CYTONN INTEGRATED PROJECT LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Partners	Cytonn Real Estate LLP Cytonn Investments Management PLC
Registered Office	3rd Floor, Liaison House State House Avenue P.O Box 20695-00200 Nairobi
Principal Banker	Diamond Trust Bank Kenya Limited Lavington Curve Branch P.O Box 61711-00200 Nairobi
Independent Auditor	Parker Randall Eastern Africa Certified Public Accountants Galleria Business Park, Block 2(A) P.O. Box 25426 – 00100 Nairobi.
Statutory Manager	Patricia Wanjama

The partners submit their report together with the audited annual report and financial statements for the year ended 31 December 2020 which shows the state of affairs of the partnership.

1. Incorporation and registered office

The partnership was incorporated on 26 September 2014 under the Kenyan Companies Act as a Limited Liability Partnership, and is domiciled in Kenya. The address of the registered office is set out on page 1.

2. Principal activities

The principal activities of the partnership are developing and selling its own property and operates principally in Kenya. There have been no material changes to the nature of the partnership's business from the prior period.

3. Business review of financial results and activities

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Limited Liability Partnership Act of 2011. The accounting policies have been applied consistently compared to the prior period, except for the adoption of new or revised accounting standards as set out in note 1.

The partnership recorded a net loss after tax for the period ended 31 December 2020 of Kshs 274,664,518. This represented an increase of 64% from the net loss after tax of the prior period of Kshs 167,544,565.

Partnership revenue increased by 147% from Kshs 355,162,468 in the prior period to Kshs 876,674,119 for the period ended 31 December 2020.

Partnership cash out flows from operating activities decreased by 104% from Kshs (944,728,173) in the prior period to Kshs 42,365,317.

4. Statement of disclosure to the partnership's auditors

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

- There is, so far as the person is aware, no relevant audit information of which the partnership's auditors are unaware; and

- The person has taken all the steps that he/she ought to have taken as a partner to be aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

5. Terms of appointment of the auditors

Parker Randall Eastern Africa were appointed in office in December 2020 in accordance with the partnership's Articles of Association and the Limited Liability Partnership Act of 2011.

The partners monitor the effectiveness, objectivity and independence of the auditor.

The partners also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

6. Approval of financial statements

The annual report and financial statements set out on pages 8 to 29, which have been prepared on the going concern basis, were approved by the partners on 23/12/21 and were signed on its behalf by:

By Order of the partners;

....

Partner

Nairobi

23/12/ **2021**

The Limited Liability Partnership Act requires the partners to prepare financial statements for each financial year that give a true and fair view of the financial position of the partnership as at the end of the financial year and of its profit or loss for that year. It also requires the partners to ensure that the partnership maintains proper accounting records that are sufficient to show and explain the transactions of the partnership and disclose, with reasonable accuracy, the financial position of the partnership. The partners are also responsible for safeguarding the assets of the partnership, and for taking reasonable steps for the prevention and detection of fraud and errors.

The partners accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Limited Liability Partnership Act of 2011. They also accept responsibility for:

i. designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii. selecting suitable accounting policies and applying them consistently; and

iii. making accounting estimates and judgments that are reasonable in the circumstances.

The Partners have indicated their intention to continue providing the necessary financial support that may be required to enable the partnership meet its financial obligations as and when they fall due. In view of this, the Partners consider it appropriate to prepare the financial statements on a going concern basis.

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

The financial statements set out on pages 8 to 29 were approved by the Partners on ....23/12/.........2021 and were signed on their behalf by:

....	....
Partner	**Partner**
Cytonn Investments Management PLC	**Cytonn Real Estate LLP**

Parker Randall | Eastern Africa
Member firm of Parker Randall International

MEMBER OF THE
FORUM OF FIRMS

REPORT OF THE INDEPENDENT AUDITOR
TO THE PARTNERS OF CYTONN INTERGRATED PROJECT LLP
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the accompanying financial statements of Cytonn Integrated Project LLP as set out on pages 8 to 29, which comprise the statement of financial position as at 31 December 2020; statement of profit or loss, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects a true and fair view of the financial position of Cytonn Integrated Project LLP as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Limited Liability Partnership Act of 2011.

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 Annual Report and Financial Statements section of our report. We are independent of the partnership in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of annual report and financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The partners are responsible for the other information. The other information comprises the Partner's Report as required by the Limited Liability Partnership Act of 2011 of Kenya. Other information does not include the annual report and financial statements and our auditor's report thereon. In connection with our audit of the annual report and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report and 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.

