Real People Kenya Limited

(Registration number C3/2015)

Financial statements

for the year ended 31 December 2021

General Information

Country of incorporation and domicile	Kenya
Nature of business and principal activities	Provision of credit to small business owners
Company registration number	C3/2015
Registered office	L.R. No 209/22298 Lavington Court Apartments, Apartment A6 Muthangari Drive off Waiyaki Way Nairobi
Auditors	Nexia SJ Kenya LLP Certified Public Accountants of Kenya The Stables Karen Road P.O. Box 15206-00509 Nairobi Kenya
Secretary	Cornelius Kimamo Kigera
Holding company	Real People Holdings International Limited incorporated in Mauritius
Ultimate holding company	The GVR Trust incorporated in South Africa
Bankers	Kenya Commercial Bank Moi Avenue, Nairobi

Contents

Audit Committee Report

This report is provided by the audit committee appointed in respect of the financial year ended 31 December 2021 of Real People Kenya Limited. The Audit Committee is a sub-committee of the board of directors of the company. The report includes both these sets of duties and resposibilities.

1. External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of 2015 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act of 2015 that internal governance processes within the firm support and demonstrate the claim to independence.

The Audit Committee (AC) in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

2. Accounting practices and internal control

The AC receives regular reports provided as part of the planned internal audit (IA) program to assist in evaluating the Company's internal controls. The IA places emphasis on accountability, responsibility, independence, reporting, communication and transparency, both internally and in respect of all key external stakeholders. Significant areas of focus within the reports include the following:

- identifying and managing material risks within the company and changes to these risk profiles during the year;

- creating and maintaining an effective internal control environment throughout the company;

- demonstrating the necessary respect for the control environment; and

- identifying and correcting weaknesses in systems and internal controls.

The AC is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The audit committee receives regular reports on issues in the company's key issues control log from management and regular reports regarding governance and compliance matters. Where there are improvements required in internal controls, the Committee satisfied itself of the key actions required to effect the required improvements. Having considered, analysed, reviewed and debated information provided by management, IA and the external auditors, the Committee considers that the internal controls of the Company had been effective in all material aspects throughout the year under review.

3. Audit committee terms of reference

The AC has adopted its formal terms of reference that have been approved by the board of directors. The audit committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contacted therein.

Audit Committee Report

4. Audit committee members, meeting attendance and assessment

The AC is independent and must consist of at least a majority of independent non–executive directors. It must meet at least three times a year as per its terms of reference. The Chief Executive Officer will attend the meeting. The Chief Financial Officer (CFO), audit partner in charge of external audit and head of internal audit and other executives may attend the meeting by invitation and shall have unrestricted access to the Chairman and any other member of the committee as is required in relation to any matter that falls within the remit of the Committee.

The effectiveness of the audit committee and its members is assessed on an annual basis.

On behalf of the audit committee

TM Karanja
Chairman Audit Committee

26 April 2022

Statement of Directors' Responsibilities

The directors are required in terms of the Companies Act of 2015 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The Companies Act of 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 company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company’s cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 10 to 14.

Statement of Directors' Responsibilities

The financial statements set out on pages 15 to 52, which have been prepared on the going concern basis, were approved by the board of directors on 26 April 2022 and were signed on their behalf by:

EN Ndemo	**YM Godo**

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2021.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of 2015. The accounting policies have been applied consistently compared to the prior period. During the year 2020 the company changed its financial year end from 31 March to 31 December to align with mainstream financial institutions in Kenya.

	12 months to Dec 2021	**9 months to Dec 2020**
Loss for the period	(51,268)	(171,440)

The company recorded a loss for the year ended 31 December 2021 of KES 51,268,000. This represented a decrease from the loss of the prior 9 months ended 31 December 2020 of KES 171,440,000.

The details of the remeasurement of the Medium Term Note under Other Comprehensive Income is set out in Note 19.

2. Share capital

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

3. Matters of emphasis

Deferred tax assets
The recognition of additional deferred tax assets on tax losses in the company remains suspended.

Investor
There is a potential investor (Chike Africa Limited) that is willing to invest 6m USD in two tranches during the 2022 financial year. The agreements are being signed as at the date of this report.

4. Dividends

The board of directors do not recommend the declaration of a dividend for the year (2020: Nil).

