

**KIMISITU INVESTMENT COMPANY PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018**

KIMISITU INVESTMENT COMPANY PLC

(A Public company limited by shares)

Report and Financial Statements for the Year Ended 31st December 2018

CONTENTS

	Page
Company's information	1
Report of the Directors'	2
Statement of Directors' responsibilities	3
Report of the independent Auditor	4 - 5
Financial statements:	
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 17
Supplementary Information	
Schedule of expenditure	Appendix I-II
Tax computation	Appendix III

COMPANY INFORMATION

Directors	Mr. Ernest Mungai Gatoru	Chairperson
	Mr. Stanley M.Gachui	Vice Chairperson
	Mr. Laban Musundi	Board Secretary (Served until April 2018)
	Ms. Gladys Kalimi	Director (Served from April 2018)
	Mr. Jacob Mwisyo	Director
	Ms. Lucy Wangari Mwangi	Director
	Ms. Angela Nyanjong	Director (Served until April 2018)
	Mr. Danson Idi Pembere	Director
	Mr. Patrick Alubbe	Director (Served from April 2018)
	Mr. Isaac Ochieng Odul	Director - Kimisitu SACCO Nominee
Company Secretary	Gilbert Nyamweya Omoke Certified Public Secretary P.O Box 20621-00100 CPS No.2274	
Registrar	Co-operative Bank of Kenya Registrar Services	
Auditor	UHY Kenya Centro House Ring Road - Westlands P.O. Box 13550 - 00800 Nairobi.	
Registered office	Woodlands Court,House No.10 Woodlands Court,Kilimani P.O. Box 37159-00200 - 00100 Nairobi.	
Principal Bankers	Kenya Commercial Bank Limited Moi Avenue Branch, P.O. Box 48231 - 00100 Nairobi.	
	Co-operative Bank of Kenya Nairobi Business Center Branch P.O Box 3259-00100 Nairobi.	

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st December 2018 which disclose the state of affairs of the company.

1. Principal activities

The principal activity of the company is purchase and selling of land, leasing of properties and mortgaging of properties.

2. Results

The results for the year ended 31st December 2018 are out on page 6.

3. Dividends

The directors have recommend payment of a dividend of Kshs 0.60 per share.

4. Directors

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

5. Statement of disclosure to the company 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 auditor is unaware : and

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

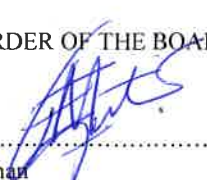
6. Terms and appointment of the auditor

UHY Kenya 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.

7. Approval of the financial statements

The financial statements were approved at a meeting of the directors held on 22/2/ 2019.

BY ORDER OF THE BOARD


.....
Chairman

Date: 22/2/ 2019.

Report and Financial Statements for the Year Ended 31st December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard 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 internal controls relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments 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 22 / 2 / 2019 and signed on its behalf by;

Chairman

Date

Director

Date

Director

Date

Independent Auditors Report

Page 4

To the members of Kimisitu Investment company Limited
For the year ended 31 December 2018

Opinion

We have audited the accompanying financial statements of Kimisitu Investments company Limited, set out on pages 6 to 15 which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2018 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 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.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small and Medium - sized Entities (IFRS for SMEs) 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.



A member of UHY international, a network of independent
accounting and consulting firms
Website: www.uhy.com, www.uhy-ke.com

Independent Auditors Report
To the members of Kimisitu Investments Limited
For the year ended 31 December 2018

Page 5

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.
- 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 legal requirements

In our opinion the information given in the report of the directors on page 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Daniel Kagunda Kabiru - Practicing Certificate No. 1904.

UHY Kenya
Certified Public Accountants (K)
Nairobi.

