CYTONN INVESTMENTS MANAGEMENT PLC AND SUBSIDIARIES
(CYTONN GROUP)

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Directors	Prof. Daniel N. Mugendi - (Chairman) James M. Maina - Member Nasser Olwero - Member Edwin H. Dande - Member Elizabeth N. Nkukuu - Member Patricia N. Wanjama - Member
Registered office	L.R. No. 27409 3rd Floor, Liaison House State House Avenue P.O. Box 20695-00200 Nairobi
Principal banker	SBM Bank Kenya Limited Riverside Drive P.O. Box 34886-00100 Nairobi
Independent auditor	Parker Randall Eastern Africa Certified Public Accountants Galleria Business Park, Block 2(A) P.O. Box 25426 – 00100 Nairobi
Company secretary	Patricia Wanjama Certified Public Secretary (K) P.O. Box 20695-00200 Nairobi
Legal advisors	Walter Amoko and Company Advocates

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2020 which shows the state of affairs of the group and company.

1. Principal activities

The Cytonn group of companies is incorporated in Kenya with interests in the real estate, private equity and technology industry.

The Group is engaged in holding properties for capital appreciation, earning rental income, project management, developing software technologies, investment in marketable securities and development of properties for sale and operates principally in Kenya.

There have been no material changes to the nature of the group's business from the prior year.

2. Business review of financial results and activities

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and Limited Liability Partnership Act of 2011. The accounting policies have been applied consistently compared to the prior year.

The Group's performance is set out in the financial statements.

3. Share capital

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

4. Dividends

The board do not recommend the declaration of a dividend for the year ended 31 December 2020 (2019: Nil).

5. Board of directors

The directors of the company who served during the year and to the date of this report are as shown on page 1.

6. 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 director is aware, no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that they ought to have as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

7. Terms of appointment of the auditors

Parker Randall Eastern Africa continue 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.

8. Approval of financial statements

The consolidated annual report and financial statements set out on pages 10 to 74, which have been prepared on the going concern basis, were approved by the board on 18/1/2022 and were signed on its behalf by:

By Order of the Board

....

Director

Nairobi

18/1/2022

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and company as at the end of the financial year and of its financial performance for the year then ended. The directors are also responsible for ensuring that the group and company keep proper accounting records that are sufficient to show and explain the transactions of the group and company and disclose, with reasonable accuracy, the financial position of the group and company and that enables them to prepare financial statements for the group and for the company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act 2015. The directors are also responsible for safeguarding the assets of the group and company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of consolidated annual report and 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 have indicated their intention to continue providing the necessary financial support that may be required to enable the company meet its financial obligations as and when they fall due. In view of this, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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

The consolidated financial statements set out on pages 9 to 80, which have been prepared on the going concern basis, were approved by the board on 18/1/2022 and were signed on their behalf by:

....

Chairman **Director**

REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF CYTONN INVESTMENT MANAGEMENT PLC
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the accompanying financial statements of Cytonn Investments Management PLC (the "Company") and its subsidiaries (together, the "Group") set out on pages 10 to 74 which comprise the consolidated statement of financial position as at 31 December 2020, Consolidated statement of comprehensive income, consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended together with the company statement of financial position as at 31 December 2020, Company statement of comprehensive income, changes in equity and cash flows for the year then, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of Cytonn Investments Management PLC give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Emphasis of matter

The revenue model used by the Group does not sufficiently consider the provisions of International Financial Reporting Standards 15 – Revenue from contracts with customers. As a result, we were unable to determine whether any adjustments are necessary in this account. Our opinion is not qualified in respect of this matter.

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.

Material Uncertainty related to the Going Concern

We draw attention to the statement of financial position, which indicates that the company has Current liabilities of Kshs 2,894,022,371 (2019: Kshs 2,004,953,120) against current assets of Kshs 1,241,030,715 (2019: Kshs 498,804,182).

In addition, the group and company have made accumulated losses of Kshs 4,014,872,337 and 547,233,765 respectively, (2019: 2,148,907,197 and 1,914,612,020).

Material Uncertainty related to the Going Concern (continued)

These conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements have been prepared on the going concern basis on the assumption that the directors will continue providing the necessary financial support to enable the group to meet its financial obligations as and when they fall due.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How our audit addressed the Key audit matter
Valuation of investment properties As described in Note 5.1.2 of the financial statements, the Group holds significant investment properties measured at fair value. The Group's accounting policy is to measure investment properties at fair value using either the market approach or the income approach depending on the type of property. The Group uses external independent property valuers to determine the fair values of investment properties at year end. The external valuers make significant estimates and assumptions of unobservable inputs in the valuation models such as comparable market prices based on location and zoned use of the property, projected future cash flows, future rent escalations, exit values and discounting rates. The fair values of the investment properties are highly sensitive to the changes in the underlying estimates and assumptions which makes this a key audit matter.		We assessed management's processes and controls over the valuation of investment properties, including the oversight from those charged with governance. We evaluated the objectivity, independence and expertise of the external independent valuation specialists. We assessed the appropriateness of the valuation methodology used and the reasonableness of the applicable assumptions depending on the type of property. Where possible, we tested the calculations applied in the valuations. We agreed the carrying amounts and the related changes in fair value of the investment properties in the financial statements to the independent valuers' reports. We assessed the adequacy of the disclosures in the financial statements.

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.

When we read the rest of the other information in the Integrated Report and Financial Statements and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the 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

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

- Obtain an understanding of internal controls 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 controls.

- 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 the partners 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 provide the partners with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the partners, we determine those matters that were of most significance in the audit of the partnership's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances

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

we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the directors' report on pages 2 and 3 is consistent with the financial statements.

....

CPA Victor Majani, Practicing Certificate Number 1546
Engagement Partner responsible for the audit.

Parker Randall Son

For and on behalf of
Parker Randall Eastern Africa
Certified Public Accountants
Nairobi

20|1|2022

	Notes	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Revenue	2	1,214,084,860	799,356,456	154,567,813	149,217,751
Cost of sales	3	(1,314,344,360)	(928,851,196)	-	-
Gross (loss)/profit		**(100,259,500)**	**(129,494,740)**	**154,567,813**	**149,217,751**
Other operating income	4	430,242,577	99,119,703	37,100,365	2,791,329
Other operating gains/(losses)	5	(2,831,542,671)	(3,254,415)	-	334,219
Impairment loss	6	-	94,376	-	(9,736)
Operating expenses	7	(889,434,488)	(963,926,815)	(358,256,159)	(677,956,084)
Operating Loss		**(3,390,994,083)**	**(997,461,890)**	**(166,587,981)**	**(525,622,521)**
Investment income	9	33,010,421	20,062,921	-	-
Finance costs	10	(310,314,026)	(237,024,217)	(67,622,444)	(75,899,353)
Loss before taxation		**(3,668,297,688)**	**(1,214,423,186)**	**(234,210,425)**	**(601,521,874)**
Taxation	11	(134,753)	-	(84,753)	-
Loss for the year		**(3,668,432,441)**	**(1,214,423,186)**	**(234,295,178)**	**(601,521,874)**
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		**(3,668,432,441)**	**(1,214,423,184)**	**(234,295,178)**	**(601,521,874)**
(Loss)/profit attributable to:					
Owners of the parent		(3,437,880,788)	(1,382,338,454)	(234,295,178)	(601,521,874)
Non-controlling interest		(230,551,654)	167,915,270	-	-
		(3,668,432,441)	**(1,214,423,186)**	**(234,295,178)**	**(601,521,874)**

The notes on pages 16 to 74 form an integral part of these financial statements.

	Notes	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Assets					
Non-Current Assets					
Plant and equipment	13	94,839,691	90,739,675	49,229,604	66,963,778
Intangible assets	14	10,851,475	12,997,530	9,472,320	11,716,410
Investment property	15	10,163,222,889	13,035,104,033	-	-
Investments in subsidiaries	16	-	-	20,200,000	20,200,000
Investments in joint ventures and associates	17	376,831,420	376,831,420	41,696,420	41,696,420
Investments	18	250,000,000	250,000,000	-	-
		10,895,745,475	13,765,672,658	120,598,344	140,576,608
Current Assets					
Development properties for sale	19	10,826,358,265	10,202,361,311	-	-
Inventories	20	13,958,602	2,557,221	-	-
Trade and other receivables	21	4,234,100,486	2,919,426,767	1,232,224,068	488,698,749
Investments	18	253,894,115	228,616,948	-	-
Cash and cash equivalents	22	35,627,677	143,301,379	8,806,647	10,105,433
		15,363,939,145	13,496,263,626	1,241,030,715	498,804,182
Total Assets		**26,259,684,620**	**27,261,936,284**	**1,361,629,059**	**639,380,790**
Equity and Liabilities					
Equity					
Share capital	23	115,918,537	115,918,537	115,918,537	115,918,537
Retained income		(4,014,872,336)	(547,233,764)	(2,148,907,197)	(1,914,612,020)
		(3,898,953,799)	(431,315,227)	(2,032,988,660)	(1,798,693,483)
Non-controlling interest		4,414,794,204	4,693,536,903	-	-
		515,840,405	4,262,221,676	(2,032,988,660)	(1,798,693,483)

Liabilities	Notes	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Non-Current Liabilities					
Loans from shareholders	24	133,580,335	133,580,335	-	-
Borrowings	25	6,389,067,351	4,137,142,945	-	-
Other financial liabilities	26	12,895,333,780	11,714,529,646	500,595,348	433,121,153
		19,417,981,466	15,985,252,926	500,595,348	433,121,153
Current Liabilities					
Trade and other payables	28	6,156,937,258	4,908,678,344	2,811,550,717	1,943,218,694
Borrowings	25	53,800,226	1,999,126,446	-	-
Deferred income	29	1,238,889	1,238,889	1,238,889	1,238,889
Current tax payable	11	4,495,751	4,443,501	3,050,368	2,997,845
Unalloted share capital	27	55,590,399	50,959,591	55,590,399	50,959,591
Bank overdraft	26	53,800,226	50,014,911	22,591,998	6,538,101
		6,325,862,749	7,014,461,682	2,894,022,371	2,004,953,120
Total Liabilities		25,743,844,215	22,999,714,608	3,394,617,719	2,438,074,273
Total Equity and Liabilities		**26,259,684,620**	**27,261,936,284**	**1,361,629,059**	**639,380,790**

The financial statements on pages 10 to 74 were approved by the Board of Directors on 18/1/2022 and signed on its behalf by:

Name. Daniel Mugendi
Director

Name. Edwin Dande
Director

The notes on pages 16 to 74 form an integral part of these financial statements.