5. Directors

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality
YM Godo	Director	Non-executive	Kenyan
TM Karanja	Director	Non-executive Independent	Kenyan
EN Ndemo	Chairperson	Non-executive Independent	Kenyan
RL Shibutse	CEO	Executive	Kenyan
FO Menya	CCO	Executive	Kenyan

6. Events after the reporting period

The offer letter from the new investor to purchase the shares from the holding company as well as the equity injection into the company has been received and is awaiting signature from all the parties as at the date of this report.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

7. Provision protecting directors from liability

There is no contractual agreement between the company and the directors to exempt the directors from any liability that would otherwise attach to the directors in connection with any negligence, default of duty or breach of trust in relation to the company.

8. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Having made an assessment of the company's ability to continue as a going concern as set out in more detail within note 25, the directors are of the opinion, based on the possibility of increased funding, that the company will continue in operational existence for the foreseeable future providing that the support of providers of new equity proceeds as planned.

9. Secretary

The company secretary is Mr. Cornelius Kimamo Kigera.

Postal address:	PO Box 10643-00100 Nairobi Kenya

10. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

11. Terms of appointment of the auditors

Nexia SJ Kenya LLP were appointed during the year, and continue in office in accordance with the company's Articles of Association and Section 719 of the Companies Act of 2015. The directors monitor the effectiveness, objectivity and independance of the auditor. The directors also approve the annual engagement contract which sets out the terms of the auditor's appointment and the related fees.

12. Shareholding

The ordinary shares in the company are held by Real People Holdings International Limited (99.99988%) and other shareholders (0.00012%).

Directors' Report

The financial statements set out on pages 15 to 52, which have been prepared on the going concern basis, were authorised and approved by the board of directors on 26 April 2022, and were signed on its behalf by:

By Order of the Board

EN Ndemo
Chairperson

26 April 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REAL PEOPLE KENYA LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021

Qualified Opinion

We have audited the accompanying financial statements of Real People Kenya Limited (the Company), set out on pages 15 to 52, which comprise the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Kenyan Companies Act, 2015.

Basis for Qualified Opinion

a) Financial Liabilities

We draw your attention to Note 19 of the financial statements, whereby the noteholders at a meeting held on 21st December 2021, resolved to have a 70% haircut on their principal note values amounting to KSh.912,170,000 and further waived the interest accrued and not settled to them amounting to KSh.138,495,640. These resolutions were affected in the financial statements for the year ending 31 December 2021. Consequently, current liabilities have been revised downwards and losses for the year converted into profit as a result of this transaction.

However, to date, the bond values continue to be disclosed to the public by the regulator at the initial non discounted values despite the company having written down the same in the books, because communication and formalisation of the transaction had not been completed as at the time of concluding the audit.

b) Material uncertainty related to going concern

We further draw your attention to Note 25 of the financial statements, which indicates that the company incurred a loss for the year of KSh. 51,268,000 for the year ended 31 December 2021, and has an accumulated loss position on its statement of financial position of KSh. 590,531,000 as of that date. The Company is relying on expected capital injection from potential investors in order to finance and sustain operations, and hence return and be profitable in the foreseeable future.

These events or conditions, indicate that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern.

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

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Partners: Sujata Jaffer (Tanzanian) and Mufaddal Mohamedali (Kenyan)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REAL PEOPLE KENYA LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No.	Key audit matters	How our audit addressed the key audit matters
1.	**Expected credit losses on loans receivable**	
	Provision is a subjective area due to the level of judgement applied by management in determining provisions. The Company is required to calculate impairment of loans receivable in accordance with the IFRS. We focused on the identification of impairment events, which differs based upon the type of lending product and customer. Judgement is required to determine whether a loss has been incurred. We also focused on the measurement of expected credit losses, including the assessment of whether historical experience is appropriate when assessing the likelihood of incurred losses in respect to the loans receivable. As disclosed in under the notes to the financial statements, judgement is applied in determining the appropriate parameters and assumptions used to calculate impairment. For example, the assumption of customer that will default, the valuation of collateral for secured lending and the expected future cash flows of loans receivable.	Our audit procedures included the assessment of key controls over the approval, recording and monitoring of loans receivable, and evaluating the methodologies, inputs and assumptions used by the Company in calculating collectively assessed expected credit losses, and assessing the adequacy of impairment allowances for individually assessed loans receivable. As part of this, we assessed the Company's estimates and assumptions used including the consistency of judgement applied in determination of the amount and timing of expected future cash flows, and consideration of economic factors and historical default rates. We also assessed whether the financial statements disclosures appropriately reflect the Company's exposure to credit risk.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REAL PEOPLE KENYA LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021