Date.....*21 March*.....2019

STATEMENT OF PROFIT AND LOSS AND RETAINED EARNINGS

INCOME FROM OPERATIONS	NOTES	2018 Kshs.	2017 Kshs.
Net income from sale of property	2 (a)	29,273,177	43,768,998
Other income	2 (b)	2,934,719	2,177,291
TOTAL OPERATIONS INCOME		32,207,897	45,946,289
EXPENDITURE			
Administration and operational expenses	Appendix I	12,197,056	8,844,645
Staff costs	Appendix II	16,218,467	16,184,975
Governance costs	Appendix II	3,074,496	4,991,779
TOTAL COSTS		31,490,018	30,021,398
PROFIT FROM OPERATIONS BEFORE TAX		717,878	15,924,891
Taxation	6	(363,425)	(4,936,126)
PROFIT AFTER TAXATION		354,454	10,988,765
PROPOSED DIVIDEND		4,798,391	9,567,731

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

ASSETS	NOTES	2018 Kshs.	2017 Kshs.
Non-current assets	4(i)	10,331,800	8,643,122
Investment property	4(i)	2,421,944	2,421,944
Intangible asset-operating software system	4(ii)	-	764,703
Non-current sssets held for sale	5	136,397,889	105,023,208
		149,151,633	116,852,977
CURRENT ASSETS			
Trade and other accounts receivables	7	26,412,280	41,934,704
Prepayments	8	2,611,071	2,514,262
Tax prepaid	6	5,248,027	-
Cash and cash equivalents	9	23,463,837	31,544,193
		57,735,216	75,993,160
TOTAL ASSETS		206,886,849	192,846,137
EQUITY & LIABILITIES			
Share capital		79,943,180	79,943,180
Share premium		19,591,251	19,591,251
Retained earnings		(1,222,425)	9,270,595
TOTAL EQUITY		98,312,006	108,805,026
CURRENT LIABILITIES			
Trade and other payables	10	108,574,843	83,400,853
Corporation tax payable	6	-	640,259
		108,574,843	84,041,111
TOTAL EQUITY & LIABILITIES		206,886,849	192,846,137

The financial statements on pages 6 to 17 were approved for issue by the board of Directors and authorised and signed on their behalf by;

Chairman

Date

22/2/2019

Director

Date

22/2/2019

STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital Kshs.	Share Premium Kshs.	Re-stated Retained Earnings Kshs.	Total Kshs.
AS AT 01.01.2018		79,943,180	19,591,251	9,270,595	108,805,026
Issued during the year		-	-	-	-
Prior period adjustments	13	-	-	(1,279,743)	(1,279,743)
Profit for the year after taxation		-	-	354,454	354,454
		79,943,180	19,591,251	8,345,306	107,879,737
2017 DIVIDENDS PAID IN 2018				(9,567,731)	(9,567,731)
AS AT 31.12.2018		79,943,180	19,591,251	(1,222,425)	98,312,006
AS AT 01.01.2017		79,733,180	19,501,791	8,296,430	107,531,400
Issued during the year		210,000	89,460	-	299,460
Prior period adjustments		-	-	(2,023,481)	(2,023,481)
Profit for the year after taxation		-	-	10,988,765	10,988,765
		79,943,180	19,591,251	17,261,713	116,796,144
2016 DIVIDENDS PAID IN 2017		-	-	(7,991,118)	(7,991,118)
AS AT 31.12.2017		79,943,180	19,591,251	9,270,595	108,805,026