Group	Share Capital Kshs	Share premium Kshs	Total share Capital Kshs	Retained income Kshs	Total attribute to equity holders of the group/Company Kshs	Non-Controlling interest Kshs	Total Equity Kshs
As at 1 January 2019	10,343,522	106,091,982	116,435,504	(41,660,755)	74,774,749	5,192,260,750	5,267,035,499
(Loss)/profit for the year	-	-	-	(1,382,338,456)	(1,382,338,456)	167,915,270	(1,214,423,186)
Total comprehensive Loss for the year	(516,967)	-	(516,967)	876,765,447	876,765,447	(666,639,117)	209,609,364
As at 31 December 2019	**9,826,555**	**106,091,982**	**115,918,537**	**(547,233,765)**	**(430,798,261)**	**4,693,536,904**	**4,262,221,676**
As at 1 January 2020	9,826,555	106,091,982	115,918,537	(547,233,765)	(430,798,261)	4,693,536,904	4,262,221,676
LLP 9 Shareholders' funds withdrawal	-	-	-	-	-	(48,191,045)	(48,191,045)
Prior period adjustment	-	-	-	(29,757,784)	(29,757,784)	-	(29,757,784)
Loss for the year	-	-	-	(3,437,880,788)	(3,437,880,788)	(230,551,654)	(3,668,432,441)
As at 31 December 2020	**9,826,555**	**106,091,982**	**115,918,537**	**(4,014,872,336)**	**(3,898,436,832)**	**4,414,794,205**	**515,840,406**

Company	Share Capital	Share premium	Total share Capital	Retained income	Total attribute to equity holders of the group/Company	Non-Controlling interest	Total Equity
As at 1 January 2019	9,826,555	106,091,982	115,918,537	(1,313,090,145)	(1,197,171,608)	-	(1,197,171,608)
Loss for the year	-	-	-	(601,521,874)	(601,521,874)	-	(601,521,874)
As at 31 December 2019	**9,826,555**	**106,091,982**	**115,918,537**	**(1,914,612,019)**	**(1,798,693,482)**	**-**	**(1,798,693,482)**
For year 2020							
As at 1 January 2020	9,826,555	106,091,982	115,918,537	(1,914,612,019)	(1,798,693,482)	-	(1,798,693,482)
Loss for the year	-	-	-	(234,295,178)	(234,295,178)	-	(234,295,178)
As at 31 December 2020	**9,826,555**	**106,091,982**	**115,918,537**	**(2,148,907,197)**	**(2,032,988,660)**	**-**	**(2,032,988,660)**

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(3,668,432,441)	(1,214,423,186)	(234,295,178)	(601,521,874)
Adjustments for:				
Depreciation and amortisation	25,509,446	26,892,948	22,214,370	22,610,933
Prior year unrecognized structuring fees and finance charges	(36,643,956)	10,230,137	-	-
Finance costs	220,156,951	237,024,217	67,622,444	75,899,353
Fair value gains	1,513,031,700	(161,706,186)	-	-
Net impairments and movements in credit loss allowances	12,662,477	26,065,773	6,282,472	4,179,734
Changes in working capital:				
Development properties for sale	(550,102,224)	(2,320,465,815)	-	-
Trade and other receivables	(1,372,655,915)	(1,604,796,379)	(749,807,790)	(351,181,100)
Trade and other payables	1,242,462,298	858,004,500	874,614,495	846,532,592
Cash (used in) operations	(2,614,011,664)	(4,143,173,991)	(13,369,187)	(3,480,362)
Interest income	111,117	-	-	-
Finance costs	(220,156,951)	(237,024,217)	(67,622,444)	(75,899,353)
Fair value gains	(1,513,031,700)	376,014,847	-	-
Provision for expected credit loss	(9,892,773)	(26,970)	(6,282,472)	-
Tax received (paid)	52,523	-	52,523	-
Net cash (used in) operating activities	**(4,356,929,449)**	**(4,004,210,331)**	**(87,221,580)**	**(79,379,715)**
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase)/disposal of plant and equipment	-	-	(2,236,107)	7,315,861
Purchase of investment property	2,265,828	2,929,102	-	-
(Purchase)/disposal of intangible assets	2,264,585,864	285,076,052	-	2,929,102
Purchase of financial assets	136,359,619	96,900,497	-	-
Investment in associates	-	(10,000,000)	-	(10,000,000)
Investment in other financial assets	62,987,416	(63,406,810)	-	-
Investment in joint ventures and associates	413,170,563	(258,256,403)	-	-
Net cash generated from investing activities	**2,879,369,290**	**53,242,438**	**(2,236,107)**	**244,963**

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds/(repayment) of borrowings	-	-	800	(414,241)
Movement in Unalloted share capital	(27,195,605)	1,053,888,661	-	-
Proceeds from other liabilities	1,058,244,574	2,977,689,630	-	-
Proceeds/(repayments) of other financial liabilities	-	11,075,456	-	-
Unalloted Share Capital and other liabilities	4,630,809	12,287,533	4,630,809	12,287,533
Other Financial Liabilities	330,421,368	-	67,473,395	62,794,444
Net cash from financing activities	**1,366,101,144**	**4,054,941,280**	**72,105,004**	**74,667,736**
Total cash and cash equivalents movement for the year	(111,459,014)	103,973,388	(17,352,683)	(4,467,017)
Cash and cash equivalents at the beginning of the year	93,286,466	(10,686,922)	3,567,331	8,034,348
Total cash and cash equivalents at end of the year	**(18,172,548)**	**93,286,466**	**(13,785,352)**	**3,567,331**

The notes on pages 16 to 74 form an integral part of these financial statements.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual report and financial statements are set out below.

1.1. Basis of preparation

The consolidated and separate annual report and 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 consolidated annual report and financial statements and the Kenyan Companies Act, 2015.

The consolidated annual report and 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 Kenyan Shillings, which is the group and company's functional currency and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period.

1.2. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Investment Officer. The Chief Investment Officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the operating committee that makes strategic decisions.

The basis of segmental reporting has been set out in note 38.

1. Summary of significant accounting policies (continued)

1.1. Consolidation Basis of consolidation

The consolidated annual report and financial statements incorporate the consolidated annual report and financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

Control exists when the company has:

a) Power over the investee
b) Exposure or rights to variable returns from its involvement with the investee and
c) The ability to use its power over the investee to affect the amount of the investor's returns.

Power exists when the company has existing rights that give it the current ability to direct the relevant activities of the investee. This power comes from either voting rights granted by shareholding or can result from one or more contractual agreements. The company is exposed or has rights to variable returns from its involvement with the investee when the company's return from the involvement has the potential to vary as a result of the investee's performance.

The results of subsidiaries are included in the consolidated restated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the consolidated restated annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transactions are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent. Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

1. Summary of significant accounting policies (continued)

1.3. Consolidation Basis of consolidation (continued)

The amount within non-controlling interest of Kshs 4,414,794,205 (2019: Kshs 4,693,536,904) relates to the land owner's contribution in:

- Mystic Plains LLP,
- Cytonn Investment Partners Nine LLP (Westlands) and
- Cytonn Investment Partners Five LLP (Ruiru).

The partners in Mystic Plains LLP consist of The Mutua Family, Cytonn Investments Management PLC., Cytonn Real Estate LLP (Referred to as Managing Partner) and Cytonn Investment Partners Four LLP as per the joint venture agreement dated 18th December 2015.
Majority of the control lies with Cytonn Investments Management PLC where Cytonn Investments Management Plc can take decisions on behalf of Mystic Plains LLP as per the joint venture agreement.

The partners in Cytonn Investment Partners Nine LLP (Westlands) consist of Madhav Bhalla, Azim Taibjee, Piyush Mehta, Nanda Family, Cytonn Investments Management PLC, Cytonn Real Estate LLP (Referred to as Managing Partner) as per the joint venture agreement dated 23rd November 2016.
Majority of the control lies with Cytonn Investments Management PLC where Cytonn Investments Management PLC can take decisions on behalf of Cytonn Investment Partners Nine LLP (Westlands) as per the joint venture agreement.

