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Cytonn Investment Partners Three LLP
Restated Annual Financial Statements
for the year ended December 31, 2016

General Information

Country of incorporation and domicile	Kenya
Partners	Edwin H. Dande (In trust for Cytonn Investments Management Limited) Cytonn Investments Management Limited
Registered office	3rd Floor, Liaison House State House Avenue P.O. Box 20695-00200 Nairobi
Bankers	Standard Chartered Bank Limited Chiromo Branch P.O. Box 30003-00100 Nairobi Chase Bank Limited Riverside Branch P.O. Box 66015-00800 Nairobi
Independent auditor	Grant Thornton Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Secretary	Patricia Wanjama
Partnership registration number	LLP/2014/104
Tax reference number	P051533461E
Date of incorporation	September 26, 2014

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The reports and statements set out below comprise the restated annual financial statements presented to the partners:

Partners' Report

The partners have pleasure in submitting their report on the restated annual financial statements of Cytonn Investment Partners Three LLP for the year ended December 31, 2016.

1. Nature of business

Cytonn Investment Partners Three LLP was incorporated in Kenya with interests in the real estate sector. The partnership operates principally in Kenya.

The principal activities of the partnership are holding property for capital appreciation or earning a rental yield and will sell houses when the need arises.

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

2. Review of financial results and activities

The restated annual 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 profit after tax for the year ended December 31, 2016 of K Sh 28,914,648. This represented a decrease of (37)% from the net profit after tax of the prior year of K Sh 45,930,276.

Partnership revenue increased by 1,058% from K Sh16,530,000 in the prior year to K Sh 191,358,460 for the year ended December 31, 2016

Partnership cash flows from operating activities increased by (99)% from K Sh(119,791,691) in the prior year to K Sh(974,748) for the year ended December 31, 2016.

3. Dividends

The partners do not recommend payment of a dividend for the year ((2015: Nil).

4. Partners

The partners in office at the date of this report are as follows:

Partners
Edwin H. Dande (In trust for Cytonn Investments Management Limited)
Cytonn Investments Management Limited

There have been no changes to the partners for the year under review.

5. Events after the reporting period

The partners are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Independent auditors

The partnership's Auditor, Messrs Grant Thornton, and have indicated their willingness to continue in office in accordance with the Limited Liability Partnership Act of 2011.

7. Relevant audit information

The partners in office at the date of this report confirm that;

a) There is no relevant audit information of which the partnership's auditor is unaware; and

b) Each of the partners has taken all the steps that they ought to taken as a partner so as to be aware of any relevant information and to establish that the partnership's auditor is aware of that information.

Partners' Report

8. Approval of financial statements

The restated annual financial statements set out on pages 3 to 27 were approved at a meeting by the partners on March 02, 2017, and were signed on its behalf by:

Partner

Statement of Partners' Responsibilities on the Financial Statements

The partners are required in terms of the Limited Liability Partnership Act of 2011 to maintain adequate accounting records and are responsible for the content and integrity of the restated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the restated annual financial statements fairly present the state of affairs of the partnership as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the partnership. The external auditors are engaged to express an independent opinion on the restated annual financial statements.

The restated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The partners acknowledge that they are ultimately responsible for the system of internal financial control established by the partnership and place considerable importance on maintaining a strong control environment. To enable the partners to meet these responsibilities, appropriate standards for internal control aimed at reducing the risk of error or loss in a cost effective manner have been set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the partnership and all employees are required to maintain the highest ethical standards in ensuring the partnership's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the partnership is on identifying, assessing, managing and monitoring all known forms of risk across the partnership. While operating risk cannot be fully eliminated, the partnership endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The partners are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the restated annual financial statements. They are, also, of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the partnership and of its operating results as at December 31, 2016. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The partners have reviewed the partnership's cash flow forecast for the year to December 31, 2017 and, in the light of this review and the current financial position, they are satisfied that the partnership has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the partnership's restated annual financial statements. The restated annual financial statements have been examined by the partnership's external auditors and their report is presented on pages 6 to 7.The restated annual financial statements set out on pages 9 to 27, which have been prepared on the going concern basis, were approved by the partners on March 02, 2017 and were signed on its behalf by:

Partner	**Partner (Representing Cytonn Investments Management Limited)**

Independent Auditor's Report

To the partners of Cytonn Investment Partners Three LLP

Report on the Audit of the Restated Annual Financial Statements

Opinion

We have audited the Restated Annual Financial Statements of Cytonn Investment Partners Three LLP set out on pages 8 to 27, which comprise the Statement of Financial Position as at December 31, 2016, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Restated Annual Financial Statements, including a summary of significant accounting policiesand other explanatory information.

In our opinion, the Restated Annual Financial Statements present fairly, in all material respects, the financial position of Cytonn Investment Partners Three LLP as at December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Limited Liability Partnership Act of 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Restated Annual 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 (Parts A and B) (IESBA Code) in Kenya. We believe that the audit evidence have obtained is sufficient and appropriate to provide a basis for the opinion and we have fulfilled our ethical responsibilities in accordance with the IESBA code.

Other information

The partners are responsible for the other information. The other information comprises the Partners' Report as required by the Limited Liability Partnership Act of 2011 2015 which we obtained prior to the date of this report.

Our opinion on the Restated Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the partners for the Restated Annual Financial Statements

The partners are responsible for the preparation and fair presentation of the Restated Annual Financial Statements in accordance with 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 Restated Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Restated Annual 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. The partners are responsible for overseeing the partnership's finacial reporting process.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Restated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Restated Annual 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 International Standards on Auditing 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 Restated Annual Financial Statements.

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

- Identify and assess the risks of material misstatement of the Restated Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the partners.
- Conclude on the appropriateness of the partners' 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 Restated Annual 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 our 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 Restated Annual Financial Statements, including the disclosures, and whether the Restated Annual 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.

Report on other legal and regulatory requirements

As required we report to you, based on our audit, that:
a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
b) In our opinion proper books of accounts have been kept by the partnership, so far as appears from our examination of those books;
c) In our opinion, the financial information given in the partners' report for the year ended December 31, 2016 is consistent with the partnership's annual financial statements; and
d) The partnership's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA D. V. Shah - P/No. 1729.

Grant Thornton.

Grant Thornton
Certified Public Accountants

Grant Thornton
Certified Public Accountants (Kenya)
Nairobi

C/120/1216/038/0317/AUD
02 MARCH 2017

Statement of Financial Position as at December 31, 2016

	Note(s)	2016 K Sh	Restated 2015 K Sh
Assets			
Non-Current Assets			
Investment property	3	187,588,072	192,952,809
Current Assets			
Inventories	4	192,494,462	138,823,346
Trade and other receivables	5	89,559,919	21,047,610
Investments	6	176,919,631	304,127,037
Prepayments	7	50,219,964	53,312,051
Cash and cash equivalents	8	7,153,472	3,038,052
		516,347,448	**520,348,096**
Total Assets		**703,935,520**	**713,300,905**
Equity and Liabilities			
Equity			
Partners account		74,844,924	45,930,276
Liabilities			
Non-Current Liabilities			
Land owners contribution	9	175,000,000	175,000,000
Current Liabilities			
Trade and other payables	10	121,662,982	47,461,040
Borrowings	11	332,427,614	444,909,589
		454,090,596	**492,370,629**
Total Liabilities		**629,090,596**	**667,370,629**
Total Equity and Liabilities		**703,935,520**	**713,300,905**

The restated annual financial statements and the notes on pages 3 to 27, were approved by the partners on the March 02, 2017 and were signed on its behalf by:

Partner

Partner (Representing Cytonn Investments Management Limited)