No.	Key audit matters	How our audit addressed the key audit matters
2.	**Information control systems and controls over financial reporting in the financial statements.**	
	The Company's financial and accounting and reporting systems are heavily dependent on complex systems. Significant reliance on IT systems presents a significant risk to the Company as the core system is considered complex due to multiple significant functionalities. We spent significant audit effort in the audit of these systems as part of the audit process, as it is critical for the control environment of the Company and therefore, we determined it to be a key audit matter.	Our audit procedures in this area included, among others the use of our IT auditors / specialists in: • Reviewing of IT Governance practices to access their adequacy, the existence of IT Risk assessment, and the role of IT Steering Committee and the Board of Directors; • Performing application controls testing which include configuration controls, sensitive access and segregation of duties controls, interface controls, data integrity controls and obtain reasonable assurance on the accuracy and completeness of reports; • Reviewing and accessing whether balances resulting from transactions and data processed within the Company's IT system are accurately captured and reported in the General Ledger and the Financial Statements; and • Reviewing IT security controls and business continuity practice was also reviewed.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REAL PEOPLE KENYA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REAL PEOPLE KENYA LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures 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 company 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.

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

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

In our opinion the information given in the Report of the Directors on pages 7 to 9 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Sujata Hanif Jaffer**, Practicing Certificate No. P/2609.

S. Jaffer

For and on behalf of Nexia SJ Kenya LLP
Certified Public Accountants
Nairobi

Date 26|04|2022
Ref: 2/22

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings thousand	Note(s)	2021 12 month period	2020 9 month period
Revenue	4	90,792	80,038
Other operating income	5	642	30
Recovery of impaired loans and advances		23,696	9,254
Other operating expenses		(199,738)	(166,916)
Operating loss	6	**(84,608)**	**(77,594)**
Finance income/(costs)	8	33,340	(93,846)
Loss for the period		**(51,268)**	**(171,440)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of Medium Term Note	19	912,170	-
Remeasurement of tax receivable	23	(50,837)	-
Total items that will not be reclassified to profit or loss		**861,333**	**-**
Other comprehensive income for the year net of taxation		**861,333**	**-**
Total comprehensive profit/(loss) for the period		**810,065**	**(171,440)**

Statement of Financial Position as at 31 December 2021

Figures in Shillings thousand	Notes	2021 12 month period	2020 9 month period
Assets			
Non-Current Assets			
Equipment	11	4,386	3,286
Right-of-use assets	12	21,202	26,773
Intangible assets	13	-	1,787
Tax receivable	26	215,780	266,594
		241,368	**298,440**
Current Assets			
Loans receivable	16	294,900	378,267
Trade and other receivables	15	15,653	11,133
Cash and cash equivalents	17	28,030	43,298
		338,583	**432,698**
Total Assets		**579,951**	**731,138**
Equity and Liabilities			
Equity			
Share capital and premium	18	750,000	750,000
Accumulated loss		(590,531)	(1,400,596)
		159,469	**(650,596)**
Liabilities			
Non-Current Liabilities			
Financial liabilities at fair value	19	390,930	1,341,764
Lease liabilities	12&20	16,856	19,799
		407,786	**1,361,563**
Current Liabilities			
Trade and other payables	21	6,960	13,021
Lease liabilities	12&20	5,736	7,150
		12,696	**20,171**
Total Liabilities		**420,482**	**1,381,734**
Total Equity and Liabilities		**579,951**	**731,138**

The financial statements and the notes on pages 15 to 52, were authorised and approved by the board of directors on the 26 April 2022 and were signed on its behalf by:

Statement of Financial Position as at 31 December 2021

Figures in Shillings thousand	Note(s)	2021 12 month period	2020 9 month period

EN Ndemo

TM Karanja

Statement of Changes in Equity

Figures in Shillings thousand	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 01 April 2020	**250,000**	**500,000**	**750,000**	**(1,229,156)**	**(479,156)**
Loss for the 9 month period	-	-	-	(171,440)	(171,440)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(171,440)**	**(171,440)**
12 month period Balance at 01 January 2021	**250,000**	**500,000**	**750,000**	**(1,400,596)**	**(650,596)**
Loss for the year	-	-	-	(51,268)	(51,268)
Other comprehensive income	-	-	-	861,333	861,333
Total comprehensive Loss for the year	**-**	**-**	**-**	**810,065**	**810,065**
12 month period Balance at 31 December 2021	**250,000**	**500,000**	**750,000**	**(590,531)**	**159,469**