STATEMENT OF CASH FLOWS

	2018 Kshs	2017 Kshs
Cash flows from operations		
Profit before taxation for the period	717,878	17,625,227
ADJUST FOR		
Depreciation	1,257,718	601,676
Amortisation	764,703	764,703
Prior period adjustment	(1,279,743)	(2,023,481)
Final tax for year 2017 paid in year 2018	(640,259)	(2,188,734)
Cash flow from Operations before working Capital changes	820,298	14,779,392
Decrease in accounts receivables	15,425,615	(11,114,367)
Increase in trade and other payables	25,173,991	32,669,025
Decrease in non-current assets held for sale	(31,374,681)	(22,866,521)
Income tax paid during the period	(5,611,452)	(4,295,867)
	4,433,770	9,171,661
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets during the period	(3,065,217)	(6,682,120)
	(3,065,217)	(6,682,120)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of share capital during the period	-	299,460
Dividends paid	(9,567,731)	(7,991,118)
	(9,567,731)	(7,691,658)
Net decrease in cashflows	(8,199,178)	(5,202,117)
Cash and cash equivalents at the start of the year	31,544,193	36,746,310
Cash and Cash Equivalents at the end of the period	23,345,016	31,544,193

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies of the company, which are set out below conform with standards issued by the International Accounting Standards Board and which have been applied.

a) Basis of accounting

i) The financial statements have been prepared on a historical cost basis, except where there is otherwise stated and comply with the International Financial Reporting Standards presented in the functional currency, Kenya Shillings (Kshs.)

ii) These Financial Statements which have been prepared to conform with International Financial Reporting Standards (IFRS) for Small and Medium - Sized Enterprises (SMEs) require the use of management judgements, estimates and assumptions that impact on the application of accounting policies and the reported amount and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during Board of Directors use of prudent judgement in the application the period under review, to reflect the requirements of IAS 8. Further, it requires that the Board of Directors use prudent judgement in the application of accounting policies adopted by the Company. Such estimates and assumptions must be regularly reviewed to reflect the circumstances of the Company at any point in time.

Revenue

b) Revenue from sale of services is recognised upon performance of the service and customer's acceptance based on the proportion of actual service rendered to the total services to be provided. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Kenya.

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

c) Borrowing costs

All borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

d) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current tax is based on taxable profit for the year, determined in accordance with the Kenyan Income Tax Act.

e) Deferred tax

Deferred income tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in statement of comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

f) Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the statement of financial position date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in statement of comprehensive income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**Accounting policies (Contd...)****g) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment:

Computers	30.0%
Furniture and fittings	12.5%
Office equipments	12.5%
Motor vehicle	25.0%
Borehole building	2.0%
Amortisation of software	20.0%

Full depreciation is charged in the year of purchase and none in the year of asset disposal.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the statement of comprehensive income.

h) Trade receivables

Trade receivables are carried at original invoiced amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off in the year in which they are identified.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

j) Financial liabilities

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

k) Employee benefits: post-employment benefits**i) Retirements benefits**

The company and its employees also contribute to the National Social Security Fund (NSSF). Contributions are determined

ii) Provident fund

The company contributes to a Staff Provident Fund held by Britam at the rate of 12.5 % of the employee's pensionable pay while the employees contributes 5% of their individual.

iii) Staff accident and medical insurance cover

The company operates a group personal accidents Cover and a group life assurance cover for their staff, and a medical insurance cover for the employees and their immediate families.

l) Comparatives

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

2 NET INCOME FROM SALE OF PROPERTY		2018	2017
(a) Sales		Kshs.	Kshs.
Joska 1	-	560,000	
Joska 2	-	2,100,000	
Joska 3	700,000	-	
Joska 4	350,000	300,000	
Lukenya Maanzoni	900,000	-	
Lukenya Silver Oak Gardens	395,000	4,005,000	
Ngelani	4,335,000	4,200,000	
Kiserian Phase 1	-	750,000	
Kiserian Phase 2	395,000	9,625,000	
Kona Baridi	11,331,600	7,825,000	
Kitengela Milimani 2	2,433,000	54,344,000	
Kiserian Phase 3	4,383,600	11,685,002	
Kitengela Milimani 3	-	31,807,225	
Kitengela Milimani 4	9,755,000	16,230,000	
Kitengela Milimani 1B	37,292,000	-	
Kitengela Milimani 1	9,000,000	-	
Nakuru Springs	9,565,000	-	
Nanyuki Greenfields	1,450,000	-	
	92,285,200	143,431,227	
COST OF SALES			
Opening stock	105,023,199	82,156,686	
Purchases			
Kitengela Milimani 1B, Nakuru Springs & Nanyuki Greenfields	94,386,699	122,528,742	
	199,409,898	204,685,428	
Prior period adjustments	-	-	
Closing stock (Note 5)	(136,397,875)	(105,023,199)	
	63,012,023	99,662,229	
Gross profit from property sales	29,273,177	43,768,998	
(b) OTHER INCOME		2018	2017
		Kshs.	Kshs.
Bank interest on fixed & call deposits	1,211,416	1,582,907	
Share transfer fee	19,000	-	
Other incomes	623,520	107,955	
Agency commission	222,300	484,229	
Water revenue	858,483	2,200	
	2,934,719	2,177,291	
Total net income	32,207,897	45,946,289	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