The accounting policies on pages 12 to 17 and the notes on pages 18 to 27 form an integral part of the restated annual financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2016 K Sh	Restated 2015 K Sh
Revenue	12	191,358,460	16,530,000
Cost of sales	13	(165,351,529)	(18,922,644)
Gross profit (loss)		**26,006,931**	**(2,392,644)**
Other income	14	250,910	-
Operating expenses	15	(7,913,136)	(2,424,623)
Operating profit (loss)		**18,344,705**	**(4,817,267)**
Investment revenue	16	25,569,943	13,247,543
Fair value adjustments	17	(15,000,000)	37,500,000
Profit for the year		**28,914,648**	**45,930,276**
Other comprehensive income		-	-
Total comprehensive income for the year		**28,914,648**	**45,930,276**

The accounting policies on pages 12 to 17 and the notes on pages 18 to 27 form an integral part of the restated annual financial statements.

Statement of Changes in Equity

	Partners account K Sh	Total equity K Sh
Profit for the year	45,930,276	45,930,276
Other comprehensive income	-	-
Total comprehensive income for the year	**45,930,276**	**45,930,276**
Balance at January 01, 2016	**45,930,276**	**45,930,276**
Profit for the year	28,914,648	28,914,648
Other comprehensive income	-	-
Total comprehensive income for the year	**28,914,648**	**28,914,648**
Balance at December 31, 2016	**74,844,924**	**74,844,924**

The accounting policies on pages 12 to 17 and the notes on pages 18 to 27 form an integral part of the restated annual financial statements.

Included in the partner's account above, is a fair value gain of K Sh 22,500,000 in respect to investment property which is non-distributable.

Statement of Cash Flows

	Note(s)	2016 K Sh	Restated 2015 K Sh
Cash flows from operating activities			
Cash used in operations	18	(26,544,691)	(170,539,234)
Interest income	16	25,569,943	13,247,543
Fair value adjustments	17	-	37,500,000
Net cash from operating activities		**(974,748)**	**(119,791,691)**
Cash flows from investing activities			
Purchase of investment property	3	(9,635,263)	(192,952,809)
Purchase of financial assets	6	-	(304,127,037)
Sale of financial assets	6	127,207,406	-
Net cash from investing activities		**117,572,143**	**(497,079,846)**
Cash flows from financing activities			
Proceeds from borrowings	11	-	444,909,589
Repayment of borrowings	11	(112,481,975)	-
Land owners contribution	9	-	175,000,000
Net cash from financing activities		**(112,481,975)**	**619,909,589**
Total cash movement for the year		**4,115,420**	**3,038,052**
Cash at the beginning of the year	8	3,038,052	-
Total cash at end of the year	8	**7,153,472**	**3,038,052**

The accounting policies on pages 12 to 17 and the notes on pages 18 to 27 form an integral part of the restated annual financial statements.

Accounting Policies

Corporate information

Cytonn Investment Partners Three LLP is a limited liability partnership incorporated and domiciled in Kenya.

For reporting purposes, the balance sheet is represented in these restated annual financial statements by the Statement of Financial Position and the profit and loss account by the Statement of Profit or Loss and Other Comprehensive Income.

1. Significant accounting policies

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

1.1 Basis of preparation

The restated annual 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 restated annual financial statements and the Limited Liability Partnership Act of 2011.

The restated annual 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 partnership's functional currency, and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of restated annual 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

Trade receivables

The partnership assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the partnership makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

Several assets and liabilities of the partnership are either measured at fair value or disclosure is made of their fair values.

A valuation committee was established in order to determine the appropriate valuation techniques and inputs for each valuation. The committee reports to the CFO. Significant valuation issues are reported to the audit committee.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

1.3 Investment property

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.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

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.

1.4 Financial instruments

Classification

The partnership classifies financial assets and financial liabilities into the following categories:
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the partnership becomes a party to the contractual provisions of the instruments.