The partners in Cytonn Investment Partners Five LLP (Riverrun) consist of Muiruri Laban Limited, Cytonn Investments Management PLC, Cytonn Real Estate LLP (Referred to as Managing Partner) as per the joint venture agreement dated 8th September 2016.
Majority of the control lies with Cytonn Investments Management PLC where Cytonn Investments Management PLC can take decisions on behalf of Cytonn Investment Partners Five LLP (Ruiru) as per the joint venture agreement.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1. Summary of significant accounting policies (continued)

1.4. Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement

1.5. Investments in joint ventures and associates

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate. Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss. Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1. Summary of significant accounting policies (continued)

1.5. Investments in joint ventures and associates (continued)

Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in joint ventures are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the joint venture, less any impairment losses. Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein.

When the company loses joint control, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.6. Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual report and 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

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Fair value estimation

Several assets and liabilities of the partnership are either measured at fair value or disclosure is made of their fair values. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

1. Summary of significant accounting policies (continued)

1.6. Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Key sources of estimation uncertainty

Fair value estimation

The group contracted an external, independent and professional qualified real estate projects valuers who hold recognized professional qualifications and have wide experience in similar real estate projects to assess and advise the fair value of the projects. In determining the fair market value of the projects, the valuer conducted a physical inspection of the property, asking prices for similar parcels of the land in the area, the proposed and approved project plans, current costs, presales as well as the economic conditions prevailing at the time. The group then contracted an independent and qualified consultant to undertake a reasonableness test on the fair market values received. Significant valuation issues are reported to the audit committee. Observable market data is used as inputs to the extent that it is available. The current use of the investment properties equates to the highest and best use.

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group 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. Summary of significant accounting policies (continued)

1.7 Plant and equipment

Plant and equipment are tangible assets which the group 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 plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Plant and 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 plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group 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 group. 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 plant and equipment have been assessed as follows:

Item	Depreciation method	Rate per Annum (%)
Furniture and fixtures	Diminishing balance	12.5
Motor vehicles	Diminishing balance	25
IT equipment	Diminishing balance	33.33
Computer software	Diminishing balance	20

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.

An item of plant and 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 plant and equipment, determined as the difference.

1. Summary of significant accounting policies (continued)

1.8 Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Properties under construction and development sites with projected use as investment properties shall also be classified as investment properties. The Group shall also classify land/buildings or both currently held for undetermined future use as Investment property.

Properties under construction and development sites with projected use as investment properties shall also be classified as investment properties.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent measurement

Subsequent to initial measurement investment property is measured at fair value representing open market value determined annually by independent external valuers. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Transfers to or from investment property shall only be made when there is a change in use evidenced by one or more of the following:

a) Commencement of owner occupation.
b) Commencement of development with a view to sell.
c) End of owner occupation.

It is the Group's policy that the ground breaking date shall be deemed to be the commencement of development. Any change in use shall be accounted for in the period in which it falls with sufficient disclosures made to explain the nature of the change and the impact on the financial statements:

- For a transfer from Investment Property carried at fair value to owner occupied property or inventory, the fair value at the change of use is the "cost" of the property under its new classification.

- For a transfer from owner-occupied property to investment property carried at fair value, IAS 16 shall be applied up to the date of reclassification. Any difference arising between the carrying amount under IAS 16 at that date and the Fair Value is dealt with as revaluation.

1. Summary of significant accounting policies (continued)

1.8 Investment property (continued)

- For a transfer from inventories to investment property at fair value, any difference between the fair value at the date of transfer and its previous carrying amount should be recognized in profit or loss.

1.9 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. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.
The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Rate per annum (%)
Computer software	20

1.10 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group 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

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

- 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

Financial liabilities:

- Amortised cost; 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 31 Financial instruments and risk management presents the financial instruments held by the group 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 group are presented below:

<u>Trade and other receivables</u>

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 21).

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 group's business model is to collect the contractual cash flows on trade and other receivables.

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

Trade and other receivables (continued)

Recognition and measurement

Trade and other receivables are recognised when the group 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.

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 group 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 group 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.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The Customer base is widespread and does not show significantly different loss patterns for different customer segments.

Customer base is diverse and does show significantly different loss patterns for different customer segments. Loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 31.

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

Trade and other receivables (continued)

Measurement and recognition of expected credit losses (continued)

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 6)

Write off policy

The group 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 group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 21) and the financial instruments and risk management note (note 31).

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 5).

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 18. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains/ (losses) (note 5).

Dividends received on equity investments are recognised in profit or loss when the group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 9).

Impairment

Investments in equity instruments are not subject to impairment provisions.

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

Investments in equity instruments (continued)

Derecognition

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

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Borrowings and loans from related parties

Classification

Other financial liabilities (note 26) and borrowings (note 25) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group 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 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.

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Derecognition

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

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 28), 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 group 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.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Derecognition

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

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

1. Summary of significant accounting policies (continued)

1.11. Financial instruments (continued)

Derecognition

Financial assets

The group 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 group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group 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 group 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. Summary of significant accounting policies (continued)

1.12. 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.

Tax expenses

Current 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.

1.13. Impairment of assets

The group 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 group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group 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.

1. Summary of significant accounting policies (continued)

1.13. Impairment of assets (continued)

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.

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.

1.14. Development properties for sale

Properties under construction and development sites with determined use as for sale shall be classified as "Development Properties". Development properties for sale are measured at the lower of cost and net realisable value.
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of development properties for sale comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the development properties for sale to their present location and condition.

1. Summary of significant accounting policies (continued)

1.14. Development properties for sale (continued)

The cost of development properties for sale of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When development properties for sale are sold, the carrying amount of those development properties for sale are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15. Share 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 group in which they are declared.

1.16. Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

1. Summary of significant accounting policies (continued)

1.16 Share based payments (continued)

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

1.17. Employee 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 group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The group and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local stature and the group's contributions are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year they fall due.

1. Summary of significant accounting policies (continued)

1.18 Revenue from contracts with customers

The group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The group recognises revenue in accordance with this core principal by applying the following steps:

1. Identifying the contract with the customer - A contract is an agreement between the company and other parties that creates enforceable rights and obligations.
2. Identifying the performance obligations in the contracts - Contracts should include promises to transfer goods or services to a customer.
3. Determining the transaction price - The transaction price is the amount of consideration in the contract to which the company expects to be entitled in exchange for transferring promised goods or services to a customer.
4. Allocating the traction price to the performance obligations in the contracts - The company typically allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
5. Recognising revenue when (or as) the company satisfies a performance obligation - The company recognised revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognised is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time or over time. For performance obligations satisfied over time, the company recognises revenue over time by selecting an appropriate method for measuring the company's progress towards complete satisfaction of that performance obligation.

The group recognises revenue from the following major sources:

- Sale of development properties
- Provision of project management services
- Provision of structuring services

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

Sale of development properties
The Group recognises revenue over time on the basis that the group's performance does not create an asset with an alternative use to the group and the group has an enforceable right to payment for performance completed to date.

1. Summary of significant accounting policies (continued)

1.19. Revenue from contracts with customers (continued)

Provision of project management services
Project management fees are recognised over the duration of the project.

Provision of structuring services
Structuring fees are recognised over the duration of the project.

1.20. Other income

Rental income from operating leases is recognised on a straight-line basis over the period of the lease. Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

1.21. Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy.

1. Summary of significant accounting policies (continued)

1.22. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.23. Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Kenyan 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.

1. Summary of significant accounting policies (continued)

1.23. Translation of foreign currencies (continued)

Foreign currency transactions (continued)

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 consolidated annual report and 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 Kenyan Shillings by applying to the foreign currency amount the exchange rate between the Kenyan Shilling and the foreign currency at the date of the cash flow.

1.24. Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

	Group		Company	
	2020	2019	2020	2019
2 Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Sale of development property	1,031,241,932	644,500,219	-	-
Rendering of services	182,842,928	154,856,237	154,567,813	149,217,751
	1,214,084,860	799,356,456	154,567,813	149,217,751

The group disaggregates revenue from customers as follows:

Sale of development property				
Sale of houses	1,031,241,932	644,500,219	-	-
Rendering of services				
Asset management fees	154,567,813	145,769,475	154,567,813	-
Accommodation and restaurant	26,625,553	3,205,760	-	-
Rental	2,849,561	1,232,726	-	-
Project management fees	(1,200,000)	4,648,276	-	3,448,276
Structuring Fees	-	-	-	145,769,475
	182,842,928	154,856,237	154,567,813	149,217,751
	1,214,084,860	799,356,456	154,567,813	149,217,751
Timing of revenue recognition				
Over time				
Sale of development property and services	(1,214,084,860)	(799,356,456)	(154,567,813)	(149,217,751)

3 Cost of sales				
Development costs	1,314,344,360	928,851,196	-	-
	1,314,344,360	928,851,196	-	-

4 Other operating income				
Interest income: Real estate clients	422,765,095	93,411,606	-	-
Miscellaneous income	6,749,844	5,069,357	3,149,844	2,791,329
Interest income: Staff loans	727,639	638,741	-	-
Residual income	-	-	33,950,521	-
	430,242,578	99,119,704	37,100,365	2,791,329

Interest income – real estate clients relate to interest on unpaid balances on sale of development property.