Partners' responsibility for the financial statements

The partners are responsible for the preparation and fair presentation of the annual report and financial statements in accordance with the International Financial Reporting Standards and the requirements of the Limited Liability Partnership Act of 2011, and for such internal control as the partners determine is necessary to enable the preparation of annual report and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the partners are responsible for assessing the partnership'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 partners either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 partnership's internal controls.

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

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

- 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 partnership'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 partnership 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 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, 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.

Parker Randall Eastern Africa

Certified Public Accountants
Nairobi

20/1/2022
Date

CPA Victor Majani, Practicing certificate No. 1546
Signing partner responsible for the independent audit

	Notes	2020 Kshs	2019 Kshs
Revenue	2	876,674,119	355,162,468
Cost of sales	3	(1,159,776,547)	(562,022,944)
Gross loss		**(283,102,428)**	**(206,860,476)**
Other income	4	180,075,556	64,489,841
Other operating (losses)	5	(11,868)	(100,191)
Operating expenses	6	(9,704,019)	(25,073,739)
Operating loss		**(274,742,759)**	**(167,544,565)**
Investment income	7	78,241	-
Loss before tax		(274,664,518)	(167,544,565)
Tax expense		-	-
Loss for the year		**(274,664,518)**	**(167,544,565)**

The notes set out on pages 12 to 29 form an integral part of the financial statements.

CYTONN INTEGRATED PROJECT LLP
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 Kshs	2019 Kshs
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	8	4,522,848	5,025,768
CURRENT ASSETS			
Development properties for sale	9	2,753,012,727	3,141,908,023
Trade and other receivables	10	654,510,689	567,743,480
Cash and cash equivalents	11	22,255,983	122,315,038
		3,429,779,349	3,831,966,540
TOTAL ASSETS		**3,434,302,197**	**3,836,992,308**
EQUITY AND LIABILITIES			
Retained income		(667,911,079)	(393,246,563)
NON-CURRENT LIABILITIES			
Other financial liabilities	12	2,524,712,876	2,804,257,573
Long term borrowings	13	600,867,281	433,007,010
		3,125,580,157	3,237,264,583
CURRENT LIABILITIES			
Trade and other payables	14	886,026,559	872,186,444
Other financial liabilities	12	90,606,562	97,152,238
Bank overdraft	11	-	23,635,606
		976,633,121	992,974,288
TOTAL EQUITY AND LIABILITIES		**3,434,302,197**	**3,836,992,308**

The financial statements on pages 8 to 29 were approved by the Partners on ...23/12..... / 2021 and signed on its behalf by:

....
Partner
Cytonn Investment Management PLC

....
Partner
Cytonn Real Estate LLP

The notes set out on pages 12 to 28 form an integral part of the financial statements.

	Retained income Kshs
As at 1 January 2019	(225,701,998)
Loss for the year	(167,544,565)
As at 31 December 2019	**(393,246,563)**
As at 1 January 2020	(393,246,563)
Loss for the year	(274,664,518)
As at 31 December 2020	**(667,911,080)**

The notes set out on pages 12 to 29 form an integral part of the financial statements.

	Notes	2020 Kshs	2019 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(274,664,518)	(167,544,565)
Adjustments for:			
Depreciation		1,061,583	687,377
Credit loss allowances	6	(111,117)	5,768,737
Changes in working capital			
Decrease in development properties	9	388,895,296	(399,467,904)
(Increase) in trade and other receivables	10	(86,767,159)	(441,365,411)
Increase in trade and other payables	14	13,951,232	57,193,592
Net cash from (used in) operating activities		**42,365,317**	**(944,728,173)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property Plant and Equipment	8	(558,664)	(2,143,075)
Net cash (used in) investing activities		**(558,664)**	**(2,143,075)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowing	13	167,860,271	433,007,010
Repayment of other financial liabilities	12	(286,090,373)	626,551,683
Net cash generated from financing activities		**(118,230,102)**	**1,059,588,693**
(Decrease)/ Increase in cash and cash equivalents		(76,423,449)	112,687,445
Cash and cash equivalents at start of year		98,679,432	(14,008,013)
Cash and cash equivalents as at reporting date	**11**	**22,255,983**	**98,679,432**

The notes set out on pages 12 to 29 form an integral part of the financial statements.

1. Summary significant accounting policies

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

1.1. Basis of preparation

The financial statements are prepared on historical cost basis in accordance with the International Financial Reporting Standards and the Limited Liability Partnership Act of 2011.
The financial statements have been prepared under the historical cost basis. The financial statements are presented in Kenya Shillings (Kshs) rounded to nearest shilling. These accounting policies are consistent with the previous period.