The partnership classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Accounting Policies

1.4 Financial instruments (continued)

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the partnership has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the partnership assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the partnership, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the partnership's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the partnership has the positive intention and ability to hold to maturity are classified as held to maturity.

1.5 Inventories

Inventories 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 inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories 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 inventories are sold, the carrying amount of those inventories 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.

1.6 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.

Accounting Policies

1.6 Impairment of assets (continued)

- 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 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.

1.7 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the partnership has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the partnership retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the partnership; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the partnership;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.8 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.

1.9 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:

Accounting Policies

1.9 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 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.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the partnership has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the partnership is for years beginning on or after January 01, 2016.

The partnership has adopted the amendment for the first time in the 2016 restated annual financial statements.

The impact of the amendment is not material.

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its restated annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the restated annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the partnership is for years beginning on or after January 01, 2016.

The partnership has adopted the amendment for the first time in the 2016 restated annual financial statements.

The adoption of this amendment has not had a material impact on the results of the partnership, but has resulted in more disclosure than would have previously been provided in the restated annual financial statements.

2.2 Standards and Interpretations early adopted

The partnership has chosen to early adopt the following standards and interpretations:

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 01, 2018.

The partnership does not envisage the adoption of the amendment until such time as it becomes applicable to the partnership's operations.

The adoption of this amendment is not expected to impact on the results of the partnership, but may result in more disclosure than is currently provided in the restated annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

The core principle of IFRS 15 is that an entity 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. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after January 01, 2018.

The adoption of this standard is not expected to impact on the results of the partnership, but may result in more disclosure than is currently provided in the restated annual financial statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the partnership's accounting periods beginning on or after January 01, 2017 or later periods but are not relevant to its operations:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the partnership are as follows:

Partnership as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Partnership as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 01, 2019.

The partnership does not envisage the adoption of the standard until such time as it becomes applicable to the partnership's operations.

It is unlikely that the standard will have a material impact on the partnership's restated annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

Notes to the Restated Annual Financial Statements

2. New Standards and Interpretations (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after January 01, 2018.

The partnership does not envisage the adoption of the standard until such time as it becomes applicable to the partnership's operations.

The impact of this standard is currently being assessed.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after January 01, 2017.

The partnership does not envisage the adoption of the amendment until such time as it becomes applicable to the partnership's operations.

The impact of this amendment is currently being assessed.

Notes to the Restated Annual Financial Statements

	2016 K Sh	2015 K Sh

3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	187,588,072	-	187,588,072	192,952,809	-	192,952,809

Reconciliation of investment property - 2016

	Opening balance	Additions	Transfers	Fair value adjustments	Total
Investment property	192,952,809	367,481,254	(357,845,991)	(15,000,000)	187,588,072

Reconciliation of investment property - 2015

	Opening balance	Additions	Transfers	Fair value adjustments	Total
Investment property	-	313,198,799	(157,745,990)	37,500,000	192,952,809

Fair value of investment properties	75,000,000	125,000,000

Borrowing costs capitalised

Borrowing costs capitalised to qualifying assets	19,365,675	5,847,360

Details of property

L.R. No. 5830/7 & 5954/2

- Purchase price	175,000,000	175,000,000
- Fair value gain	22,500,000	37,500,000
- Capitalised expenditure	347,934,063	138,198,799
- Transfer to inventories	(357,845,991)	(157,745,990)
	187,588,072	**192,952,809**

Details of valuation

The effective date of the revaluations was Friday, December 23, 2016. Revaluations were performed by an independent valuer, Kenval Realtors (EA) Limited. Kenval Realtors (EA) Limited are not connected to the partnership and have recent experience in the location and category of the investment property being valued.

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

4. Inventories

Work in progress	192,494,462	138,823,346

The above work in progress consists of land transferred from investment properties based on performance obligations.

