CYTONN INVESTMENTS PARTNERS FIFTEEN LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

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 Bankers	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 N. Wanjama

The partners have pleasure in submitting their report on the annual financial statements of Cytonn Investment Partners Fifteen LLP for the year ended 31 December 2019.

1. Incorporation and registered Office

The partnership was incorporated as a Limited Liability Partnership on 30 September 2016 with registration number LLP/2016/113 and is domiciled in Kenya. The address of the registered office is set out on page 1.

2. Principal activity

The partnership was formed to hold investment in Superior Homes.

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 year.

The partnership recorded a net loss for the year ended 31 December 2020 of Kshs 68,800,434. This represented an increase of 11% from the net loss for the prior year of Kshs 77,332,033

The cash outflows from operating activities increased by 11% from Kshs (66,978,019) in the prior year to Kshs (59,356,707) for the year ended 31 December 2020.

4. Statement as to disclosure to the partnership's auditor

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 auditor

Parker Randall Eastern Africa were appointed in office in December 2020 and continue in office in accordance with the partnership's Articles of Association and the Limited Liability Partnership Act, 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 9 to 26, which have been prepared on the going concern basis, were approved by the partners and were signed on its behalf by;

By Order of the Partners

....
Partner

23/12 / **2021**

The Limited Liability Partnership Act of 2011 requires the partners to prepare annual report and 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 other irregularities.

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 Partnerships 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 9 to 26 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

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REPORT OF THE INDEPENDENT AUDITOR TO THE PARTNERS OF CYTONN INVESTMENT PARTNERS FIFTEEN LLP FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the accompanying financial statements of Cytonn Investments Partners Fifteen LLP set out on pages 9 to 26, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects a true and fair view of the financial position of Cytonn Investment Partners Fifteen 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 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)* 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 partnerships net current liabilities is Kshs (33,889,869) (2019: 24,446,142), against the current assets of Kshs 2,759 (2019; Kshs 2,759) and the partnership has suffered recurring losses from operations of Kshs 68,800,434 in 2020 and Kshs. 77,332,033 in 2019. Cumulatively a retained loss of Kshs 239,392,892.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Partnership'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 partners will continue providing the necessary financial support to enable the partnership to meet its financial obligations as and when they fall due.

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. The Partners are responsible for the other information. 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.

Partners' responsibility for the annual report and financial statements

The Partners 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 Limited liability partnership Act 2011 and for such internal control as the Partners 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 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:

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

- 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the partnership to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

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

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

25/1/2022
Date

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

CYTONN INVESTMENTS PARTNERS FIFTEEN LLP
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2020 Kshs	2019 Kshs
Operating Expenses	2	(255,460)	(5,339,683)
Operating Loss		**(255,460)**	**(5,339,683)**
Finance Costs	3	(68,544,974)	(71,992,350)
Loss for the year		**(68,800,434)**	**(77,332,033)**

The notes set out on pages 13 to 26 form an integral part of the financial statements.

		2020 Kshs	2019 Kshs
Non-Current Assets			
Investments at Fair Value	4	250,000,000	250,000,000
Current Assets			
Bank Balances	5	2,759	2,759
Total Assets		**250,002,759**	**250,002,759**
Equity And Liabilities			
Retained income		(239,392,892)	(170,592,458)
Non-Current Liabilities			
Other Financial Liabilities	7	455,505,782	396,149,075
Current Liabilities			
Trade and other payables	6	33,889,869	24,446,142
Total Equity And Liabilities		**250,002,759**	**250,002,759**

The financial statements on pages 9 to 26 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 13 to 26 form an integral part of the financial statements.

Retained income

	2019
	Kshs
As at 1 January 2019	(93,260,425)
Loss for the year	(77,332,033)
As at 31 December 2019	**(170,592,458)**

	2020
	Kshs
As at 1 January 2020	(170,592,458)
Loss for the year	(68,800,434)
As at 31 December 2020	**(239,392,892)**

The notes set out on pages 13 to 26 form an integral part of the financial statements.

CYTONN INVESTMENT PARTNERS FIFTEEN LLP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Kshs	2019 Kshs
CASHFLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(68,800,434)	(77,332,033)
Adjustments for:			
Expected credit loss		-	23
Finance costs	3	68,544,974	71,992,350
Changes in working capital			
Trade and other payables	6	9,443,727	10,354,014
Net cash generated from operating activities		**9,188,267**	**5,014,354**
Expected credit loss		-	(23)
Finance costs	3	(68,544,974)	(71,992,350)
Net cash used in operating activities		**(59,356,707)**	**(66,978,019)**
CASHFLOWS FROM INVESTING ACTIVITIES			
Investments at fair value		-	10,230,137
Net cash generated from investing activities		**-**	**10,230,137**
CASHFLOWS FROM FINANCING ACTIVITIES			
At start of year			
Movement in other Financial Liability	7	59,356,707	56,747,882
Net cash generated from financing activities		**59,356,707**	**56,747,882**
Movement for the year		**-**	**-**
Cash and cash equivalents at start of year		2,759	2,759
Cash and cash equivalents at end of the year	**5**	**2,759**	**2,759**

The notes set out on pages 13 to 26 form an integral part of the financial statements.