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
5 Other operating gains/(losses)				
Foreign exchange gains/(losses)				
Gain on exchange differences	(536,400)	334,219	(536,400)	334,219
	(536,400)	334,219	(536,400)	334,219
Investment property (See below)	(2,831,542,671)	(3,254,415)	-	-
Financial assets mandatorily at fair value through profit or loss	135,238	355,602	-	-
	(2,831,407,432)	(2,898,813)	-	-
Total other operating (losses)	(2,831,943,832)	(2,564,594)	(536,400)	334,219

The above fair value for investment property is broken down as:

Mystic Plains LLP	55,234,518	186,209,003	-	-
Cytonn Investment Partners Twenty LLP - Hospitality	23,304,289	(8,509,793)	-	-
Cytonn Investment Partners Five LLP - Ruiru	(600,566,047)	182,898,178	-	-
Cytonn Investment Partners One LLP – Situ - Ololua	(967,700,172)	(200,157,599)	-	-
Cytonn Investment Partners Sixteen LLP - Cytonn Towers	(1,341,815,259)	(156,450,807)	-	-
Cytonn Investment Partners Eighteen LLP	-	6,907,666	-	-
Cytonn Investment Partners Nine LLP - Westlands	-	(14,151,061)	-	-
	(2,831,542,671)	(3,254,415)	-	-

6 Impairment loss

Impairment loss	-	(94,376)	-	9,736

7 Operating expenses

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Impairment Loss	439,101,049	27,313,916	-	-
Staff costs (Note 8)	139,117,140	313,582,185	139,117,140	308,167,285
IFA commissions and awards	121,999,457	138,125,482	102,553,631	138,125,482
Legal and professional fees	47,962,749	152,020,766	13,330,008	25,433,539
Depreciation and amortisation	25,509,446	26,892,948	19,970,280	22,610,933
Office rent, service charge and parking fees	25,148,542	40,166,438	25,073,542	40,091,438
Advertising and marketing	13,729,108	73,564,538	7,607,564	29,297,976
Office expenses	9,381,892	8,212,541	702,408	4,008,139
Telephone and internet charges	9,149,356	25,206,909	7,896,529	24,488,257
Electricity and water	7,940,196	5,710,571	2,004,836	3,968,597
Auditors' remuneration	7,967,116	9,273,671	2,516,000	3,515,850
Security	7,165,971	5,606,877	-	-
ICT expenses	6,912,711	17,065,857	6,882,711	17,065,857
Insurance premiums	3,891,471	3,888,227	3,891,471	3,349,760
Client entertainment	3,499,897	10,742,896	3,499,897	10,674,321
Printing and stationery	3,245,235	4,833,912	2,390,749	4,325,024
Repairs and maintenance	2,808,100	4,870,326	1,336,979	2,760,126
Postage and company subscriptions	2,651,160	1,485,881	2,651,160	1,478,796
Travelling and accommodation	2,498,608	9,880,620	2,492,608	9,589,570
Public relations expenses	2,384,970	7,154,835	2,384,970	7,154,835
Board and AGM expenses	2,165,502	51,780,869	1,545,502	10,788,214
Bank charges	2,067,816	2,459,216	1,038,822	1,198,177
Motor vehicle expenses	1,731,783	3,538,384	1,731,783	3,538,384
Licences and business permits	929,435	953,355	743,485	862,480
Foreign exchange Loss	402,563	95,212	538,393	75,190
Research and development costs	55,750	711,073	55,750	711,073
Property, plant and equipment (note 13)	12,480	(221,629)	12,480	(221,629)
Discount allowed	4,985	(3,903)	4,989	(3,873)
Commission paid	-	18,292,292	-	-
Strategy and board training	-	662,550	-	662,550
Fines and penalties	-	60,000	-	60,000
Bad Debts Written Off	-	-	6,282,472	4,179,733
	889,434,488	963,926,815	358,256,159	677,956,084

8 Staff costs	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Indirect staff costs Salaries and wages	116,551,558	236,202,065	116,551,558	231,003,533
Medical expenses	8,978,181	23,331,493	8,978,181	23,331,493
Staff meals and uniforms	4,627,679	13,899,339	4,627,679	13,719,371
Staff ESOP expenses	4,292,874	12,625,467	4,292,874	12,625,467
Pension expense	1,952,564	18,208,163	1,952,564	18,208,163
Staff welfare and team building expenses	702,875	6,604,442	702,875	6,604,442
NSSF company contribution	599,400	1,019,600	599,400	1,019,600
Staff club subscriptions	513,522	922,369	513,522	922,369
Staff training	419,619	3,743,163	419,619	3,743,163
Staff gym expense	210,335	320,777	210,335	320,777
Work permit fees	227,000	222,311	227,000	222,311
Staff recruitment expenses	41,534	155,101	41,534	118,701
Leave pay provision charge	-	(3,672,105)	-	(3,672,105)
	139,117,140	313,582,185	139,117,140	308,167,285
Average number of persons employed during the year				
Contracted agents	142	150	142	150
Support services	114	122	114	122
Real estate	34	42	34	42
Investments	18	26	18	26
	308	340	308	340

9 Investment income	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Interest income - CHYS	33,010,421	20,062,921	-	-
	33,010,421	20,062,921	-	-

10 Finance costs	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Interest on related party loan	308,336,010	235,000,679	65,644,428	73,875,815
Interest on loan	1,978,016	2,023,538	1,978,016	2,023,538
	310,314,026	237,024,217	67,622,444	75,899,353

11 Tax refunded (paid)	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Balance at beginning of the year	4,443,501	(2,694,129)	2,997,845	(2,694,129)
Current tax for the year recognised in profit or loss	134,753	-	84,753	-
Balance at end of the year	(4,495,751)	(4,443,501)	(3,050,367)	(2,997,845)
	82,502	(7,137,630)	32,230	(5,691,974)

12 Property plant and equipment

Group

a) For the year ended 31 December 2020

	Motor Vehicles Kshs	Furniture and fittings Kshs	IT equipment Kshs	Office Equipment Kshs	Crockery and cutlery Kshs	Total Kshs
Cost						
As at 1 January 2020	10,979,196	81,407,423	76,128,982	7,888,251	1,217,019	177,620,871
Disposals	(93,966)	-	-	-	-	(93,966)
Additions	511,089	19,459,114	73,639	7,097,878	119,236	27,260,956
As at 31 December 2020	11,396,319	100,866,537	76,202,621	14,986,129	1,336,255	204,787,861
Accumulated Depreciation						
As at 1 January 2020	7,120,501	25,996,430	51,021,388	2,438,619	304,255	86,881,193
Eliminated on disposal	(40,743)	-	-	-	-	(40,743)
Charge for the year	13,214	7,210,378	13,363,079	2,121,958	399,091	23,107,720
As at 31 December 2020	7,092,972	33,206,808	64,384,467	4,560,577	703,346	109,948,170
Net book value						
As at 31 December 2020	4,303,347	67,659,729	11,818,154	10,425,552	632,909	94,839,691

12 Property plant and equipment
Group
b) For the year ended 31 December 2019

	Motor Vehicles Kshs	Furniture and fittings Kshs	IT equipment Kshs	Office Equipment Kshs	Books Kshs	Crockery and cutlery Kshs	Total Kshs
Cost							
As at 1 January 2019	12,209,196	112,822,774	92,233,957	8,845,593	511,395	-	226,622,915
Disposals	(1,230,000)	(36,814,292)	(17,086,323)	(5,030,335)	(511,395)	-	(60,672,345)
Additions	-	5,398,941	981,348	4,072,993	-	1,217,019	11,670,301
As at 31 December 2019	10,979,196	81,407,423	76,128,982	7,888,251	-	1,217,019	177,620,871
Accumulated Depreciation							
As at 1 January 2019	6,675,089	23,621,774	48,769,499	3,133,338	24,868	-	82,224,568
Eliminated on disposal	(911,629)	(6,351,918)	(10,026,942)	(1,783,612)	(24,868)	-	(19,098,969)
Charge for the year	1,357,041	8,726,574	12,278,831	1,088,893	-	304,255	23,755,594
As at 31 December 2019	7,120,501	25,996,430	51,021,388	2,438,619	-	304,255	86,881,193
Net book value							
As at 31 December 2019	3,858,695	55,410,993	25,107,594	5,449,632	-	912,764	90,739,675

12 Plant and equipment (continued)
Company

	Motor Vehicles	Furniture and fittings	IT equipment	Total
a) For the year ended 31 December 2020	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Cost				
As at 1 January 2020	10,979,196	59,566,722	75,440,099	145,986,017
Disposals	(93,966)	-	-	(93,965)
Additions	-	-	45,239	45,239
As at 31 December 2020	10,885,230	59,566,722	75,485,338	145,937,290
Accumulated Depreciation				
As at 1 January 2020	7,120,501	21,145,506	50,756,233	79,022,240
Eliminated on disposal	(40,743)	-	-	(40,743)
Charge for the year	13,214	4,790,919	12,922,056	17,726,189
As at 31 December 2020	7,092,972	25,936,425	63,678,289	96,707,686
Net book value				
As at 31 December 2020	**3,792,258**	**33,630,297**	**11,807,049**	**49,229,604**

b) For the year ended 31 December 2019

	Motor Vehicles	Furniture and fittings	IT equipment	Total
Cost				
As at 1 January 2019	12,209,196	72,214,228	75,147,634	159,571,058
Disposal	(1,230,000)	(13,167,582)	-	(14,397,582)
Additions	-	520,076	292,465	812,541
As at 31 December 2019	10,979,196	59,566,722	75,440,099	145,986,017
Accumulated Depreciation				
As at 1 January 2019	6,675,089	17,262,841	38,742,557	62,680,487
Eliminated on disposal	(911,629)	(2,428,449)	-	(3,340,078)
Charge for the year	1,357,041	6,311,114	12,013,676	19,681,831
As at 31 December 2019	7,120,501	21,145,506	50,756,233	79,022,240
Net book value				
As at 31 December 2019	3,858,695	38,421,216	24,683,866	66,963,778