1.2. Significant judgments and sources of estimation uncertainty

The preparation of annual report and financial statements in conformity with IFRS requires management, from time to time, to make judgments, 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 recognized in the period in which the estimates are revised and in any future periods affected.

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

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

Impairment testing
The partnership 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 determines 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.

1 Summary significant accounting policies (continued)

1.3 Investments in associates

Investments in associates 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.

1.4 Financial instruments

Financial instruments held by the partnership are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the partnership, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortized 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);

Financial liabilities:

- Amortized cost;

All regular way purchases or sales of financial assets are recognized and derecognized 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 partnership are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortized cost (note 10).

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

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

1. Summary significant accounting policies (continued)

1.4 Financial instruments (continued)

Trade and other receivables (continued)

Recognition and measurement

They are subsequently measured at amortized cost. The amortized cost is the amount recognized on the receivable initially, minus principal repayments, plus cumulative amortization (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The partnership recognizes 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 partnership 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 partnership 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 are presented in note 16.

An impairment gains or loss is recognized 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.

1 Summary significant accounting policies (continued)

1.4. Financial instruments (continued)

Trade and other receivables (continued)

Write off policy
The partnership 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 partnership recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.
Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortized cost line item.

Borrowings and loans from related parties

Classification
Other financial liabilities are classified as financial liabilities subsequently measured at amortized cost.

Recognition and measurement
Borrowings and loans from related parties are recognized when the partnership 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 amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized 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 amortized cost of a financial liability.

Borrowings expose the partnership to liquidity risk and interest rate risk.

Derecognition

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

1 Summary significant accounting policies (continued)

1.4. Financial instruments (continued)

Trade and other payables

Classification
Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortized cost.

Recognition and measurement
They are recognized when the partnership 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 amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized 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 amortized cost of a financial liability. Trade and other payables expose the partnership to liquidity risk and possibly to interest rate risk. Refer to note 16 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.

Derecognition

Financial assets

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

1 Summary significant accounting policies (continued)

1.4. Financial instruments (continued)

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

Reclassification

Financial assets
The partnership 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.

1.5. Development properties for sale

Development properties for sale are measured at the lower of cost and net realizable value on the first-in-first-out basis. Net realizable 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.

1.6. Revenue from contracts with customers

The partnership recognizes revenue from the Construction of residential properties

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

The partnership develops and sells residential properties. Revenue is recognized when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer.

Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

1 Summary significant accounting policies (continued)

1.7. Revenue from contracts with customers (Continued)

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

1.8. Other income

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

		2020	2019
2	**Revenue**	**Kshs**	**Kshs**
	Sale of Houses	876,674,119	355,162,468
3	**Cost of sales**		
	Construction Costs	1,159,776,547	562,022,944
4	**Other income**		
	Interest income - Clients	13,747,917	62,875,101
	Staff loans interest	727,639	638,741
	Forfeited reservations income	3,600,000	976,000
		18,075,556	64,489,842

Interest income relates to interest accruing on unpaid client balances as per terms of the sales agreement relating to units in the project.

		2020	2019
5	**Other operating losses**	**Kshs**	**Kshs**
	Net foreign exchange losses	11,868	100,191
6	**Operating expenses**		
	Advertising and marketing	2,551,578	5,940,592
	Salary and wages	2,410,285	-
	Legal fees	1,222,000	2,474,055
	Depreciation and amortization costs	1,061,583	687,377
	Audit fees	1,028,500	932,800
	Board expenses	470,000	50,000
	Repairs and maintenance	412,563	180,600
	Staff commission	324,621	
	Tax fees	182,468	182,468
	Office expenses	83,290	11,500
	Bank charges	39,182	937,697
	Staff meals and entertainment	29,066	64,071
	Bad debt provision	(111,117)	-
	Sales commissions	-	7,456,067
	Expected credit loss	-	5,768,737
	Internet charges	-	290,000
	Clients' entertainment	-	68,575
	Travelling, transport and accommodation	-	21,700
	Electricity and water	-	7,500
		9,704,019	25,073,739

7 Investment revenue	**2020**	**2019**
	Kshs	**Kshs**
Bank interest	78,241	-

8 Plant and Equipment

	Furniture, fittings	Office equipment	Intangible Assets	Total
a) For the year ended 31 December 2020				
Cost				
At start of the year	2,901,824	3,823,226	456,957	7,182,007
Additions		558,664	-	558,664
At the end of year	2,901,824	4,381,890	456,957	7,740,671
Depreciation				
At start of the year	955,946	977,292	223,003	2,156,241
Charge for the year	246,427	768,363	46,792	1,061,583
At end of year	1,202,373	1,745,655	269,795	3,217,824
Net Book Value				
As at 31 December 2020	1,699,451	2,636,235	187,162	4,522,848