3 Profit for the year

Profit for the year has been arrived at after charging/ (crediting) the following:

	2018 Kshs	2017 Kshs
Directors emoluments	1,481,094	1,332,075
Auditors remuneration	276,000	312,620
Depreciation	1,376,539	603,772
Staff costs (Appendix II)	16,218,467	16,184,975

4 (i) NON-CURRENT ASSETS MOVEMENT SCHEDULE

	Computers and Accessories Kshs.	Office & Other Equipment Kshs.	Furniture, Fittings & Equipment Kshs.	Borehole Building Kshs.	Motor Vehicle Kshs.	Land Kshs.	Total Kshs.
Cost as at 01.01.18	2,802,553	1,764,932	1,811,133	5,282,935	-	2,421,944	14,083,497
Additions	26,100	482,576	-	-	2,556,541	-	3,065,217
At at 31 December 2018	2,828,653	2,247,508	1,811,133	5,282,935	2,556,541	2,421,944	17,148,714
Accumulated as at 01.01.18	1,998,164	342,583	651,002	26,681	-	-	3,018,431
Charge for the period	249,147	238,116	145,016	105,125	639,135	-	1,376,539
As at 31 December 2018	2,247,311	580,699	796,019	131,807	639,135	-	4,394,970
As at 31 December 2018	581,342	1,666,809	1,015,114	5,151,128	1,917,406	2,421,944	12,753,744
NBV AS AT 31.12.2017	804,389	1,422,349	1,160,131	5,256,253	-	2,421,944	11,065,066

4 (ii) INTANGIBLE ASSETS

Operating system

	2018 Kshs
Initial cost	3,823,515
Cost at at 01.01.2017	1,529,406
Additions	-
Amortisation charge for the year	764,703
NBV as at 31.12.2017	764,703
Cost at at 01.01.2018	764,703
Additions	-
Total cost as at 31.12.2018	764,703
Amortisation charge for the month	764,703
Total amortisation as at 31.12.2018	764,703
NBV as at 31.12.2018	-

5 INVESTMENTS CLASSIFIED AS HELD FOR SALE

Asset Description	2018 Kshs.	2017 Kshs.
Katani	492,477	492,477
Kitengela 1	301,717	301,717
Kitengela 2	2,497,319	2,497,319
Kitengela Milimani	1,614,630	5,651,204
Joska 1	212,957	212,957
Joska 2	214,794	214,794
Joska 3	228,324	684,973
Joska 4	-	207,036
Lukenya Maanzoni	1,770,334	2,360,445
Lukenya Silver Oak Gardens	6,708,372	7,013,298
Ngelani	45,202,221	48,304,334
Kiserian Phase 2	671,884	447,922
Kona Baridi	4,422,927	12,413,856
Kitengela Milimani 2	466,202	932,403
Kiserian Phase 3	15,537,484	17,958,910
Kitengela Milimani 4	409,966	5,329,554
Kitengela Milimani 1B	51,440,531	-
Nakuru Springs	4,205,737	-
	136,397,875	105,023,199