13 Intangible Assets

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Cost				
At start of year	24,815,525	23,935,334	22,828,838	22,828,838
Additions	222,959	880,191	-	-
At end of year	25,038,484	24,815,525	22,828,838	22,828,838
Amortization				
At start of year	11,817,995	8,599,942	11,112,428	8,183,326
Charge for the year	2,369,014	3,218,053	2,244,090	2,929,102
At end of year	14,187,009	11,817,995	13,356,518	11,112,428
Net book value	**10,851,475**	**12,997,530**	**9,472,320**	**11,716,410**

14 Investment Property	**Group 2020 Kshs**	**Group 2019 Kshs**	**Company 2020 Kshs**	**Company 2019 Kshs**
Cost/ Valuation	10,163,222,889	13,035,104,033	-	-
Reconciliation of investment property				
Opening balance	13,035,104,033	12,977,665,000	-	-
Additions	(617,600,231)	1,276,581,832	-	-
Transfers	-	(1,041,500,000)	-	-
Fair value adjustments	(2,254,280,913)	(177,642,800)	-	-
	10,163,222,889	13,035,104,033	-	-
Borrowing costs capitalised to qualifying assets	1,127,073,382	3,695,943,361	-	-
L.R. No. 28223/3- The Ridge				
Transfer to development Properties for sale	-	100,330	-	-
L.R. No's 13208/2, 28055, 28056 - Athi River (Mystic)				
- Purchase price / Valuation	4,400,000,000	4,200,000,000	-	-
- Fair value gain	55,234,518	186,209,003	-	-
- Capitalised expenditure	10,765,482	13,790,997	-	-
	4,466,000,000	4,400,000,000	-	-
L.R. No. 5830/7 & 5954/2 - Situ				
- Purchase price / Valuation	1,554,818,380	1,556,833,147	-	-
- Fair value (loss)/gain	(902,014,767)	(201,091,873)	-	-
- Capitalised expenditure	1,247,196,387	1,446,273,493	-	-
	1,900,000,000	2,802,014,767	-	-
L.R. No. 209/75/4/3 Wetlands				
- Purchase price / Valuation	469,200,000	436,500,000	-	-
- Fair value gain	-	(14,151,061)	-	-
- Capitalised expenditure	(469,200,000)	46,851,061	-	-
	-	469,200,000	-	-

14 Investment Property (continued)	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
L.R. No. 5910 - Riverrun				
- Purchase price / Valuation	1,754,788,936	1,589,800,000	-	-
- Fair value (loss)/gain	(600,566,047)	182,898,178	-	-
- Capitalised expenditure	-	(17,909,242)	-	-
	1,154,222,889	1,754,788,936	-	-
L.R. No. 2/85, 2/86 and 2/87 - Cytonn Towers				
- Purchase price / Valuation	2,682,000,000	2,459,000,000	-	-
- Fair value gain	(1,341,815,259)	(156,450,807)	-	-
- Capitalised expenditure	352,815,259	379,450,807	-	-
	1,693,000,000	2,682,000,000	-	-
L.R. No. 1870/IV/14(I.R.49550) - Church Road, Westlands				
- Purchase price	927,000,000	866,000,000	-	-
- Fair value gain	23,304,289	(8,509,793)	-	-
- Capitalised expenditure	(304,289)	69,509,793	-	-
	950,000,000	927,000,000	-	-

14 Investment Property (continued)

Details of Valuation

The effective date of the revaluations was Monday, January 14, 2019. Revaluations were performed by an independent valuer, Regent Property Valuers. Regent Property Valuers are not connected to the group and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

The valuer adopted the following approaches/methods to arrive at the opinion of the market values:

a) A sales comparison or market approach for the valuation which provides an indication of value by comparing the properties with identical properties for which price information is available. An analysis of comparable valuations within the same neighbourhood was also performed.

b) A sales comparison or market approach for the valuation which provides an indication of value by comparing the properties with identical properties for which price information is available. An analysis of comparable valuations within the same neighbourhood was also performed.

c) Contractor's method/cost approach which provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

d) Residual value which is expressed in the form of a simple equation where the value of a property is the residual (a sum left over) after deducting the cost of development from the value of development.

The Residual Valuation method calculates the Net Realisable Value (NRV) by calculating the Gross Development Value (GDV) and then making deductions for the development costs and profit. The final amount remaining, otherwise known as the residual, equates to the market value of the land and/or buildings (dependent upon whether it is a development or a refurbishment). This is the amount that parties would pay in the open market for the development site.

15 Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company	% Holding 2020	% Holding 2020	Carrying amount 2020 Kshs	Carrying amount 2020 Kshs
Cytonn Investment Partners Two LLP	100%	100%	100,000	100,000
Cytonn Investment Partners Technologies LLP	100%	100%	100,000	100,000
Cytonn Education Service Limited	100%	100%	10,000,000	10,000,000
Seriani Asset Managers Limited		-	10,000,000	-
			20,200,000	10,200,000

Company	% Holding 2019	% Holding 2019	Carrying amount 2019 Kshs	Carrying amount 2019 Kshs
Cytonn Investment Partners Two LLP	100%	100%	100,000	100,000
Cytonn Investment Partners Technologies LLP	100%	100%	100,000	100,000
Cytonn Education Service Limited	100%	100%	10,000,000	10,000,000
Seriani Asset Managers Limited		-	10,000,000	-
			20,200,000	10,200,000

During 2018 the companies were absorbed into Cytonn Investment Management PLC. The assignment of rights and obligations is pending.

The statements of profit or loss and other comprehensive income for both Cytonn Investment Partners Two LLP and Cytonn Investment Partners Technologies LLP are in the consolidation as at 30 June 2018.

The consolidation as at 31 December 2020 does not include the financial statements of the four entities.

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2020	2019
Cytonn Investment Partners Two LLP	Kenya	100%	100%
Cytonn investment Partners Technologies LLP	Kenya	100%	100%
Cytonn Education Services Limited	Kenya	100%	100%
Seriani Asset Managers Limited	Kenya		

15 Interests in subsidiaries including consolidated structured entities

Summarised consolidated statement of financial position

	Cytonn Investment Partners Two LLP	Cytonn Investment Partners Technologies LLP	Cytonn Education Services Limited
Non-current assets	6,236,896	3,279,224	9,516,120
Current assets	270,858,130	845,880	271,704,010
Total assets	277,095,026	4,125,104	281,220,130
Current liabilities	5,536,551	96,279,563	101,816,114
Total liabilities	**5,536,551**	**96,279,563**	**101,816,114**
2019			
Non-current assets	6,236,896	3,279,224	9,516,120
Current assets	270,858,130	845,880	271,704,010
Total assets	277,095,026	4,125,104	281,220,130
Current liabilities	5,536,551	96,279,563	101,816,114
Total liabilities	**5,536,551**	**96,279,563**	**101,816,114**

16 Investments in joint ventures and associates

Group **Name of company**	**% Ownership interest** **2020**	**% Ownership interest** **2019**	**Carrying amount** **2020**	**Carrying amount** **2019**
Elective Africa Limited	25%	25%	10,196,420	10,196,420
Mystic Plains LLP	7%	7%	135,135,000	135,135,000
Cytonn Investment Partners Twelve LLP	50%	50%	200,000,000	200,000,000
Cytonn Asset Managers Limited	25%	25%	31,500,000	31,500,000
			376,831,420	376,831,420

Company **Name of company**				
Elective Africa Limited	25%	25%	10,196,420	10,196,420
Cytonn Asset Managers Limited	25%	25%	31,500,000	31,500,000
			41,696,420	41,696,420

Material associates

The following associates are material to the group:

	Country of incorporation	**Method**	**% Ownership interest** **2020**	**% Ownership interest** **2019**
Elective Africa Limited	Kenya	Equity	25%	25%
Mystic Plains LLP	Kenya	Equity	7%	7%
Cytonn Investment Partners Twelve LLP	Kenya	Equity	50%	50%
Cytonn Asset Managers Limited	Kenya	Equity	25%	25%

The country of incorporation is the same as the principle place of business for all joint ventures and associates. The percentage voting rights is equal to the percentage ownership for all associates.

Elective Africa Limited is a placement agent in organizing medical volunteering, education and expedition trips for oversea nationals in Africa.

Mystic Plains LLP is engaged in engaged in holding of property for capital appreciation and earning rental yield.

Cytonn Investment Partners Twelve LLP has interests in the investment property industry.

Cytonn Asset Managers Limited fund is a management of a collective investment scheme, advisory services and management of retirement benefits scheme funds. Each company provides the group with expertise in their various fields.