Statement of Cash Flows

Figures in Shillings thousand	Note(s)	2021 12 month period	2020 9 month period
Cash flows from operating activities			
Cash (used in)/generated from operations	22	(40,009)	2,990
Finance income/(costs)		33,340	(54,052)
Tax received / (paid)	23	(23)	191
Net cash used in operating activities		**(6,692)**	**(50,871)**
Cash flows from investing activities			
Purchase of equipment	11	(4,219)	(247)
Sale of equipment	11	-	309
Net cash (used in)/ from investing activities		**(4,219)**	**62**
Cash flows from financing activities			
Payment on lease liabilities		(4,357)	(3,005)
Total cash movement for the year		**(15,268)**	**(53,814)**
Cash at the beginning of the year		43,298	97,112
Total cash at end of the year	17	**28,030**	**43,298**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of 2015.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Shillings, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Useful lives of equipment

Management assess the appropriateness of the useful lives of equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.3 Equipment

Equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
Computer software	Straight line	3 years
Leasehold improvements	Straight line	6 years
Advertising boards	Straight line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Depreciation method**	**Average useful life**
Computer software, internally generated	Straight line	5 years
Computer software, acquired	Straight line	3 years

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 3 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans receivable (note 16) are classified as financial assets subsequently measured at amortised cost.

1.5 Financial instruments (continued)

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the year's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

1.5 Financial instruments (continued)

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Write off policy

The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 6).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 15).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

1.5 Financial instruments (continued)

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note).

Trade and other payables

Classification

Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance income/(costs) (note 8).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Cash and cash equivalents

1.5 Financial instruments (continued)

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.6 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.7 Leases (continued)

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 6) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 12 Leases (company as lessee).

1.8 Leases (Comparatives under IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

1.9 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Dividends are recognised as a liability in the year in which they are declared.

1.11Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Lending

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.13Borrowing costs

Borrowing costs are amortised over the life of the bond.

1.14Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Shillingss by applying to the foreign currency amount the exchange rate between the Shillings and the foreign currency at the date of the cash flow.

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact

Figures in Shillings thousand

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	*Amortised cost*	*Total*	*Fair value*
Loans receivable	16	294,900	294,900	297,297
Trade and other receivables	15	15,653	15,653	15,653
Cash and cash equivalents	17	28,030	28,030	28,030
		338,583	**338,583**	**340,980**

2020

	Note(s)	*Amortised cost*	*Total*	*Fair value*
Loans receivable	16	378,267	378,267	378,267
Trade and other receivables	15	11,133	11,133	11,133
Cash and cash equivalents	17	43,298	43,298	43,298
		432,698	**432,698**	**432,698**

Figures in Shillings thousand	2021 12 month period	2020 9 month period

3. Financial instruments and risk management (continued)

Categories of financial liabilities

2021

	Note(s)	*Fair value through profit or loss - Designated*	*Amortised cost*	*Leases*	*Total*	*Fair value*
Trade and other payables	21	-	6,960	-	6,960	7,456
Finance lease obligations	12&20	-	-	22,592	22,592	26,949
Other financial liabilities at fair value	19	390,930	-	-	390,930	390,930
		390,930	**6,960**	**22,592**	**420,482**	**425,335**

2020

	Note(s)	*Fair value through profit or loss - Designated*	*Amortised cost*	*Leases*	*Total*	*Fair value*
Trade and other payables	21	-	13,020	-	13,020	13,020
Finance lease obligations	12&20	-	-	26,949	26,949	26,949
Other financial liabilities at fair value	19	1,341,764	-	-	1,341,764	1,341,764
		1,341,764	**13,020**	**26,949**	**1,381,733**	**1,381,733**

3. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

2021

	Note(s)	*Amortised cost*	*Total*
Recognised in profit or loss:			
Movement in credit loss allowances	6	23,696	23,696

2020

	Note(s)	*Amortised cost*	*Total*
Recognised in profit or loss:			
Movement in credit loss allowances	6	9,254	9,254

Figures in Shillings thousand

3. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

2021

	Note(s)	*Amortised cost*	*Leases*	*Total*
Recognised in profit or loss:				
Finance costs	8	38,664	(5,324)	33,340

2020

	Note(s)	*Amortised cost*	*Leases*	*Total*
Recognised in profit or loss:				
Finance costs	8	(91,681)	(2,165)	(93,846)