1. Summary of 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 judgements 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 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 recognized 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.

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 judgement 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 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.

1. Summary of significant accounting policies (continued)

1.3 Investments in associates

Associate is an entity which the partnership has significant influence but not control. This is generally the case where the partnership holds between 20% and 49% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Equity method
Under the equity method of accounting, the investments are initially recognized at cost and adjusted to recognize the partnership's share of the post-acquisition profits or losses of the investee in profit or loss, and the partnership's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the partnership's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the partnership does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the partnership and its associates and joint ventures are eliminated to the extent of the partnership's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the partnership. The carrying amount of equity-accounted investments is tested for impairment.

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;

1. Summary of significant accounting policies (continued)

1.5 Financial Instruments (continued)

Note 9 on financial instruments and risk management presents the financial instruments held by the partnership based on their specific classifications.

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.

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.

Recognition and measurement
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.
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.

1. Summary of significant accounting policies (continued)

1.5 Financial Instruments (continued)

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. Loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain 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.

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.

1. Summary of significant accounting policies (continued)

1.5 Financial Instruments (continued)

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.

Trade and other payables

Classification
Trade and other payables 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.

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)

1.5 Financial Instruments (continued)

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.

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

1.6 Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized 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 capitalization is determined as follows:

1. Summary of significant accounting policies (continued)

1.6 Borrowing costs (continued)

- 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 capitalized do not exceed the total borrowing costs incurred.

The capitalization 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. Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization 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 recognized as an expense in the period in which they are incurred

1.7 Impairment of assets

The partnership 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 partnership estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the partnership also;

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

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

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

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

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

1. Summary of significant accounting policies (continued)

1.7 Impairment of assets (Continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized 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 recognized for the asset in prior periods.

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

	2020	2019
	Kshs	Kshs
2 Operating expenses		
Audit remuneration	162,500	268,200
Legal and professional fees	71,460	71,483
Transport and accommodation	21,500	-
Structuring fees expense	-	5,000,000
	255,460	5,339,683

3 Finance costs

Interest on loan (Note 7)	68,544,974	71,992,350

4 Investment at fair value

Superior Homes	250,000,000	250,000,000

12.5% Shares in Superior Homes at Vipingo Limited. (Shares secured to encumbrance of Kshs. 380,000,000 charge)

	2020	2019
5 Cash and cash equivalent	Kshs	Kshs
Bank Balances	2,759	2,759

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

6 Trade and other payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business to 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	2019
	Kshs	Kshs
Other payables	23,347,260	23,347,260
Trade payables- Related Party (Note 8)	10,051,389	841,622
Accrued expenses	491,198	257,237
Provision for expected credit loss	23	23
	33,889,869	24,446,142

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

7 Other financial Liabilities	**2020**	**2019**
	Kshs	**Kshs**
Cytonn High Yield Solutions LLP-Loan (Note 8)	455,505,782	396,149,075

Cytonn Cash Management Solutions LLP, a constituent company of Cytonn group, has a rolling three year investments in special purpose vehicle, 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 approximate their fair value

8 Related Party balances
Loans from related parties

Cytonn High Yield Solutions LLP	455,505,782	396,149,075
Trade payables-Related parties		
Cytonn Investment Management PLC	10,051,388	841,622
Related party transactions		
Interest paid to related parties		
Cytonn High Yield Solutions	68,544,974	71,992,350

Cytonn Investment Partners Fifteen LLP is related to the above entities by virtue of common control.

9. Financial instruments and risk management

Introduction

The partnership's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the partnership's business, and the operational risks are an inevitable consequence of being in business. The partnership's aims to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risk include:

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

The partners have 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 partners 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 partnership through dealing with well-established financial institutions with high credit ratings.

9. Financial instruments and risk management (continued)

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

	Gross Carrying Amount	Credit Loss Allowance	Amortized cost/ Fair value
2020			
Cash and cash equivalent	2,759	23	2,736
2019			
Cash and cash equivalent	2,759	23	2,736

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 Years**	**2 to 5 Years**	**Total**	**Carrying Amount**
Non-current Liabilities				
Other financial liabilities	-	455,505,782	455,505,782	455,505,782
Current Liabilities				
Trade and other payables	33,889,846	-	33,889,846	33,889,846
	33,889,846	455,505,782	489,395,628	489,395,628

9. Financial instruments and risk management (continued)

Liquidity risk

2019	Less than 1 Years	2 to 5 Years	Total	Carrying Amount
Non-current Liabilities				
Other financial liabilities	56,747,881	339,401,194	396,149,075	396,149,075
Current Liabilities				
Trade and other payables	10,353,992	14,092,127	24,446,119	24,446,119
	67,101,873	353,493,321	420,595,194	420,595,194

10 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 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.

11. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities-2020

2020	Opening balance Kshs	Interest Kshs	Cash flows Kshs	Closing balance Kshs
Other financial liabilities	396,149,075	68,544,974	(9,188,267)	455,505,782
2019				
Other financial liabilities	339,401,194	56,747,881	-	396,149,075

12. Comparatives

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

13. Commitments

There were no commitments during the year ended 31 December 2020

14. Contingencies

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

15. 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.

During the financial year 2020, 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 company but management is closely monitoring the situation.