16 Investments in joint ventures and associates (continued)

Summarised financial information of material associates

Summarised statement of profit or loss and other comprehensive income

2020	**Elective Africa Limited**	**Mystic Plains LLP**	**Cytonn Investment Partners Twelve LLP**	**Cytonn Asset Managers Limited**
Revenue	-	-	-	33,823,044
Other income and expenses	-	186,209,003	(49,154,160)	(31,109,260)
Total comprehensive income	-	186,209,003	(49,154,160)	2,713,784
2019				
Revenue	-	-	-	33,823,044
Other income and expenses	-	321,573,212	(53,326,752)	(31,109,260)
Total comprehensive income	-	321,578,212	(53,326,752)	2,713,784

Summarised consolidated statement of financial position- 2020

	Elective Africa Limited	**Mystic Plains LLP**	**Cytonn Investment Partners Twelve LLP**	**Cytonn Asset Managers Limited**
Non-current assets	8,596,866	4,466,000,000	200,000,000	528,926
Current assets	5,144,815	3,925,362	15,025,866	57,278,158
Total assets	**13,741,681**	**4,469,925,362**	**215,025,866**	**57,807,084**
Non-current Liabilities	-	3,201,997,866	378,603,649	-
Current liabilities	1,008,427	206,006,554	20,869,974	22,355,196
Total liabilities	**1,008,427**	**3,408,004,420**	**399,473,623**	**22,355,196**
Total Net Assets	**12,733,254**	**1,061,920,942**	**(184,447,757)**	**35,451,888**

Summarised consolidated statement of financial position - 2019

	Elective Africa Limited	**Mystic Plains LLP**	**Cytonn Investment Partners Twelve LLP**	**Cytonn Asset Managers Limited**
Non-current assets	8,596,866	4,200,000,000	200,000,000	528,926
Current assets	5,144,815	1,598,193	13,602,432	57,278,158
Total assets	**13,741,681**	**4,401,598,193**	**213,603,432**	**57,807,084**
Non-current Liabilities	-	3,190,054,325	327,958,893	-
Current liabilities	1,008,427	204,194,278	20,938,136	22,355,196
Total liabilities	**1,008,427**	**3,394,248,603**	**348,897,029**	**22,355,196**
Total Net Assets	**12,733,254**	**1,007,349,590**	**(135,293,597)**	**35,451,888**

16 Investments in joint ventures and associates (continued)

Summarised financial information of material associates (continued)

Reconciliation of net assets to equity accounted investments in associates 2020

	Elective Africa Limited	Mystic Plains LLP	Cytonn Investment Partners Twelve LLP	Cytonn Asset Managers Limited	Total
2020					
Total net assets	12,733,254	1,061,920,942	(184,447,757)	35,451,888	925,658,327
Interest in associate at % ownership	3,183,314	74,334,466	(92,223,879)	8,862,972	(5,843,127)
Investment in associate	3,183,314	74,334,466	(92,223,879)	8,862,972	(5,843,127)
2019					
Total net assets	12,733,254	1,007,349,590	(135,293,597)	35,451,888	920,241,135
Interest in associate at % ownership	3,183,314	70,514,471	(67,646,798)	8,862,972	14,913,958
Investment in associate	3,183,314	70,514,471	(67,646,798)	8,862,972	14,913,958

Reconciliation of movement in investments in associates

2020	Elective Africa Limited	Mystic Plains LLP	Cytonn Investment Partners Twelve LLP	Cytonn Asset Managers Limited	Total
Share of profit	-	13,034,630	(24,577,080)	678,446	(10,864,004)
Investment at end of 2020	-	13,034,630	(24,577,080)	678,446	(10,864,004)
2019					
Share of profit	-	22,510,125	(26,663,376)	349,636	(3,803,615)
Investment at end of 2019	-	22,510,125	(26,663,376)	349,636	(3,803,615)

17 Investments

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 20119 Kshs
Debt investments at amortised cost	253,894,115	228,616,948	-	-
Equity investments at fair value through other comprehensive income	250,000,000	250,000,000	-	-
	503,894,115	478,616,948	-	-
Designated at amortised cost				
Cytonn High Yield Solutions LLP	253,894,115	228,616,948	-	-
Equity investments at fair value through other comprehensive income: Superior Homes (Kenya) PLC	250,000,000	250,000,000	-	-
	503,894,115	478,616,948	-	-

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Non-current assets	250,000,000	250,000,000	-	-
Current assets	253,894,115	228,616,948	-	-
	503,894,115	478,616,948	-	-

Risk Exposure

The investments held by the group expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 31 financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

In the opinion of the partners, the carrying amount of investments approximate their fair value.

18 Development properties for sale

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Work in progress	10,826,358,265	10,202,361,311	-	-
	10,826,358,265	10,202,361,311	-	-
Transfer from investment property	-	1,041,500,000	-	-
Capitalised expenditure	12,140,702,625	10,089,712,507	-	-
Transfer to cost of sales	(1,314,344,360)	(928,851,196)	-	-
	10,826,358,265	10,202,361,311	-	-
Transfer from investment property	-	1,041,500,000	-	-
Transfer to cost of sales	(1,314,344,360)	(928,851,196)	-	-

19 Inventories

Consumables – LLP 20 Cysuites	13,958,602	2,557,221	-	-

20 Trade and other receivables

Financial instruments:				
Trade receivables	1,415,146,434	348,018,036	896,731,106	162,123,412
Trade receivables – related parties (Note 30)	1,697,521,276	1,391,173,641	273,519,401	254,736,935
Loss allowance	(18,781,564)	(27,313,916)	(10,462,205)	(4,179,734)
Net trade receivables	*3,093,886,147*	*1,711,877,760*	*1,159,788,301*	*412,680,614*
Deposits	10,317,014	10,322,014	10,312,014	10,312,014
Other receivables	-	68,852,112	2,420,170	1,228,054
Directors current account	84,455,447	74,578,150	48,079,089	49,222,665
Non-financial Instruments:				
Residual and prepayments	1,045,441,879	1,053,796,730	11,624,493	15,255,403
Total trade and other Receivables	4,234,100,487	2,919,426,765	1,232,224,067	488,698,749

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
At amortised cost	3,188,658,608	1,865,630,035	1,220,599,574	473,443,347
Non-financial instruments	1,045,441,879	1,053,796,730	11,624,493	15,255,403
	4,234,100,487	2,919,426,765	1,232,224,067	488,698,749

20 Trade and other receivables (continued)

Exposure to credit risk

Trade receivables inherently exposes the Group to credit risk, being the risk that the Group will incur financial losses if clients fail to make payments as they fall due in order to mitigate the risk of financial loss from defaults.

The Group deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. The Group also present flexible payment plans for the real estate clients.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. This lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

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

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Company	**2020**	**2020**	**2019**	**2019**
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Estimated gross carrying amount at default**	**Estimated gross carrying amount at default**	**Estimated gross carrying amount at default**
Not past due	1,242,686,273	10,388,584	492,878,483	4,120,356
Less than 30 days past due	8,806,647	73,622	8,929,191	46,737
31 - 60 days past due	-	-	-	-
61 - 90 days past due	-	-	1,176,242	12,641
Total	**1,251,492,920**	**10,462,206**	**502,983,916**	**4,179,734**

Exposure to currency risk

Refer to note 31 for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

21 Cash and cash equivalents	Group 2020	Group 2019	Company 2020	Company 2019
	Kshs	Kshs	Kshs	Kshs
Bank balances	34,440,555	138,583,449	8,806,647	10,105,433
Short-term deposits	-	4,327,658	-	-
Cash on hand	1,187,122	390,272	-	-
	35,627,677	143,301,379	8,806,647	10,105,433

22 Share capital				
Authorised				
150,000,000 Ordinary shares of Kshs 0.10/= each	15,000,000	15,000,000	15,000,000	15,000,000
Issued				
98,265,550 Ordinary shares of Kshs 0.10/= each	9,826,555	9,826,555	9,826,555	9,826,555
Share premium	106,091,982	106,091,982	106,091,982	106,091,982
	115,918,537	115,918,537	115,918,537	115,918,537

23 Land owner's contribution				
Land owner's contribution - Amara	133,580,335	133,580,335	-	-

This relates to Cytonn Investment Partners Three LLP (The Amara) contribution of land.

Exposure to currency risk

Refer to note 31 financial instruments and financial risk management for details of currency risk management for Landowner's contribution.

24 Borrowings	**Group**	**Group**	**Company**	**Company**
Held at amortised cost	**2020**	**2019**	**2020**	**2019**
Secured	**Kshs**	**Kshs**	**Kshs**	**Kshs**
TT Africa - Loan (Situ)	2,735,986,936	2,670,539,323	-	-
Kenya Commercial Bank Limited	231,645,533	214,004,942	-	-
TT Africa - Loan (Ridge)	2,874,367,827	2,768,703,730	-	-
SBM Kenya Ltd (Alma)	600,867,281	433,007,010	-	-
Bank overdraft	-	50,014,386	22,591,998	6,538,101
	6,442,867,577	6,136,269,391	22,591,998	6,538,101

Borrowings				
Split between non-current and current portions				
Non-current liabilities	6,389,067,351	4,137,142,945	-	-
Current liabilities	53,800,226	1,999,126,446	22,591,998	6,538,101
	6,442,867,577	6,136,269,391	22,591,998	6,538,101

TT Africa - Loan (Situ): *Interest shall be payable on any outstanding Notes at a rate of 21% per annum for the first six months and 14% per annum if expressly extended by the Noteholder for a further 15 months and shall be payable at the same time as the principal amount of the applicable.*

Interest shall accrue daily at the interest rate and shall be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of issue of the Notes to the date of actual payment.