Capital risk management

	Note(s)	2021	2020
Financial liabilities at fair value	19	390,930	1,341,764
Lease liabilities	20	22,592	26,949
Trade and other payables	21	6,960	13,021
Total borrowings		**420,482**	**1,381,734**
Cash and cash equivalents	17	(28,030)	(43,298)
Net borrowings		**392,452**	**1,338,436**
Equity		159,471	(650,595)
Gearing ratio		246 %	(206)%

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.The maximum exposure to credit risk is presented in the table below:

Figures in Shillings thousand	2021 12 month period	2020 9 month period

3. Financial instruments and risk management (continued)

		2021			2020		
		Gross carrying amount	*Credit loss allowance*	*Amortised cost / fair value*	*Gross carrying amount*	*Credit loss allowance*	*Amortised cost / fair value*
Loans receivable	16	2,431,775	(2,136,875)	294,900	2,539,219	(2,160,952)	378,267
Trade and other receivables	15	15,653	-	15,653	11,133	-	11,133
Cash and cash equivalents	17	28,030	-	28,030	43,298	-	43,298
		2,475,458	**(2,136,875)**	**338,583**	**2,593,650**	**(2,160,952)**	**432,698**

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2021

		Carrying amount
Non-current liabilities		
Financial liabilities at fair value	19	390,930
Lease liabilities	20	16,856
Current liabilities		
Trade and other payables	20	6,960
Lease liabilities	20	5,736
		(420,482)

2020

		Carrying amount
Non-current liabilities		
Financial liabilities at fair value	19	1,341,764
Lease liabilities	20	19,799
Current liabilities		
Trade and other payables	21	13,020
Lease liabilities	20	7,150

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

3. Financial instruments and risk management (continued)

		(1,381,733)

4. Revenue

Revenue from contracts with customers		
Fee income	(7,833)	(28,396)
Interest income	98,625	108,434
	90,792	**80,038**

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Rendering of services		
Fees earned	(7,833)	(28,396)
Interest income from customers		
Interest income	98,625	108,434
Total revenue from contracts with customers	**90,792**	**80,038**

Timing of revenue recognition

Over time		
Rendering of services	(18,640)	5,836
Other revenue	109,432	74,202
	90,792	**80,038**

5. Other operating income

Commissions received	642	-
Staff loans recovered	-	30
	642	**30**

6. Operating loss

Operating loss for the year is stated after charging the following, amongst others:

Auditor's remuneration - external		
Audit fees	1,699	4,256
Remuneration, other than to employees		
Consulting and professional services	34,411	26,664
Secretarial services	320	271
	34,731	**26,935**

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

6. Operating loss (continued)

Employee costs

Salaries, wages, bonuses and other benefits	111,944	89,873
Relocation costs	52	155
Staff welfare	2,069	1,153
Training	733	35
Retirement benefit plans: defined contribution expense	2,683	3,658
Termination benefits	160	-
Total employee costs	**117,641**	**94,874**

Average number of persons employed during the year		
Sales and marketing	41	39
Call centre	10	12
Credit	2	2
Executive	2	2
Finance	2	3
Head Office and administration	2	6
Human resources	2	1
Information technology	2	2
Legal	2	2
Vetting	1	2
	66	**71**

Leases

Short term leases	1,311	3,895
Total lease expenses	**1,311**	**3,895**

Depreciation and amortisation		
Depreciation of equipment	3,118	3,579
Depreciation of right-of-use assets	5,685	3,214
Amortisation of intangible assets	1,787	6,340
Total depreciation and amortisation	**10,590**	**13,133**

Impairment of loans and advances		
Loans receivables at amortised cost	(23,696)	(9,254)

Expenses by nature

The total selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

6. Operating loss (continued)

Employee costs	117,641	94,874
Lease expenses	1,311	3,895
Depreciation, amortisation and impairment	10,590	13,133
Other expenses	70,196	55,014
	199,738	**166,916**

7. Employee costs

Employee costs		
Basic	98,114	81,092
Commissions	2,087	872
Bonus	1,008	1,788
Medical aid - company contributions	10,831	8,766
Other payroll levies	176	157
Leave pay provision charge	(272)	(2,802)
Relocation costs	52	155
Staff welfare	2,069	1,153
Training	733	35
Retirement benefit plans	2,683	3,658
Termination benefits	160	-
	117,641	**94,874**

8. Finance income/(costs)

Lease liabilities	5,324	2,165
Interest expense 5 year bond	(30,739)	59,388
Interest expense 3 year bond	(7,925)	15,311
Amortisation of issue cost	-	11,100
Amortisation of discount	-	5,882
Total finance costs	**(33,340)**	**93,846**