	Furniture, fittings	Office equipment	Intangible Assets	Total
b) For the year ended 31 December 2019				
At start of the year	2,901,824	1,680,150	456,957	5,038,931
Additions	-	2,143,075	-	2,143,075
At the end of year	2,901,824	3,823,225	456,957	7,182,006
Depreciation				
At start of the year	677,963	626,388	164,513	1,468,864
Charge for the year	277,983	350,904	58,490	687,377
At end of year	955,946	977,292	223,003	2,156,241
Net Book Value				
As at 31 December 2020	1,945,878	2,845,933	233,954	5,025,765

9 Development properties for sale

	2020 Kshs	2019 Kshs
Work in Progress	2,753,012,727	3,141,908,023
Fair value adjustment	38,341,804	49,963,414
Capitalised expenditure	3,874,447,470	3,653,967,553
Transfer to cost of sales	(1,159,776,547)	(562,022,944)
	2,753,012,727	3,141,908,023

10 Trade and other receivables

Receivables are amounts due from investments and sales in the ordinary course of business. If collection is expected in one year or less they are accounted for as current assets. If not, they are non-current assets.

Receivables are recognised initially at fair value and subsequently recognised at amortised cost, less any provision for impairment.

	2020 Kshs	2019 Kshs
Related parties receivables- (note 15)	460,707,519	376,988,500
Other receivables	67,987,249	63,034,237
Trade receivables	40,499,333	53,236,911
Advance payments	49,057,178	49,245,345
Directors current account (note 15)	36,259,360	25,238,487
	654,510,639	567,743,480

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

Exposure to credit risk

Trade receivables inherently expose the partnership to credit risk, being the risk that the partnership will incur financial loss if customers fail to make payments as they fall due.
There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The partnership'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.

11 Cash and cash equivalents

	2020 Kshs	2019 Kshs
Bank Balances	21,464,552	120,946,525
Short-term deposits	565,090	1,187,122
Cash on hand	226,341	181,391
Unidentified customer deposits	-	(23,635,606)
	22,255,983	98,679,432
Current assets	22,255,983	122,315,038
Current liabilities	-	(23,635,606)
	22,255,983	98,679,432

Cash and cash equivalents above are accounted for at amortised cost in accordance with the accounting policies.

12 Other financial liabilities

	2020 Kshs	2019 Kshs
Cytonn High Yield Solutions LLP	2,403,565,529	2,635,784,364
Cytonn Real Estate Project Notes LLP	130,388,451	184,259,989
Cytonn High Yield Fund LLP	81,365,458	81,365,458
	2,615,319,438	2,901,409,811

Cytonn High Yield Solutions LLP, Cytonn Real Estate Project Notes LLP, and Cytonn High Yield Fund LLP are constituent entities of Cytonn group. The Fund is a rolling three-year investment in special purpose vehicles, with returns to Cytonn High Yield Solutions LLP of 21% per annum.

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

Split between non-current and current portions

	2020 Kshs	2019 Kshs
Non-current liabilities	2,524,712,876	2,804,257,573
Current liabilities	90,606,562	97,152,238
	2,615,319,438	2,901,409,811

13 Borrowings

	2020	2019
Long term borrowings - SBM	600,867,281	433,007,010

The project still has an existing loan with SBM. The loan is secured by a first ranking charge on title deed for LR No. Kiambaa/Ruaka/6667.

14 Trade and other payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method. Other payables are recognized at their nominal value.

	2020 Kshs	2019 Kshs
Other payables	555,299,141	650,919,139
Trade payables	241,283,236	149,424,194
Trade payables-related parties (note 15)	83,786,562	66,074,374
Provision for expected credit loss	5,657,620	5,768,737
	886,026,559	872,186,444

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

15 Related Parties Relationships

	2020 Kshs	2019 Kshs
Other financial liabilities		
Cytonn High Yield Solutions LLP	2,403,565,529	2,635,784,364
Cytonn Real Estate Project Notes LLP	130,388,451	184,259,989
Cytonn High Yield Fund	81,365,458	81,365,458
	2,615,319,438	2,901,409,811
Amount due to related parties		
Cytonn Investment Partners Ten LLP	-	53,102,589
Cytonn Investment Partners Two LLP	9,266,656	8,838,156
Cytonn Investment Partners Eleven LLP	58,771,335	3,233,901
Ololua Estates LLP	874,728	874,728
Cytonn Investment Partners Eight LLP	25,000	25,000
Cytonn Investment Management PLC	14,848,844	-
	83,786,562	66,074,374