The loan was secured by a floating charge over all monies now or at any time hereafter standing to the credit of the Escrow Accounts and the entitlements to interest and all other rights and benefits accruing to or arising in connection with such monies, for the payment to the Noteholders and the discharge of all monies due to the Noteholders (including for the avoidance of doubt, the Noteholder Profit Share), pursuant to the Partnership Interest and Account Charge; and a charge over the Partners' interests in the Issuer, pursuant to the Partnership and Account Charge.

Development Bank Limited - Loan: *A Chattel's mortgage in favour of Development Bank of Kenya Limited over the vehicle to be held over the duration of the credit facility.*

Kenya Commercial Bank Limited *is secured at an interest rate of 9% per annum and recoverable over 10 years.*

TT Africa - Loan (Ridge): *This loan is charged at 18% per annum and repayable within 60 months.*

Refer to note 33 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 31 financial instruments and financial risk management for the fair value of borrowings and exposure to liquidity, currency and interest rate risk.

25 **Other financial liabilities**	**Group 2020 Kshs**	**Group 2019 Kshs**	**Company 2020 Kshs**	**Company 2019 Kshs**
Cytonn High Yield Solutions LLP - Loan	11,301,685,951	9,069,124,498	500,595,348	433,121,153
Cytonn Real Estate Project Notes LLP	1,580,058,326	2,614,054,601	-	-
Financial Instrument impairment provision	13,589,503	-	-	-
Cytonn High Yield Fund LLP - Loan	-	81,365,458	-	-
	12,895,333,780	11,764,544,557	500,595,348	433,121,153
Split between non-current and current portion:				
Non-current liabilities	12,841,533,554	11,714,529,646	500,595,348	433,121,153
Current liabilities	53,800,226	50,014,911	-	-
	12,895,333,780	11,764,544,557	500,595,348	433,121,153

In the opinion of the directors, the carrying amount of other financial liabilities approximate their fair value.

26 **Unalloted share capital**	**Group 2020 Kshs**	**Group 2019 Kshs**	**Company 2020 Kshs**	**Company 2019 Kshs**
Unalloted share capital	55,590,399	50,959,591	55,590,399	50,959,591

This relates to shares under the share option scheme that will vest after three years.

27 **Trade and other payables**	**Group 2020**	**Group 2019**	**Company 2020**	**Company 2019**
Financial instruments:	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Trade payables	1,640,195,142	1,788,202,414	595,720,251	643,762,443
Trade payables - related parties (Note 30)	2,477,324,124	1,274,475,459	1,804,653,217	896,582,078
Other payables	654,603,584	1,229,314,372	27,492,525	11,189,109
Accrued expenses	182,947,198	275,703,486	42,603,671	50,702,451
Advance receipts	58,512,874	-	-	-
Provision for expected credit loss	18,781,564	-	-	-
Other payables	783,491,720			
Directors current account	98,439	-	98,439	
Non-financial instruments:				
Advance receipts: Residual equity	340,982,613	340,982,613	340,982,613	340,982,613
	6,156,937,258	4,908,678,343	2,811,550,717	1,943,218,694

Refer to note 31 financial instruments and financial risk management for details of currency risk management, of liquidity risk exposure and management for trade payables. The fair value of trade and other payables approximates their carrying amounts.

28 Deferred income

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Deferred income	1,238,889	1,238,889	1,238,889	1,238,889

The above income refers to residual income from Cytonn Integrated Project LLP (The Alma) and asset management fees from Taaleri Private Equity Funds Limited.

29 Related party transactions

Related party balances

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Investments in related parties				
Cytonn High Yield Solutions LLP	11,301,685,951	9,069,124,498	500,594,548	433,121,153
Cytonn Real Estate Project Notes LLP	1,580,058,326	2,614,054,601	-	-
	12,881,744,277	11,683,179,099	500,594,548	433,121,153
Trade receivables - related parties				
Cytonn Investment Partners Two LLP	-	-	20,599,072	-
Cytonn Investments Management PLC	273,519,401	254,736,935	-	-
Cytonn Investment Partners Four LLP	-	-	90,388	90,388
Cytonn Investment Partners Three LLP	55,604,807	54,485,707	10,841,394	10,298,894
Cytonn Integrated Project LLP	460,707,519	376,988,500	-	-
Cytonn Diaspora Limited LLC	-	-	15,387,601	15,387,601
Cytonn Investment Partners Sixteen LLP	454,898	17,870,239	5,163,046	6,244,870
Cytonn Investment Partners Eight LLP	-	-	474,307	-
Cytonn Investment Partners Eleven LLP	672,517,060	540,090,293	-	-
Cytonn Investment Partners One LLP	2,728,165	2,659,165	41,032,061	19,464,908
Cytonn Investment Partners Five LLP	60,000	1,390,000	16,062,318	16,768,253
Cytonn Investment Partners Seven LLP	-	-	27,644	27,644
Cytonn Investment Partners Ten LLP	-	50,475,055	10,898,329	10,836,929
Cytonn Investment Partners Eighteen LLP	215,955,044	104,875,767	-	-
Cytonn Investment Partners Nine LLP	36,076	-	206,251	147,851
Cytonn Investment Partners Fifteen LLP	-	-	691,672	670,172
Mystic Plains LLP	3,923,719	1,588,159	4,653,523	4,028,407
Cytonn Investment Partners Technologies LLP	-	-	93,271,720	93,271,720
Cytonn Education Services Limited	-	-	17,811,410	17,144,247
Cytonn Investment Partners Twenty LLP	-	-	23,725,788	22,990,025
Cytonn Investment Partners Twelve LLP	793,847	-	155,550	97,150
Cytonn Properties LLP	11,220,741	3,441,162	-	-
CAML	-	-	213,411	16,602,174
Amara Ridge Management Company	-	-	66,630	66,630
Cytonn Real estate	-	-	-	20,599,072
	1,697,521,276	1,408,600,982	261,372,114	254,736,935

29 Related parties (continued)

	Group 2020 Kshs	Group 2019 Kshs	Company 2020 Kshs	Company 2019 Kshs
Trade payables - related parties				
Cytonn Integrated Project LLP	83,786,562	66,074,374	(51,535,457)	-
Cytonn Diaspora	-	-	(20,821,932)	-
Cytonn Investments Management LLC	1,804,653,217	896,582,078	-	-
Cytonn Investments Partners One LLP	41,289,493	40,350,408	-	-
Cytonn Investments Partners Three LLP	36,493,768	36,564,216	(45,740,307)	-
Cytonn Investments Partners Five LLP	109,632,708	32,864,807	(2,209,710)	-
Cytonn Investments Partners Nine LLP	2,741,476	1,799,754	865,819	-
Cytonn Investments Partners Ten LLP	2,170,386	1,000,000	-	-
Cytonn Investments Partners Eleven LLP	238,279,703	108,318,977	(140,412,193)	-
Cytonn Investments Partners Twelve LLP	-	400,500	-	-
Cytonn Foundation	-	-	(35,000)	-
Cytonn Investments Partners Four LLP	285,038	285,038	-	-
Cytonn Investments Partners Fifteen LLP	10,051,388	21,663,554	-	-
Cytonn Investments Partners Eighteen LLP	3,068,527	7,739,387	-	-
Cytonn Investment Partners Twenty LLP	82,667,790	67,832,767	(359,656)	-
Cytonn Properties LLP	3,402,984	485,570	-	-
Mystic Plains LLP	73,775,954	30,763,302	-	-
Cytonn Investments Partners Sixteen LLP	(14,974,871)	-		
Cytonn Real Estate	-	(20,821,932)	(147,791,111)	-
Cytonn Real Estate Project Notes LLP	-	-	(87,515,691)	-
Cytonn High Yield Solutions LLP	-	-	(260,158,708)	(60,029,457)
Cytonn Assets Managers Limited	-	-	-	(16,624,189)
Cytonn Active Strategy LLP	-	-	(156,574,022)	-
Cymatt LLP	-	-	(3,798,263)	(216,675)
Amara Ridge Management Company Limited	-	-	-	(31,630)
Zurit LLP	-	-	-	(3,292,268)
	2,477,324,124	1,291,902,800	(916,086,230)	(80,194,220)
Compensation to directors and other key management				
Short-term employee benefits	-	50,943,800	-	50,943,800
	-	50,943,800	-	50,943,800

Cytonn Investments Management PLC is related to the above entities by virtue of common control.

