

**KANISA HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING 31ST DECEMBER 2019**

**KANISA HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2019**

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**KANISA HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31ST DECEMBER 2019**

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**CORPORATE INFORMATION**

**Directors**

Ann Kioi  
Salome Kihara  
Boniface Maina  
Nelson Opany  
Sandra Nyanchama

**Company Secretary**

Caroline Wangari Mwaura  
Mwangi & Mwaura Advocates  
Kiprop Centre, 6th Floor  
Sports Road  
P. O. Box 11762- 001100

**Independent Auditor**

Erastus HAE and Partners  
Certified Public Accountants  
Nelleon Centre - Thika  
P.O.Box 118-00300 Ronald Ngala  
Nairobi

**Principal Place of Business**

AACC Desmond Tutu Conference Centre (1st Floor)  
Waiyaki Way, opposite Safaricom House  
P. O. Box 1210 - 00606  
Sarit Centre

**Principal Bankers**

Commercial Bank of Africa  
Westlands Branch  
P.O Box 30437- 00100  
Nairobi, Kenya

**KANISA HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**REPORT OF THE DIRECTORS**

**Directorate**

The directors submit their report together with the audited financial statements for the year ended 31st December 2019 which disclose the state of affairs of the company.

**Incorporation**

The company is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of the registered office is set out on page 1.

**Principal activities**

The principal activity of the company is that of an investment holding company; holding for returns on a long term basis.

<b>Results</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Profit before tax	22,482	6,459
Income tax charge	<u>(6,745)</u>	<u>(1,938)</u>
<b>Profit for the year transferred to retained earnings</b>	<b><u>15,737</u></b>	<b><u>4,521</u></b>

**Dividends**

The directors do not recommend the declaration of dividends for the year.

**Directors**

The directors who served during the year are set out on page 1.

**Statement of disclosure to the company's auditor**

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Business review**

The company buys large parcels of land, subdivides and sells the subdivided parcels / plots to members and non-members of Kanisa SACCO Limited.

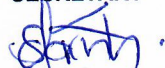
The economic activity in Kenya moderated in 2019, primarily due to lower agricultural output and considerably weak private sector investment. This weak investment severely affected the Company's performance as there was low uptake on the already existing projects. Further the hard economic times made members to withdraw from the already existing projects thus resulting to marketing already closed projects. Cumulatively this weakened SACCO members' investments ability. As a result of these challenges, the company did not launch any new project but continued with the sale of the remaining plots at Koma Shrine View project as well as reselling plots that had been taken through KHL loans that were defaulted, and return huge amounts of cash to Kanisa SACCO. This to some extent contributed to non-materialization of the returns on investments that were expected from KHL. The company has planned to mitigate these risks through diversification as indicated in its strategic plan 2020-2022.

**Terms of appointment of the auditor**

Erastus HAE & Partners Certified Public Accountants continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of Ksh 60,000 has been charged to profit or loss in the year.

By order of the Board

**SECRETARY**



Date: 14 FEB 2020

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**STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the 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; disclose, with reasonable accuracy, the financial position of the company; and enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for;

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

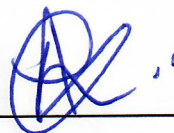
Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

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

Approved by the board of directors on 14 FEB 2020 2020 and signed on its behalf by:

ANN KIDU

Director



Signature

SONFACI MARIWA

Director



Signature

## **REPORT OF THE INDEPENDENT AUDITORS**

### **TO THE MEMBERS OF**

### **KANISA HOLDINGS LIMITED**

#### **Opinion**

We have audited the financial statements of Kanisa Holdings Limited, set out on pages 6 to 15 which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, statements of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31st December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

#### **Basis for opinion**

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

#### **Other information**

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

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

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

#### **Responsibilities of Directors and those charged with Governance for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **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.



## REPORT OF THE INDEPENDENT AUDITOR (continued)

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.
- 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.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that they may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's balance sheet and the income statement are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is Erastus Ochieng Ageda. P/No. 1949.

Erastus HAE & Partners Certified Public Accountants  
P.O. Box 118 - 00300, Nairobi

14 February, 2020

Erastus HAE & Partners



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STATEMENT OF COMPREHENSIVE INCOME

		2019	2018
	Note	Kshs	Kshs
Project income	2	4,020,000	8,580,000
Direct project costs	12	<u>(3,235,330)</u>	<u>(7,384,585)</u>
Gross income		<b>784,670</b>	<b>1,195,415</b>
Interest and other income	3	37,251	80,708
Administrative expenses	13	(776,671)	(1,255,044)
Finance cost	14	<u>(22,768)</u>	<u>(14,620)</u>
<b>Total expenditure</b>		<b><u>(799,439)</u></b>	<b><u>(1,269,664)</u></b>
<b>Profit before tax</b>		<b>22,482</b>	<b>6,459</b>
Income tax charge	9	<u>(6,745)</u>	<u>(1,938)</u>
<b>Profit after tax</b>		<b><u><u>15,737</u></u></b>	<b><u><u>4,521</u></u></b>