6 TAXATION

	2018 Kshs	2017 Kshs
Adjusted taxable income	1,211,416	16,453,754
Tax thereon @ 30%	363,425	4,936,126
Total tax liability	363,425	4,936,126
Less:		
Tax balance in 2017 b/f	640,259	2,188,733
Final tax for year 2017 paid in year 2018	(640,259)	(2,188,734)
Installment tax paid during the year	(5,429,740)	(4,034,220)
Withholding tax on interest income	(181,712)	(261,647)
Tax (recoverable)/payable	(5,248,027)	640,259

KIMISITU INVESTMENT COMPANY PLC

Page 15

(A Public company limited by shares)

Report and Financial Statements for the Year Ended 31st December 2018

Notes to the Financial Statements for the Period Ended 31st December 2018

7 TRADE & OTHER RECEIVABLES

	2018	2017
	Kshs	Kshs
Joska (2-4)	311,650	366,650
Kitengela Milimani 1	1,067,000	-
Lukenya Silver Oak	-	662,210
Red Pine Ngelani	1,576,667	1,907,000
Kiserian Phase 1	1,367,041	3,414,392
Kiserian Phase 2	1,613,654	3,014,206
Kona Baridi	1,343,690	2,671,500
Kitengela Milimani 2	2,336,246	9,855,200
Kiserian Phase 3	895,002	3,287,002
Kitengela Milimani 3	2,307,000	8,537,341
Kitengela Milimani 4	1,803,770	5,618,565
Kitengela Milimani 1B	7,213,250	-
Nakuru Springs	2,083,424	-
Kitengela milimani project contributions receivables	2,019,203	2,104,203
Refundable deposits	456,432	496,435
Staff account	18,250	-
	26,412,280	41,934,704

8 PREPAYMENTS

	2018	2017
	Kshs	Kshs
CIC Insurance	-	33,151
Heartbit Solutions	2,664	2,664
Rent expense	390,000	380,000
Sanlam General insurance	2,075,203	1,855,947
Surestep solutions Ltd	143,204	242,500
	2,611,071	2,514,262

9 CASH AND CASH EQUIVALENTS

	2018	2017
	Kshs	Kshs
Co-operative bank (Current Account)	5,998,861	1,213,047
KCB (Current Account)	6,485,960	8,229,407
Fixed deposit account	10,064,623	21,755,430
M-Pesa float	876,371	296,300
Mpesa holding control account	27,321	-
Cash in hand	10,701	50,009
	23,463,837	31,544,193

KIMISITU INVESTMENT COMPANY PLC

Page 16

(A Public company limited by shares)

Report and Financial Statements for the Year Ended 31st December 2018

Notes to the Financial Statements for the Period Ended 31st December 2018

10 TRADE AND OTHER PAYABLES

	2018	2017
	Kshs	Kshs
Trade Payables	73,261,655	44,487,000
Plot Booking Deposits	3,685,064	2,622,769
Accrued expenses		
Kitengela Milimani	90,653	381,266
Lukenya	502,319	525,119
Joska 2	-	60,719
Joska 3	-	240,324
Joska 4	1,883	256,559
Katani	97,000	130,000
Lukenya Silver Oak	985,414	985,414
Ngelani	2,886,813	3,835,810
Kiserian Phase 1	101,796	295,346
Kiserian Phase 2	-	1,494,861
Kona Baridi	1,901,835	3,733,065
Kitengela Milimani 2	215,616	3,701,616
Kiserian Phase 3	1,942,803	5,668,700
Kitengela Milimani 3	4,703,834	5,068,280
Kitengela Milimani 1B	11,252,308	-
Nakuru Springs	1,931,520	-
Nanyuki Greenfields	1,100,000	-
Directors remuneration/fees	53,406	1,016,482
Accrued audit fees	276,000	312,620
Accrued staff bonus	154,180	683,854
OtherpPayables	82,605	487,908
Payroll control account	138,303	91,181
Staff payroll cost - PAYE	222,481	249,998
Staff payroll cost - NHIF	18,400	18,050
Staff payroll cost - NSSF	6,000	5,600
Undetermined deposits	932,951	291,554
Shares application collection A/c	711,591	62,115
Rescourse Gardens - Payment for Apartments	724,005	1,891,644
Rescourse Gardens - Unutilized marketing funds	437,777	450,671
Ideal Apartments - Payment for apartments	-	1,590,000
Sunset Boulevard - Marketing funds	26,595	2,457,872
Dividends payable	121,357	304,457
Withholding VAT payable	8,681	-
	108,574,843	83,400,853