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

9. Directors' emoluments

Non-executive

2021

Directors' emoluments	*Fees for services as director*	*Total*
Services as director or prescribed officer		
YM Godo	1,530	1,530
TM Karanja	1,530	1,530
EN Ndemo	1,700	1,700
Total	**4,760**	**4,760**

2020

Directors' emoluments	*Fees for services as director*	*Total*
Services as director or prescribed officer		
YM Godo	984	984
TM Karanja	1,215	1,215
CH Kocks	325	325
EN Ndemo	1,350	1,350
BH Pieters	833	833
Total	**4,707**	**4,707**

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

10. Taxation

Major components of the tax expense

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(51,268)	(171,440)
Tax at the applicable tax rate of 30% (2020: 25%)	(15,380)	(42,860)
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	10,415	23,033
Income not subject to tax	(3,369)	(70)
Deferred tax not recognised	8,334	19,897
	-	-

The normal procedure for agreeing final income tax liability in Kenya involves the Company filing its final income tax returns with the Kenyan Revenue Authority (KRA) followed by KRA performing their own review of the Company's submissions and issuing their notice of income tax assessments to the Company. The final income tax liability as determined by KRA after their review may differ from the liability determined by the Company and procedures are in place for the Company to object and appeal against such assessments.
It is common that a time frame from the Company's own submission of its final tax returns and for KRA performing their review and issuing of notice of final tax assessment may take months or years.

The financial statements indicate that the company has an amount receivable from the Kenya Revenue Authority of KES 215 million for prior years overpayments of taxes. The refund claim has been filed with the Kenya Revenue Authority and as at the date of this report, it is uncertain when the matter will be settled as this is dependent on audit by Kenya Revenue Authority.

11. Equipment

	2021			2020		
	Cost or revaluation	*Accumulated depreciation*	*Carrying value*	*Cost or revaluation*	*Accumulated depreciation*	*Carrying value*
Furniture and fixtures	43,837	(43,375)	462	43,811	(41,148)	2,663
Office equipment	10,933	(10,831)	102	10,933	(10,726)	207
Computer software	72,471	(68,649)	3,822	68,372	(67,956)	416
Total	**127,241**	**(122,855)**	**4,386**	**123,116**	**(119,830)**	**3,286**

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

11. Equipment (continued)

Reconciliation of equipment - 2021

	Opening balance	*Additions*	*Depreciation*	*Total*
Furniture and fixtures	2,663	120	(2,321)	462
Office equipment	206	-	(104)	102
Computer software	416	4,099	(693)	3,822
	3,285	**4,219**	**(3,118)**	**4,386**

Reconciliation of equipment - 2020

	Opening balance	*Additions*	*Disposals*	*Depreciation*	*Total*
Furniture and fixtures	5,775	-	(4)	(3,108)	2,663
Office equipment	318	221	(135)	(197)	207
Computer software	664	26	-	(274)	416
	6,757	**247**	**(139)**	**(3,579)**	**3,286**

12. Right of use assets

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings	21,202	26,773

Additions to right-of-use assets

Leasehold property	1,417	26,773

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 6), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	5,685	3,214

Other disclosures

Interest expense on lease liabilities	5,324	2,165
Expenses on short term leases included in operating expenses	1,311	3,895

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

12. Right of use assets (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Non-current liabilities	16,856	19,799
Current liabilities	5,736	7,150
	22,592	**26,949**

13. Intangible assets

	2021			2020		
	Cost / Valuation	*Accumulated amortisation*	*Carrying value*	*Cost / Valuation*	*Accumulated amortisation*	*Carrying value*
Computer software, internally generated	62,556	(62,556)	-	62,556	(60,769)	1,787

Reconciliation of intangible assets - 2021

	Opening balance	*Amortisation*	*Total*
Computer software, internally generated	1,787	(1,787)	-

Reconciliation of intangible assets - 2020

	Opening balance	*Amortisation*	*Total*
Computer software, internally generated	8,127	(6,340)	1,787

14. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement.

Unrecognised deferred tax asset

Equipment	(8,993)	8,928
Provisions for leave days	625	869
Provisions for loans and advances	641,062	648,748
Tax losses	(180,673)	105,824
Provision for bonus	-	303
Right of use assets	34	72
	452,055	**764,744**

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

15. Trade and other receivables

Financial instruments:		
Trade receivables	13,422	7,876
Deposits	2,119	3,124
Staff advances	112	133
Total trade and other receivables	**15,653**	**11,133**

Split between non-current and current portions

Current assets	15,653	11,133

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	15,653	11,133

Exposure to currency risk

The net carrying amounts, in Shillings, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Shillings by converting the foreign currency amount at the closing rate at the reporting date.