15 Related Parties Relationships

	2020 Kshs	2019 Kshs
Amount due from related parties		
Cytonn Investments Management Plc	243,277,327	254,303,060
Cytonn High Yield Solutions LLP	33,009,010	33,009,010
Cytonn Diaspora	29,109,870	25,402,779
Cytonn Investment Partners Eleven LLP	106,793,803	20,138,053
Cytonn Investment Partners Eighteen LLP	18,558,172	16,310,234
Amara Ridge Management Company Ltd	99,000	-
Alma Apartments Management Company Ltd	343,791	-
Cytonn Education Services (CES)	3,778,749	-
Cytonn Investment Partners three LLP	13,279,835	12,775,923
Cytonn Investment Partners Twenty LLP	10,080,938	9,979,842
Cytonn Education Services	-	3,778,749
Cytonn Partners Sixteen LLP	1,816,487	719,967
Cytonn Properties LLP	555,570	555,570
Ololua Estates LLP	-	10,346
Cytonn Technologies LLP	4,967	4,967
Cytonn Investment Partners Ten LLP		-
	460,707,519	376,988,500
Directors current account		
Anti-Jussi Ahveninen	19,605,050	19,605,050
Edward Odundo	11,828,045	-
Elizabeth N. Nkukuu	4,642,570	-
Daniel Mugendi	1,765,733	4,248,561
Nasser Olwero	(1,582,037)	1,384,876
	36,259,360	25,238,487

Cytonn Integrated Project LLP is related to the above companies and partnerships by virtue of common control.

16 Financial instruments and risk management

Introduction

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

The partnership's risk management policies are established to identify and analyses the risks faced by the partnership, 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 partnership's activities.

Credit risk

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

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

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

The maximum exposure to credit risk is presented in the table below

2020	Gross Carrying Amount	Credit Loss Allowance	Amortised cost/fair value
Trade and other receivables	654,510,639	5,471,565	649,039,074
Cash and cash equivalents	22,255,983	186,055	22,069,928
	676,766,622	5,657,620	671,109,002
2019			
Trade and other receivables	567,743,480	4,746,211	562,997,269
Cash and cash equivalents	122,315,038	1,022,527	121,292,511
	690,058,517	5,768,737	684,289,780

16 Financial instruments and risk management (continued)

Liquidity Risk

The partnership is exposed to liquidity risk, which is the risk that the partnership will encounter difficulties in meeting its obligations as they become due.

The partnership 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 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.

2020	**Less than 1 year**	**2 to 5 years**	**Carrying amount**
Non-current liabilities			
Financial liabilities	-	2,524,712,876	2524712876
Long term borrowings	-	600,867,281	600,867,281
	-	3,125,580,157	3,125,580,157
Current liabilities			
Trade and other payables	886,026,559	-	886026559
Financial liabilities	90,606,562		90,606,567
	976,633,121		976,633,121
2019			
Non-current liabilities			
Financial liabilities	-	2,804,257,573	2,804,257,573
Long term borrowings	-	433,007,010	433,007,010
		3,237,264,582	3,237,264,582
Current liabilities			
Trade and other payables	866,417,707	-	866,417,707
Financial liabilities	97,152,238	-	97,152,238
Unidentified customer deposits	23,635,606	-	23,635,606
	987,205,551	-	987,205,551

16 Financial instruments and risk management (continued)

Foreign currency risk

The partnership 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 utilizing foreign forward exchange contracts where necessary. The foreign currencies in which the partnership deals primarily are US Dollars.

The partnership 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 partnership'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.

Interest rate risk

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

The partnership 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.

17 Capital risk management

The partnership'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 partnership's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximize stakeholder returns sustainably.

The partnership 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 partnership may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, 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.

18 Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities

	Opening balance	Interest	Cash flows	Closing balance
2020				
Other financial liabilities	3,334,416,821	383,409,180	(501,639,283)	3,216,186,719
Total liabilities	3,334,416,821	383,409,180	(501,639,283)	3,216,186,719
2019				
Other financial liabilities	2,274,858,128	986,511,844	73,046,849	3,334,416,821
Total liabilities	2,274,858,128	986,511,844	73,046,849	3,334,416,821

19 Comparatives

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

20 Commitments

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

21 Contingencies

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

22 Events after the reporting date

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.

During the Financial year 2021, Cytonn High Yield Solutions LLP – which is the principle financier to Cytonn Investment Partners Fifteen LLP was put under voluntary administration through a court order issued on 6th October 2021. Currently, this event has not affected the operations of the partnership but management is closely monitoring this situation.