11 SHARE CAPITAL		2018 Kshs	2017 Kshs
Authorized Share Capital			
10,000,000 Ordinary Shares of Kshs. 10 each		100,000,000	100,000,000
Issued and Fully Paid Up Share Capital			
As at 1 January- 7,994,318 ordinary shares of Kshs. 10 each		79,943,180	79,943,180
Share Premium		19,591,251	19,591,251
As at 31.12.2018		99,534,431	99,534,431
12 PROPOSED DIVIDENDS		2018 Kshs	2017 Kshs
At the Start:		-	-
Proposed in 2017		9,567,731	6,639,075
Paid during the year		(9,567,731)	(6,639,075)
As at 31.12.2018		-	-

13 PRIOR YEAR ADJUSTMENTS

This figure of Kshs. 1,279,743 (2017: Kshs 2,023,481) included under Statement of Changes in Equity relates to reversals of sales during the period which had been recognized in year 2017 accounts.

14 TAX CONTINGENT LIABILITY

The Company has held discussions with KRA on a mistake made of failing to attach tax computation in 2012 when filing the tax return which lead to KRA concluding that there was a tax balance payable when actually there was none. Consequently, proceeded to accumulate tax penalties and interest on the purported outstanding balance which stood at Kshs 3,697,523 as at 31 July 2017.

Following discussions with KRA, the matter was resolved. A clearance letter in regards to the same was issued to the company.

KIMISITU INVESTMENT COMPANY PLC**Appendix I****(A Public company limited by shares)****Report and Financial Statements for the Year Ended 31st December 2018****Notes to the Financial Statements for the Period Ended 31st December 2018****SCHEDULE OF EXPENDITURE**

	2018	2017
	Kshs	Kshs
1 ADMINISTRATIVE AND OPERATING EXPENSES		
Share registry services fees	561,150	550,600
Telephone/business mobile & postage	232,803	377,258
Travelling expenses	138,042	229,162
General office insurance - Office equipment	179,241	65,124
Company secretarial services	289,000	50,940
Marketing & Public Relations	1,546,997	1,408,794
Office expenses	537,493	530,647
Printing & stationery	151,735	586,309
Printing & stationery	-	11,600
Travelling & property search expenses	440,911	123,677
Website development & hosting	8,000	173,536
Rent expenses	1,460,000	1,340,000
Support & maintenance - equipment	665,219	157,892
Depreciation	1,376,539	603,772
Operating system - amortisation	764,700	764,700
Bank charges	191,123	150,731
Software licences	85,739	167,520
Business licence	139,330	73,700
Email, internet & intranet	137,000	351,780
Water & electricity expense	186,353	173,657
Office building maintenance	4,651	7,900
ERP support fees	533,500	48,500
Borehole expenses	439,466	135,572
Vehicle running Expenses	126,262	-
Land related expenses	1,410,285	761,274
Microsoft dynamics enhancement plan	591,518	-
	12,197,056	8,844,645

KIMISITU INVESTMENT COMPANY PLC**Appendix II****(A Public company limited by shares)****Report and Financial Statements for the Year Ended 31st December 2018****Notes to the Financial Statements for the Period Ended 31st December 2018****SCHEDULE OF EXPENDITURE**