Shillings Amount		
Shillings	15,653	11,133

16. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

Performing advances	290,182	387,806
Non-performing advances	2,141,593	2,151,413
Provision for impairment	(2,136,875)	(2,160,952)
	294,900	**378,267**

Split between non-current and current portions

Current assets	294,900	378,267

Figures in Shillings thousand	2021 12 month period	2020 9 month period

16. Loans receivable (continued)

Exposure to credit risk

Loans receivable inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

Reconciliation of loss allowances

The following tables show the movement in the loss allowances for loans receivable. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

Opening balance	**(2,160,952)**	**(2,170,206)**
Transfer (to) from lifetime expected credit losses (credit impaired)	24,077	9,254
Closing balance	**(2,136,875)**	**(2,160,952)**

Non-performing advances: Loss allowance measured at lifetime ECL (credit impaired):

Changes due to investments recognised at the beginning of the reporting period:		
Performing loan (PL0)	2,227	6,701
Performing loan (PL1)	182	100
Performing loan (PL2)	458	104
Performing loan (PL3)	458	1,536
Non performing loan (NPL)	3,740	45,067
Non performing loan (NPL +180 days)	2,129,810	2,107,444
Gross carrying amount at end of reporting period	**2,136,875**	**2,160,952**

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

16. Loans receivable (continued)

Exposure to currency risk

Shillings amount		
Shillings	294,900	378,267

Fair value of loans receivable

The fair value of approximates their carrying amounts.

17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	373	387
Bank balances	27,657	42,911
	28,030	**43,298**

Exposure to currency risk

Shillings amount		
Shillings	28,030	43,298

18. Share capital and premium

Authorised		
2,500,000 Ordinary shares of KES 1 each	250,000	250,000
Issued		
Ordinary	250,000	250,000
Share premium	500,000	500,000
	750,000	**750,000**

19. Financial liabilities at fair value

At amortised cost		
Medium term notes	390,930	1,341,764

Figures in Shillings thousand	2021 12 month period	2020 9 month period

19. Financial liabilities at fair value (continued)

At a meeting of the note holders held on 21 Deccember 2021, of the KES 267,100,000 3 year and KES 1,036,000,000 5-year Senior Unsecured Notes due 2019 and 2020 respectively, the noteholders, by means of extraordinary resolutions resolved that:
(i) Seventy per cent. (70%) of the principal amount of each outstanding Note (the said 70% hereinafter the Forgiven Debt) be waived, cancelled and forgiven, and each Noteholder hereby waives cancels and forgives payment by the Issuer of the Forgiven Debt and further waives any claim or demand with respect to the Forgiven Debt (the reduced Notes hereafter (excluding the Forgiven Debt) hereafter referred to as the Restructured Notes).
(ii) The Maturity Date for the Restructured Notes be extended to 28 February 2025.
(iii) The principal amount outstanding on the Restructured Notes shall be redeemed in three (3) equal tranches on 28 February 2023; 28 February 2024; and 28 February 2025.
(iv) The Issuer shall utilise any proceeds of any tax refund received by it from the Kenya Revenue Authority towards the settlement of the outstanding principal amount of the Restructured Notes. The Issuer shall make such payment as soon as possible upon receipt of the tax refund, but in any event no later than fourteen (14) days after such receipt. Upon such redemption, the outstanding amount of the Restructured Notes shall be redeemed, mutatis mutandis in accordance with the schedule set out in this resolution 2(iii).
(v) The interest accrued and payable on the Restructured Notes for the period commencing 3 August 2020 and ending on 28th February 2022 be and is hereby waived.
(vi) Interest on the outstanding principal amount of the Restructured Notes shall begin accruing with effect from 1 March 2022.

Split between non-current and current portions

Non-current liabilities	390,930	1,341,764

Details of movement

Principal waived	912,170
Accrued interest waived from prior period	38,664
	950,834

Exposure to currency risk

The carrying amounts of financial liabilities at fair value, in Shillings, are denominated in the following currencies. The amounts have been presented in Shillings by converting the foreign currency amount at the closing rate at the reporting date.