30 Financial instruments and risk management

Categories of financial instruments

a) financial assets

Group - 2020	Fair value through other comprehensive income - equity instruments	Fair value Amortised cost through profit or loss - Mandatory	Fair value Amortised cost through profit or loss - Designated	Amortised cost	Total	Fair value
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Investments at fair value	250,000,000	-	253,894,115	-	503,894,115	503,894,115
Trade and other receivables	-	-	-	3,227,070,619	3,227,070,619	3,227,070,619
Cash and cash equivalents	-	-	-	35,627,677	35,627,677	35,627,677
	250,000,000	-	253,894,115	3,262,698,297	3,766,592,412	3,766,592,412

Group - 2019						
Investments at fair value	250,000,000	-	228,616,948	-	478,616,948	478,616,948
Trade and other receivables	-	-	-	1,865,630,035	1,865,630,035	1,865,630,035
Cash and cash equivalents	-	-	-	143,301,379	143,301,379	143,301,379
	250,000,000	-	228,616,948	2,008,931,414	2,487,548,363	2,487,548,363

30 Financial instruments and risk management (continued)

Company -	**Amortized cost 2020**	**Amortized cost 2019**
Trade and other receivables	1,220,599,574	473,443,347
Cash and cash equivalents	8,806,647	10,105,433
	1,229,406,221	483,548,780

Categories of financial liabilities

Group - 2020		
Trade and other payables	5,815,954,645	4,567,695,730
Loans from shareholders	133,580,335	133,580,335
Borrowings	6,442,867,576	6,136,269,391
Other financial liabilities	12,895,333,780	11,764,544,557
	25,287,736,336	22,602,090,013

Company - 2020		
Trade and other payables	2,470,568,104	1,602,236,081
Borrowings	22,591,998	6,538,101
Other financial liabilities	500,595,348	433,121,153
	2,993,755,450	2,041,895,335

Gains and losses on financial assets

Group	**Amortised cost**	**Amortized cost**
Recognised in profit or loss:	**2020**	**2019**
Interest income	33,010,421	20,062,921
Movement in credit loss allowances	-	94,376
Net gains (losses)	33,010,421	20,157,298

Company		
Recognized in profit or loss:		
Movement in credit loss allowances	-	(9,736)

Gains and losses on financial liabilities

Group		
Recognized in profit or loss:		
Finance costs	(310,314,026)	(237,024,217)

Company		
Recognised in profit or loss:		
Finance costs	(67,622,444)	(75,899,353)

30 Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

The board has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

2020

Company	Gross carrying amount	Credit loss	Amortised cost allowance / fair value
Trade and other receivables	1,231,061,779	(10,462,205)	1,220,599,574
Cash and cash equivalents	8,806,647	-	8,806,647
	1,239,868,426	(10,462,205)	1,229,406,221
2019			
Trade and other receivables	477,623,080	(4,179,734)	473,443,347
Cash and cash equivalents	10,105,433	-	10,105,433
	487,728,514	(4,179,734)	483,548,780

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount.

The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

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

30 Financial instruments and risk management (continued)

Financial risk management (continued)

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due. The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period. The Cytonn Group manages its liquidity risk by effectively managing its working capital, capital expenditure, and cash flows. The financing requirements are met through a mixture of cash generated from operations, combined with long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at banking institutions.

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.

Group – 2020				
Non-current liabilities	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Total**
Loans from shareholders	-	-	143,701,370	143,701,370
Borrowings	-	7,499,494,202	-	7,499,494,202
Current liabilities				
Trade and other payables	6,156,937,259	-	-	6,156,937,259
Borrowings	2,137,229,936	-	-	2,137,229,936
	8,294,167,196	7,499,494,202	143,701,370	15,937,362,767
Group - 2019				
Non-current liabilities				
Loans from shareholders	-	-	3,295,142,415	3,295,142,415
Borrowings	-	4,087,128,558	-	4,087,128,558
Current liabilities				
Trade and other payables	4,908,327,720	-	-	4,908,327,720
Borrowings	1,999,126,446	-	-	1,999,126,446
	6,907,454,167	4,087,128,558	3,295,142,415	14,289,725,140

Company - 2020	**Less than 1 year**	**Total**
Current liabilities		
Trade and other payables	2,822,012,922	2,822,012,922
Borrowings	22,591,998	22,591,998
	2,844,604,920	2,844,604,920
2019		
Trade and other payables	1,943,218,694	1,943,218,694
Borrowings	6,538,101	6,538,101
	1,949,756,795	1,949,756,795

30 Financial instruments and risk management (continued)

Financial risk management (continued)

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars, Euros and Yen.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.
Exposure in Kenyan Shilling the net carrying amounts, in Kenyan Shilling, of the various exposures, are denominated in the following currencies. The amounts have been presented in Kenyan Shilling by converting the foreign currency amounts at the closing rate at the reporting date:

Exchange rates	**Group**	
Kenyan Shilling per unit of foreign currency:	**2020**	**2019**
US Dollar	109.100	101.150
Euro	132.410	113.040
	Company	
	2020	**2019**
US Dollar	109.100	101.150
Euro	132.410	113.040

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the group is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. Interest rates on all borrowings compare favourably with those rates available in the market.

The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

31. Capital risk management.

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

32. Change in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities

Group – 2020	**Opening balance**	**Cash flows**	**Closing balance**
Borrowings	2,049,140,833	141,889,329	2,191,030,162
Unallocated share capital	50,959,591	4,630,808	55,590,399
Other liabilities	321,558,681	(321,558,681)	-
Other financial liabilities	976,469,836	492,298,560	1,468,768,396
Loans from shareholders	3,295,142,415	(3,151,441,046)	143,701,370
	6,693,271,356	(2,834,181,029)	3,859,090,327
2019			
Borrowings	5,005,289,250	(2,956,148,417)	2,049,140,833
Unallocated share capital	38,672,058	12,287,533	50,959,591
Other liabilities	1,368,116,180	(1,046,557,499)	321,558,681
Other financial liabilities	8,560,600,412	(7,584,130,576)	976,469,836
Loans from directors, managers and employees	283,211,069	(283,211,069)	-
Loans from shareholders	133,580,335	3,161,562,080	3,295,142,415
	15,389,469,304	(8,696,197,949)	6,693,271,355
Company			
2020			
Borrowings	6,538,101	16,053,897	22,591,998
Unalloted share capital	50,959,591	4,630,808	55,590,399
Other financial liabilities	433,121,153	67,474,195	500,595,348
	490,618,845	88,158,900	578,777,745
2019			
Borrowings	414,241	6,123,860	6,538,101
Unallocated share capital	38,672,058	12,287,533	50,959,591
Other financial liabilities	437,564,674	(4,443,521)	433,121,153
Loans from directors, managers and employees	513,631,111	(513,631,111)	-
Total liabilities from financing activities	990,282,084	(499,663,239)	490,618,845

33. Comparative figures

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

34. Commitments

There were no commitments during the year ended 31 December 2020.

35. Contingencies

There were no contingencies during the year ended 31 December 2020.

36. Events after the reporting period

The outbreak of Covid-19 (Corona virus disease) in March 2020 resulted in disruption of business activity globally and created market volatility. The estimates and judgments applied to determine the financial position as at 31st December 2020, most specifically as they relate to calculation of impairment of trade and other receivables, were based on a range of forecasted economic conditions as at that date.

As at the date of approval of this report, the partners were not able to accurately determine the impact of the disease on the business, making it difficult to estimate the financial effects of the pandemic. Consequently, the partners have assessed the post year-end effects of the outbreak as a non-adjusting event. In addition, as at the date of issue of these financial statements, the partners believe the company will continue as a going concern into the foreseeable future.

The partners are not aware of any other event after the reporting date as defined by IAS 10: Events after the Reporting Period, that require disclosure in or adjustments to the financial statements as at the date of this report.

37. Business segment information

The Group has three operating segments: Real Estate, Investments and Corporate. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.
Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length basis. For management purposes, the Group uses the same measurement policies as those used in its financial statements.

	2020				2019			
	Real Estate Kshs	Investments Kshs	Corporate Kshs	Total Kshs	Real Estate Kshs	Investments Kshs	Corporate Kshs	Total Kshs
Revenue	1,031,241,932	-	182,842,928	1,214,084,860	644,500,219	-	154,856,237	799,356,456
Cost of sales	1,314,344,360	-	-	1,314,344,360	928,851,196	-	-	928,851,196
Segmental revenues	2,345,586,293	-	182,842,928	2,528,429,220	1,573,351,414	-	154,856,237	1,728,207,652
Other income	429,514,938	-	727,639	430,242,577	98,480,963	-	638,741	99,119,703
Operating expenses	504,008,665	-	524,542,963	1,028,551,628	234,583,672	-	1,037,510,427	1,272,094,100
Investment revenue	33,010,421	-	-	33,010,421	20,062,921	-	-	20,062,921
Fair value gains/(losses)	(2,831,943,832)	-	-	(2,831,407,432)	(2,564,594)	-	-	(2,564,594)
Finance costs	242,691,582	-	67,622,444	310,314,026	161,124,864	-	75,899,353	237,024,217
Impairment loss	-	-	-	-	(94,376)	-	-	(94,376)
(Loss)/Profit for the year	723,404,467	-	775,735,973	1,499,140,440	2,084,944,865	-	1,268,904,759	3,353,849,624

	2020				2019			
	Real Estate Kshs	Investments Kshs	Corporate Kshs	Total Kshs	Real Estate Kshs	Investments Kshs	Corporate Kshs	Total Kshs
Non-current assets	10,775,147,130	-	120,557,602	10,895,704,732	13,625,096,051	-	140,576,608	13,765,672,659
Current assets	14,112,446,226	-	1,251,492,920	15,363,939,145	13,020,593,624	-	502,983,916	13,523,577,541
Total assets	24,887,593,355	-	1,372,050,522	26,259,643,877	26,645,689,675	-	643,560,524	27,289,250,200
Total equity	564,541,970	-	2,033,029,403	2,597,571,372	(2,899,353,079)	-	1,798,693,482	(1,100,659,596)
Non-current liabilities	(18,965,564,890)	-	-	(18,965,564,890)	(17,849,137,636)	-	-	(17,849,137,636)
Current liabilities	(6,486,570,435)	-	(3,405,079,924)	(9,891,650,359)	(5,897,198,960)	-	(2,442,254,006)	(8,339,452,967)
	(24,887,593,356)	-	(1,372,050,522)	(26,259,643,877)	(26,645,689,675)	-	(643,560,524)	(27,289,250,199)