## ANNUAL REPORT AND FINANCIAL STATEMENTS

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## STATEMENT OF FINANCIAL POSITION

	Note	2019 Kshs	2018 Kshs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	5	70,306	92,572
Investment property	17	1,076,190	1,299,047
		<u>1,146,496</u>	<u>1,391,619</u>
<b>Current Assets</b>			
Property held for sale	4	3,681,818	5,890,909
Trade and other receivables	8	1,741,225	2,753,392
Cash and cash equivalents	6	2,587,468	2,749,585
		<u>8,010,510</u>	<u>11,393,886</u>
<b>TOTAL ASSETS</b>		<u><u>9,157,006</u></u>	<u><u>12,785,505</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	7	1,000,000	1,000,000
Retained earnings	10	2,030,761	2,315,024
Dividends payable	11	700,000	700,000
		<u>3,730,761</u>	<u>4,015,024</u>
<b>Current Liabilities</b>			
Payables and accrued charges	15	5,419,500	8,768,542
Tax payable	9(b)	6,745	1,938
		<u>5,426,245</u>	<u>8,770,480</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,157,006</u></u>	<u><u>12,785,505</u></u>

The financial statements were approved and authorised for issue by the board of directors on 14 FEB 2020 and were signed on its behalf by:

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 DIRECTOR

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 DIRECTOR

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

## STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs	Retained Earnings Kshs	Proposed dividends Kshs	Total Kshs
<b>Year ended 31st December 2018</b>				
<b>As at 1st January 2018</b>	1,000,000	2,087,646	1,500,000	4,587,646
Dividends paid during the year	-	-	(800,000)	(800,000)
Prior Year Adjustment Note 15	-	222,857	-	222,857
Net profit for the year	-	4,521	-	4,521
<b>As at 31st December 2018</b>	<b>1,000,000</b>	<b>2,315,024</b>	<b>700,000</b>	<b>4,015,024</b>
<b>Year ended 31st December 2019</b>				
<b>As at 1st January 2019</b>	<b>1,000,000</b>	<b>2,315,024</b>	<b>700,000</b>	<b>4,015,024</b>
Net profit for the year	-	15,737	-	15,737
Prior Year Adjustment Note 15	-	(300,000)	-	(300,000)
<b>As at 31st December 2019</b>	<b>1,000,000</b>	<b>2,030,761</b>	<b>700,000</b>	<b>3,730,761</b>

ANNUAL REPORT AND FINANCIAL STATEMENTS  
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## STATEMENT OF CASH FLOWS

	Note	2019 Kshs	2018 Kshs
<b>Cash flows from operating activities</b>			
Profit before income tax		22,482	6,459
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	5	22,266	30,685
Prior year adjustment		-	222,857
Interest received	3	-	(24,708)
<b>Operating profit before working capital changes</b>		<b>44,748</b>	<b>235,293</b>
Increase in:			
Property held for sale	4	2,209,091	(3,865,194)
Trade and other receivables	8	1,012,167	(991,242)
Payables and accrued charges	15	(3,349,042)	7,629,542
<b>Cash used in operations</b>		<b>(127,784)</b>	<b>2,773,106</b>
Tax paid		(1,938)	(46,160)
Interest received	3	-	24,708
<b>Net cash used in operating activities</b>		<b>(129,722)</b>	<b>2,751,654</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current assets	5	-	-
Proceeds from disposal of investment property		222,857	-
<b>Net cash generated from investing activities</b>		<b>222,857</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Dividends paid		-	(800,000)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(800,000)</b>
<b>Net (decrease) /increase in cash and cash equivalents</b>		<b>137,883</b>	<b>2,186,947</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,749,584</b>	<b>562,638</b>
<b>Cash and cash equivalents at the end of the year</b>	6	<b>2,887,468</b>	<b>2,749,584</b>

1) **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Basis of preparation**

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention as modified for the revaluation of certain property, plant and equipment and fair value adjustments to investment property and financial instruments.

b) **Revenue recognition**

Revenue is recognised at fair value of the consideration received / receivable from the sale of the parcels of land in the normal course of business. Interest and other income is recognised and accounted for on accruals basis.

c) **Trade and other receivables**

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

A provision for impairment is recognised in the statement of comprehensive income in the period when recovery of the amount due as per the original terms is considered doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income in the period of recovery.

d) **Income tax**

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

**Current tax**

Current income tax is the amount of income tax payable on the taxable profit for the year and any adjustment to tax payable in respect of prior years, determined in accordance with the fiscal laws of Kenya.

