

FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Figures in Kenyan Shilling thousand	Dec 2020	Mar 2020
Assets		
Equipment	3,286	6,757
Right-of-use assets	26,773	4,475
Intangible assets	1,787	812
Loans receivable	378,267	452,197
Trade and other receivables	11,133	9,259
Current tax receivable	266,594	273,499
Cash and cash equivalents	43,298	97,112
Total Assets	731,138	851,426
Equity and Liabilities		
Equity		
Share capital	750,000	750,000
Accumulated (loss)/surplus	(1,400,596)	(1,229,156)
Total Equity	(650,596)	(479,156)
Liabilities		
Lease liabilities - right-of-use assets	26,949	4,442
Trade and other payables	13,021	15,291
Medium term notes	1,341,764	1,310,849
Total Liabilities	1,381,734	1,330,582
Total Equity and Liabilities	731,138	851,426

STATEMENT OF COMPREHENSIVE INCOME

Figures in Kenyan Shilling thousand		
Revenue	80,038	193,978
Other operating income	30	1,653
Impairments of loans and advances	9,254	(2,722)
Other operating expenses	(166,916)	(295,049)
Finance costs	(77,594)	(102,140)
	(93,846)	(133,354)
Loss before taxation	(171,440)	(235,494)
Tax (charge)/credit	0	(5,656)
Loss for the period	(171,440)	(241,150)
Comprehensive loss for the period	(171,440)	(241,150)

STATEMENT OF CHANGES IN EQUITY

Figures in Kenyan Shilling thousand	Share capital	(Deficit) / surplus	Total equity
Balance at 01 April 2019	750,000	(988,006)	(238,006)
Comprehensive loss for the year		(241,150)	(241,150)
Balance at 31 March 2020	750,000	(1,229,156)	(479,156)
Comprehensive loss for the 9 month period		(171,440)	(171,440)
Balance at 31 December 2020	750,000	(1,400,596)	(650,596)

STATEMENT OF CASH FLOWS

Figures in Kenyan Shilling thousand		
Net cash flows from/(used in) operations	(50,871)	16,532
Net cash flows used in investing	62	(172)
Net cash flows (used in)/from financing	(3,005)	(807)
Total cash movement for the year	(53,814)	15,553
Cash and cash equivalents at the beginning	97,112	81,559
Total cash at the end of the year	43,298	97,112

Review of financial results

The financial year ended on a more positive note for the company. The company reported a loss after tax of Ksh 171 million for period ending December 2020, an improvement from the 241 million loss reported in the period ending March 2020. Revenue declined year on year because of reduced growth in the loan book as a result of liquidity constraints and negative impact of the COVID 19 pandemic in the operating environment. Our operating expenses dropped by circa 25% as a result of aggressive cost cutting.

Our capital remains below the minimum covenant requirements hence our continued engagement with debt and equity providers with a view to alleviating the debt and interest burden borne by the company and to placing the company on a path to sustainable profitability.

Change of financial year end

The company changed its financial year to run from January to December to align with mainstream financial institutions in Kenya. The audited results presented are from April 2020 to December 2020 (9 month period).

Loan impairment provisions

The company has continued adjusting carrying values for various loan asset classes during the 2020 financial year, applying its normal strict criteria.

Deferred tax assets

Deferred tax assets remain impaired in full.

Audit opinion

The auditor disclaimed an opinion in respect of the 2020 financial year, based on the going concern assumption. This aspect continues to receive extensive attention at high level, but has not yet been resolved.

Share capital

There have been no changes to the share capital during the year under review.

Dividends

The directors do not recommend the declaration of a dividend.

Directors and company secretary

Current directors are: EN Ndembo (Chairperson), YM Godo, TM Karanja, RL Shituse, FO Mwenya. The company secretary is CK Kigera.

The summary financial statements are available on the company's website, www.realpeople.co.ke

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By order of the Board of Directors
Thursday, April 29, 2021.