,019	459,268	28,620	938,139
At 31st July 2021							
Cost or valuation	184,061	54,545	21,490	237,423	527,338	28,620	1,053,477
Accumulated depreciation	(6,466)	-	(4,398)	(36,404)	(68,070)	-	(115,338)
Net carrying amount	177,595	54,545	17,092	201,019	459,268	28,620	938,139

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)

14. 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 2021						
Cost	117,618	36,422	31,190	284,569	802,534	1,272,333
Accumulated depreciation	(18,193)	-	(16,500)	(105,839)	(242,579)	(383,111)
Net book amount	99,425	36,422	14,690	178,730	559,955	889,222
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

Property plant and equipment - Company

	Equipment KSh'000
At 1st August 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
Year ended 31st July 2021	
Opening carrying amount	670
Depreciation charge	(34)
Closing carrying amount	636
At 31st July 2021	
Cost or valuation	670
Accumulated depreciation	(34)
Net carrying amount	636

NOTES (CONTINUED)

15. Investment property

	Group		Company	
	2021	2020	2021	2020
	KSh'000	KSh'000	KSh'000	KSh'000
At beginning of the year	247,451	249,800	247,500	249,800
Reversal	(446)	-	-	-
Fair value loss	(2,591)	(2,349)	(2,700)	(2,300)
At the end of year	244,414	247,451	244,800	247,500

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.

16. Intangible assets - Group

	2021	2020
	KSh'000	KSh'000
Cost		
At 1st August	987	793
Additions	752	194
At 31st July	1,739	987
Amortisation		
At 1st August	641	402
Charge for the year	221	239
At 31st July	862	641
Net book amount		
At 31st July	877	346

Intangible assets relate to computer software and fleet management software.

The annual amortisation rate used is 25%.

17. 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	
	2021	2020	2021	2020
Cost	KSh'000	KSh'000	KSh'000	KSh'000
At start of year	-	64,763	-	17,350
Write off of prepaid operating lease	-	-	-	-
Transferred to right - of - use assets (Note 19)	-	(64,763)	-	(17,350)
At end of year	-	-	-	-
Amortisation				
At 1st January	-	11,802	-	6,863
Amortisation charge	-	289	-	289
Transferred to right - of - use assets	-	(12,091)	-	(7,152)
At 31st December	-	-	-	-
Net book amount				
At 31st December	-	-	-	-

NOTES (CONTINUED)

18. Right-of use assets

	Prepaid operating lease rentals	
	Group	Company
	KSh'000	KSh'000
Year ended 31st December 2020		
At 1st August 2019	-	-
Transferred from prepaid operating lease rentals (see below)	52,961	10,487
Effect of change of accounting policy	-	-
Depreciation charge	(289)	(289)
Carrying amount at 31st July 2020	52,672	10,198
Year ended 31st December 2021		
Opening carrying amount	52,672	10,198
Depreciation charge	(289)	(289)
Closing carrying amount	52,383	9,909

19. Investment in subsidiaries (Company)

	Holding %	Share capital KSh	Place of incorporation and operation	2021 KSh'000	2020 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

20. Financial assets

	Group		Company	
	2021	2020	2021	2020
	KSh'000	KSh'000	KSh'000	KSh'000
Non-current				
Financial assets at amortised cost:				
Government securities	1,114,521	893,893	1,114,521	893,893
Corporate bonds	-	180,000	-	180,000
Financial assets at fair value through profit or loss:				
Equity investments	325,948	313,415	176,574	135,490
	1,440,469	1,387,308	1,291,095	1,209,383
Current				
Financial assets at amortised cost				
Corporate bonds	-	-	-	-
	1,440,469	1,387,308	1,291,095	1,209,383

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

	2021 KSh'000	2021 KSh'000
Government securities	1,116,753	892,700
Corporate bonds	-	180,000
	1,116,753	1,072,700

NOTES (CONTINUED)

20. Financial assets (continued)

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

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	
	2021 KSh'000	2020 KSh'000	2021 KSh'000	2020 KSh'000
Equity investments				
At start of year	313,415	352,265	135,490	161,415
Fair value gain/(loss)	12,533	(38,850)	41,084	(25,925)
At end of year	325,948	313,415	176,574	135,490