**Deferred tax**

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

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

e) **Cash and cash equivalents**

For purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

f) **Related parties**

Transactions entered into with related parties are at arms length and in the normal course of business.

g) **Trade and other payables**

Payables are recorded at their undiscounted amount of cash and cash equivalents expected to be paid or the fair value of the consideration received in exchange of the obligation.

**KANISA HOLDINGS LIMITED**

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NOTES TO THE FINANCIAL STATEMENTS**

**h) Property, plant, and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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

Leasehold land is depreciated over the remaining period of the lease.

Depreciation on other assets is calculated on the reducing balance/ straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<b>Rate %</b>
Furniture and equipment	12.50
Computer and accessories	30.00

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

**i) Investment property (cost model)**

Leasehold land, is initially recognised at cost including the transaction costs. It is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method to write down the cost of the property to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
<b>Land</b>	Nil

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

The properties residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The properties carrying amounts are written down immediately to their recoverable amount if the carrying amount is greater than their estimated recoverable amount.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining operating profit/(loss).

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>2 Direct project sales</b>		
Koma Shrine	2,970,000	2,970,000
Koma Hill	-	1,060,000
Isinya 2	1,050,000	4,550,000
	<u><b>4,020,000</b></u>	<u><b>8,580,000</b></u>
<b>3 Interest and other income</b>		
Project registration fees	30,000	56,000
Money market interest income	7,251	24,708
	<u><b>37,251</b></u>	<u><b>80,708</b></u>
<b>4 Land (held for sale)</b>		
Plots at Isinya 1 held for sale as common areas in future (5 plots at cost)	853,333	853,333
Plots at Isinya 2 held for sale (2 plots at cost)	222,857	445,714
	1,076,190	1,299,047
Transfer to investment property (Note 16)	(1,076,190)	(1,299,047)
Koma Shrine Plots held for sale (10 plots at cost)	3,681,818	5,890,909
	<u><b>3,681,818</b></u>	<u><b>5,890,909</b></u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

5 Property, plant & equipment	Computer and Accessories	Office equipment	Total
Cost	Kshs	Kshs	Kshs
As at 1 January 2019	178,168	57,650	235,818
Additions	-	-	-
<b>As at 31 December 2019</b>	<b>178,168</b>	<b>57,650</b>	<b>235,818</b>
<b>Depreciation</b>			
As at 1 January 2019	117,056	26,190	143,246
Charge for the year	18,334	3,932	22,266
As at 31 December 2019	135,390	30,123	165,512
<b>Net book value</b>			
<b>As at 31 December 2019</b>	<b>42,778</b>	<b>27,527</b>	<b>70,306</b>
<b>As at 31 December 2018</b>	<b>61,112</b>	<b>31,460</b>	<b>92,572</b>
		<b>2019</b>	<b>2018</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>6 Cash and cash equivalents</b>			
Cash at bank		2,563,752	2,436,508
Cash in hand		3,756	98
Marketable securities		19,960	312,979
		<b>2,587,468</b>	<b>2,749,585</b>
<b>7 Share capital</b>			
<b>Authorized</b>			
10,000 Ordinary shares of Kshs 100 each		<b>1,000,000</b>	<b>1,000,000</b>
<b>Issued and fully paid</b>			
10,000 Ordinary shares of Kshs 100 each		<b>1,000,000</b>	<b>1,000,000</b>
<b>8 Trade and other receivables</b>			
Receivables from Kantafu project		170,962	625,392
Receivables from Isinya 2 project		444,500	1,234,000
Receivables from Koma Hill		233,763	2,000
Receivables from Koma Shrine		892,000	892,000
		<b>1,741,225</b>	<b>2,753,392</b>



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>9 Income tax</b>		
<b>a) Income tax expense</b>		
Current tax	6,745	1,938
Deferred tax	-	-
	<u><b>6,745</b></u>	<u><b>1,938</b></u>
Reconciliation of tax charge to expected tax based on accounting profit:		
<b>Net profit for the year before income tax</b>	<u><b>22,482</b></u>	<u><b>6,459</b></u>
Income tax at 30%	6,745	1,938
Tax effect of expenses not deductible for tax purposes	-	-
	<u><b>6,745</b></u>	<u><b>1,938</b></u>
<b>c) Balance sheet</b>		
Balance brought forward		46,160
Tax paid for previous year	-	(46,160)
Provision for the year	-	1,938
<b>Tax paid for the current year</b>	<u><b>-</b></u>	<u><b>1,938</b></u>
<b>10 Retained earnings</b>		
	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
As at 1st January 2019	2,315,024	2,087,646
Prior Year Adjustment Note 16	(300,000)	222,857
Net profit for the period	15,737	4,521
<b>As at 31st December 2019</b>	<u><b>2,030,761</b></u>	<u><b>2,315,024</b></u>
<b>11 Dividends payable</b>		
As at 1st January 2019	700,000	1,500,000
Dividends paid during the year	-	(800,000)
<b>As at 31st December 2019</b>	<u><b>700,000</b></u>	<u><b>700,000</b></u>