	2018	2017
	Kshs	Kshs
2 STAFF COSTS		
Salaries and wages	10,642,937	9,217,727
Staff medical insurance	2,178,826	1,817,564
Staff welfare and benefits	1,880	325,812
Staff bonus	-	683,854
Staff pension cost	1,065,810	942,843
NSSF contribution	33,600	28,400
Staff life assurance	102,804	99,634
Staff training and development	161,442	486,100
Staff recruitment expenses	24,915	7,483
Professional subscription	15,712	51,400
Personal accident cover	72,669	60,343
Special events - Team building expense	436,150	230,146
Sales commissions	1,481,722	2,233,669
	16,218,467	16,184,975
3 GOVERNANCE COSTS		
AGM expenses	845,275	784,437
Shareholders expenses	44,080	7,500
Hospitality	195,311	154,633
Board allowances & travelling expenses	1,481,094	1,332,075
Directors fees	53,406	1,016,482
Directors indemnity insurance	127,094	175,791
Audit fees	276,000	312,620
Board training & development	15,000	743,840
Strategic review expenses	37,236	464,400
	3,074,496	4,991,779

KIMISITU INVESTMENT COMPANY PLC
(A Public company limited by shares)
Tax computation for the Year Ended 31st December 2018

Appendix III

PIN NO: P051339151H

TAXATION	Taxable Business Income Kshs	Interest Income Kshs	Total Income Kshs
Operating profit as per financial statements	(493,538)	1,211,416	717,878
Add Back Disallowable Expenses			
Depreciation	1,376,539		
Armortisation	-		
	1,376,539	-	1,376,539
Less Allowable Expenses			
Wear and tear allowance	(1,235,109)	-	(1,235,109)
Computer software allowance	-	-	-
Sales reversals in 2017	(583,826)	-	(583,826)
Sales reversals in 2018	(1,279,743)	-	(1,279,743)
Additional computer software allowance claimed	(1,774,635)	-	(1,774,635)
Adjusted Taxable Profit / (Loss)	(3,496,773)	1,211,416	(4,873,313)
Tax thereon @ 30%	-	363,425	363,425

Tax account(Balance sheet)

	2018 Kshs	2017 Kshs
Adjusted taxable income	1,211,416	16,453,754
Tax thereon @ 30%	363,425	4,936,126
Total tax liability	363,425	4,936,126
Less:		
Tax balance in 2017 b/f	640,259	2,188,733
Final tax for year 2017 paid in year 2018	(640,259)	(2,188,734)
Installment paid during the year	(5,429,740)	(4,034,220)
Withholding tax on interest income	(181,712)	(261,647)
Tax recoverable as at 31/12/2018	(5,248,027)	640,259

CAPITAL ALLOWANCES COMPUTATION

WEAR & TEAR ALLOWANCE	Class II 30% Kshs.	Class III 25% Kshs.	Class IV 12.50% Kshs.	Total Kshs.
WDV as at 01.01.2017	1,041,864	-	1,305,560	2,347,424
Addition	131,168	-	1,268,017	1,399,185
	1,173,032	-	2,573,577	3,746,609
Wear & tear Allowance	351,910	-	321,697	673,607
WDV as at 31.12.2017	821,122	-	2,251,880	3,073,002
WDV as at 01.01.2018	821,122	-	2,251,880	3,073,002
Addition	26,100	2,556,541	482,576	3,065,217
	847,222	2,556,541	2,734,456	6,138,219
Wear & tear allowance	254,167	639,135	341,807	1,235,109
WDV as at 31.12.2018	593,056	1,917,406	2,392,649	4,903,110

**COMPUTER SOFTWARE ALLOWANCE
(Section 15(2) G Claim)**

	2018 Kshs
WDV as at 01.01.2018	3,114,277
Addition	-
	3,114,277
Allowance @ 5%	-
Prior years allowance shortfall (Change of rate from 5% to 20%)	1,774,635
Total allowance	1,774,635
WDV as at 31.12.2018	1,339,642