21. Inventories - Group

Spare parts and materials	36,019	29,797
Carbon dioxide gas and dry ice	3,602	3,431
Fuel and chemicals	277	635
	39,898	33,863

	Group		Company	
	2021 KSh'000	2020 KSh'000	2021 KSh'000	2020 KSh'000
22. Trade and other receivables				
Trade receivables	194,152	180,817	1,062	2,957
Less: provision for impairment losses	(22,501)	(17,088)	(980)	(270)
Net trade receivables	171,651	163,729	82	2,687
Prepayments	2,774	3,756	1,621	960
Other receivables	38,872	27,968	37,967	27,419
	213,297	195,453	39,670	31,066
The movement on the provision for impairment losses is as follows:				
At 1st August	17,088	15,102	270	270
Net increase charged to profit and loss account	5,413	1,986	710	-
At 31st July	22,501	17,088	980	270
23. Short-term bank deposits				
Bank deposit (maturity > 90 days)	813,115	813,641	803,846	804,372
24. 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	167,636	6,095	128,462	6,470
	167,636	6,095	128,462	6,470

NOTES (CONTINUED)

25. Trade and other payables	Group		Company	
	2021 KSh'000	2020 KSh'000	2021 KSh'000	2020 KSh'000
Trade payables	30,489	1,044	1,848	629
Accruals	140,417	111,939	1,032	1,836
	170,906	112,983	2,880	2,465

26. Dividends

i) Proposed dividend

At the forthcoming annual general meeting, a final dividend in respect of the year ended 31st July 2021 of KSh 0.70 per share and a special dividend of KSh 0.90 per share resulting in a total dividend of KSh 1.60 per share and amounting to KSh 407,763,176 (2020: 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:	2021 KSh'000	2020 KSh'000
At the beginning of the year	46,712	33,555
Final dividend declared	178,396	178,396
Prior years dividends not transferred to Unclaimed Financial Assets Authority	6,196	-
	231,304	211,951
Dividend paid to shareholders	(179,695)	(160,509)
Unclaimed dividend transferred to Unclaimed Financial Assets Authority	(5,970)	(4,730)
Dividend paid	(185,665)	(165,239)
At the end of the year	45,639	46,712

27. 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	
	2021 KSh'000	2020 KSh'000
Dividends received from Carbacid (CO_2) Limited	320,000	160,000
	320,000	160,000

ii) Outstanding balances arising from sale and purchase of goods/services	2021 KSh'000	2020 KSh'000
Other (receivables from)/payables to subsidiaries		
Due (from)/to Carbacid (CO_2) Limited	(976)	116,547
	(976)	116,547

iii) Key management compensation (including directors' remuneration)

	Group		Company	
	2021 KSh'000	2020 KSh'000	2021 KSh'000	2020 KSh'000
Salaries and other employment benefits	58,915	51,128	-	-

NOTES (CONTINUED)

27. Related party transactions (continued)

iv) Directors' benefits and other remuneration

	Group		Company	
	2021	2020	2021	2020
	KSh'000	KSh'000	KSh'000	KSh'000
- salaries	23,526	13,680	-	-
- fees	3,251	1,858	-	-
	26,777	15,538	-	-

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 3,985,680 (2020: KSh 3,984,000).

28. Contingent liabilities

	Group		Company	
	2021	2020	2021	2020
	KSh'000	KSh'000	KSh'000	KSh'000
Guarantees	6,000	6,000	-	-

NCBA Bank Plc has issued a payment guarantee of KSh 6,000,000 to Kenya Power and Lighting Company on behalf of Carbacid (CO_2) Limited against a security of an equivalent amount.

29. Commitments

Capital commitments

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

	Group		Company	
	2021	2020	2021	2020
	KSh'000	KSh'000	KSh'000	KSh'000
Authorised and contracted for	81,235	30,765	-	-

30. 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 2020.

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

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

NOTES (CONTINUED)

30. New and revised financial reporting standards

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

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

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

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

IFRS 17 *Insurance Contracts* (issued in May 2017)
The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Bank does not issue insurance contracts.

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

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

Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014)
The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.