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31ST DECEMBER 2019

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019 Kshs Koma Shrine	2019 Kshs Koma Hill	2019 Kshs Isinya I	2019 Kshs Kantafu	2019 Kshs Isinya II
<b>12 Direct project costs</b>					
Cost of prior year plots sold in year 2019	2,209,091	-	-	-	222,857
Borehole Expenses	-	-	35,000	-	-
Site visits expenses	83,272	-	-	-	17,110
Discount	5,000	20,000	-	-	-
Survey costs	418,000	75,000	-	100,000	50,000
	<b>2,715,363</b>	<b>95,000</b>	<b>35,000</b>	<b>100,000</b>	<b>289,967</b>
<b>13 Administrative expenses</b>				<b>2019 Kshs</b>	<b>2018 Kshs</b>
BOD transport expenses and reimbursements				131,460	205,500
Annual General meeting expenses				100,500	156,370
Legal fees				45,000	45,000
Office travelling expenses				-	47,000
Land search and transport costs				7,080	60,990
Communication and marketing costs				13,900	42,575
Salaries and wages (KHL refunds to SACCO)				-	300,000
Office cleaning expenses				23,000	20,700
Office supplies				21,320	410
Printing costs				-	400
Office rent				120,645	90,484
Audit fees				60,000	60,000
Other meeting expenses				-	8,040
Strategic plan development				75,000	9,890
Sub committees Expenses				76,500	107,000
Biannual brainstorming sessions				-	35,000
Education to BOD				80,000	35,000
Depreciation				22,266	30,685
				<b>776,671</b>	<b>1,255,044</b>
<b>14 Finance costs</b>				<b>22,768</b>	<b>14,620</b>
Bank charges					
<b>15 Payables and accrued charges</b>					
Payable to Koma Shrine land vendor				-	6,480,000
Kantafu expenses				264,500	164,500
Koma Hill survey costs (accrued)				75,000	-
Isinya 2 survey costs (accrued)				50,000	-
Refunds for defaulted KHL Property loans				4,670,000	2,064,042
Refunds on expenses to Kanisa SACCO				300,000	-
Audit Fees				60,000	60,000
				<b>5,419,500</b>	<b>8,768,542</b>
<b>16 Prior year adjustment</b>					
Refunds on expenses to Kanisa SACCO				(300,000)	222,857

**KANISA HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31ST DECEMBER 2019**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	Plots at Isinya 1 (common areas constituting 5 plots at cost)	Plots at Isinya 2 (2 plots at cost)	Total
	Kshs	Kshs	Kshs
<b>17 Investment property (cost model)</b>			
<b>Year ended 31 December 2019</b>			
<b>Cost</b>			
At start of year	853,333	445,714	1,299,047
Additions	-	-	-
Disposals	-	(222,857)	(222,857)
<b>Net book value</b>	<b>853,333</b>	<b>222,857</b>	<b>1,076,190</b>
<b>Year ended 31 December 2018</b>			
<b>Cost</b>			
At start of year	-	-	-
Transfers from/(to) property held for sale (inventories)- (Note 4)	853,333	445,714	1,299,047
Additions	-	-	-
Disposals	-	-	-
<b>Net book value</b>	<b>853,333</b>	<b>445,714</b>	<b>1,299,047</b>

**18 Incorporation**

The company is domiciled and incorporated in Kenya under the Companies Act.

19 The financial statements are presented in Kenya Shillings (Kshs). The financial statements are rounded off to the nearest one Kenya shilling.

**20 Significant judgement and key sources of estimation uncertainty**

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

**21 Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The changes in presentation were effected as a result of the reclassification of certain parcels of land from inventories held for sale IAS 2 (Inventories) to IAS 40 (investment property). The reclassification adjustments have been undertaken in line with IAS 8 (Accounting policies, changes in accounting estimates and errors).

**KANISA HOLDINGS LIMITED****INCOME TAX COMPUTATION****YEAR OF INCOME 2019**

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**PIN: P051503327W**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Net profit as per the income statement	22,482	6,459
Add back:		
Penalties	-	-
Depreciation	<u>22,266</u>	<u>30,685</u>
	<b>44,748</b>	<b>37,144</b>
Less: Wear and tear	<u>(22,266)</u>	<u>(30,685)</u>
	<u>22,482</u>	<u>6,459</u>
<b>Income tax @ 30%</b>	<b><u>6,745</u></b>	<b><u>1,938</u></b>