Shillings amount		
Shillings	390,930	1,341,764

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

20. Lease liabilities

Minimum lease payments due		
- within one year	8,637	8,413
- in second to fifth year inclusive	22,443	26,387
	31,080	34,800
less: future finance charges	(9,878)	(7,851)
Present value of minimum lease payments	**21,202**	**26,949**
Present value of minimum lease payments due		
- within one year	5,736	7,150
- in second to fifth year inclusive	16,856	19,799
	22,592	**26,949**
Current liabilities	5,736	7,150
Non-current liabilities	16,856	19,799
	22,592	**26,949**

21. Trade and other payables

Financial instruments:		
Trade payables	-	60
Accrued leave pay	2,083	2,427
Accrued expenses	4,902	6,895
Salary control accounts	2,970	3,706
Assurance control accounts	(2,454)	144
Other payables	(541)	(211)
	6,960	**13,021**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	6,960	13,020

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

22. Cash (used in)/generated from operations

	2021	2020
Loss before taxation	(51,268)	(171,440)
Adjustments for:		
Depreciation and amortisation	10,590	13,133
Gain on disposal of assets	-	(170)
Finance income/(costs)	(33,340)	81,413
Net impairments and movements in credit loss allowances	(23,696)	(9,254)
Movements in medium term notes	912,170	-
Haircut on bond	(912,170)	-
Amortisation of discount	-	5,882
Amortisation of issue cost	-	4,386
Changes in working capital:		
Trade and other receivables	(4,520)	(1,874)
Trade and other payables	(6,060)	(2,270)
Advances to customers	68,285	83,184
	(40,009)	**2,990**

23. Tax refunded (paid)

	2021	2020
Balance at beginning	266,594	273,499
Current tax recognised in profit or loss	-	-
Prior period adjustment (withholding tax)	-	(6,714)
Remeasurement of tax receivable	(50,837)	-
Balance at end	(215,780)	(266,594)
	(23)	**191**

24. Related parties

Relationships

Ultimate holding company	The GVR Trust
Holding company	Real People Holdings International Limited

	2021	2020
Compensation to directors and other key management		
Short-term employee benefits	4,760	4,706

25. Going concern

The company incurred a loss for the year of KES 51,268,000 for the year ended 31 December 2021, and has an accumulated loss position on its statement of financial position of KES 590,530,000. However, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Medium Term Notes have been restructured as per Note 19 and the investor agreements are in the final stages.

Notes to the Financial Statements

Figures in Shillings thousand	2021 12 month period	2020 9 month period

26. Tax receivable

Composition of balance		
Overpaid taxes 2014	2,600	36,795
Overpaid taxes 2015	74,379	96,610
Overpaid taxes 2016	71,334	65,745
Assessed refund 2016	67,019	67,019
Withholding tax	253	425
Turnover tax paid to be set off	195	-
	215,780	**266,594**

Notes to the Financial Statements

27. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2021

	Opening balance	*Interest written off*	*Restatement of capital*	*Interest expense*	*New leases*	*Other non-cash movements*	*Total non-cash movements*	*Cash flows*	*Closing balance*
3 year notes	275,026	(7,926)	(186,970)	-	-	-	(194,896)	-	80,130
5 year notes	1,066,738	(30,738)	(725,200)	-	-	-	(755,938)	-	310,800
Finance lease liabilities	26,949	-	-	3,778	1,417	241	5,436	(9,793)	22,592
	1,368,713	**(38,664)**	**(912,170)**	**3,778**	**1,417**	**241**	**(945,398)**	**(9,793)**	**413,522**
Total liabilities from financing activities	**1,368,713**	**(38,664)**	**(912,170)**	**3,778**	**1,417**	**241**	**(945,398)**	**(9,793)**	**413,522**

Reconciliation of liabilities arising from financing activities - 2020

	Opening balance	*Discount amortised*	*Issue cost amortised*	*Interest expense*	*New leases*	*Total non-cash movements*	*Cash flows*	*Closing balance*
3 year notes	270,794	-	-	15,311	-	15,311	(11,079)	275,026
5 year notes	1,040,055	5,882	4,386	59,388	-	69,656	(42,973)	1,066,738
Finance lease liabilities	4,442	-	-	2,165	25,513	27,678	(5,171)	26,949
	1,315,291	**5,882**	**4,386**	**76,864**	**25,513**	**112,645**	**(59,223)**	**1,368,713**
Total liabilities from financing activities	**1,315,291**	**5,882**	**4,386**	**76,864**	**25,513**	**112,645**	**(59,223)**	**1,368,713**