Transfer from investment property	357,845,991	66,584,284
Transfer to cost of sales	(165,351,529)	(18,922,644)
	192,494,462	**47,661,640**

Notes to the Restated Annual Financial Statements

	2016 K Sh	2015 K Sh

5. Trade and other receivables

Trade receivables	49,649,792	-
Other receivables	38,677,167	19,814,650
Related party receivables (Note 19)	1,232,960	1,232,960
	89,559,919	**21,047,610**

In the opinion of the partners, the carrying amount of trade and other receivables approximate their fair value.

The carrying amounts of trade and other receivables are denominated in Kenya Shillings.

6. Investments

Held to maturity		
Cytonn Cash Management Solutions LLP (Note 19)	176,919,631	304,127,037
Current assets		
Held to maturity	176,919,631	304,127,037

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

The carrying amounts of investments are denominated in Kenya Shillings.

7. Prepayments

Prepayments	50,219,964	53,312,051

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

The carrying amounts of prepayments are denominated in Kenya Shillings.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7,153,472	3,038,052

The carrying amounts of cash and cash equivalents are denominated in Kenya Shillings.

9. Landowners contribution

Landowners contribution	175,000,000	175,000,000

In the opinion of the partners, the carrying amount of land owners contributions approximate their fair value.

The carrying amounts of land owner contributions are denominated in Kenya Shillings.

10. Trade and other payables

Trade payables	964,152	27,738,907
Other payables	69,256,183	3,792,988
Deposits received	48,869,200	13,470,000
Related party payables (Note 19)	2,573,447	2,459,145
	121,662,982	**47,461,040**

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

Notes to the Restated Annual Financial Statements

	2016 K Sh	2015 K Sh

10. Trade and other payables (continued)

The carrying amounts of other payables are denominated in Kenya Shillings.

11. Borrowings

	2016 K Sh	2015 K Sh
Held at amortised cost		
TT Africa	332,427,614	444,909,589

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 is secured by a charge over the Partner's interests in the issuer, pursuant to the Partnership and account charge.

	2016 K Sh	2015 K Sh
Current liabilities		
At amortised cost	332,427,614	444,909,589

12. Revenue

	2016 K Sh	2015 K Sh
Sale of houses	191,358,460	16,530,000

13. Cost of sales

	2016 K Sh	2015 K Sh
Sale of houses		
Development costs	165,351,529	18,922,644

14. Other income

	2016 K Sh	2015 K Sh
Tender fee income	239,250	-
Gain on exchange differences	11,660	-
	250,910	-

15. Operating expense

	2016 K Sh	2015 K Sh
The following items are included within operating expenses:		
Legal and professional fees	2,435,039	471,000
Advertising and promotions	3,682,853	1,054,967
Auditors remuneration	643,000	621,551
Travelling and entertainment	445,560	16,545
Office expenses	421,536	-
Fines and penalties	130,000	-
Bank charges	85,601	65,539
Office expenses	62,398	22,930
Electricity and water	6,564	74,969
Printing and stationery	585	31,198
Security	-	40,000
Postage	-	16,984
Profit and loss on exchange differences	-	7,350
IT expenses	-	1,590
	7,913,136	**2,424,623**

Notes to the Restated Annual Financial Statements

	2016 K Sh	2015 K Sh
16. Investment revenue		
Interest revenue		
Interest income (Note 19)	25,569,943	13,247,543
17. Fair value adjustments		
Investment property (Fair value model)	(15,000,000)	37,500,000
18. Cash used in operations		
Profit before taxation	28,914,648	45,930,276
Adjustments for:		
Interest received	(25,569,943)	(13,247,543)
Fair value adjustments	15,000,000	(37,500,000)
Changes in working capital:		
Inventories	(53,671,116)	(138,823,346)
Trade and other receivables	(68,512,309)	(21,047,610)
Prepayments	3,092,087	(53,312,051)
Trade and other payables	74,201,942	47,461,040
	(26,544,691)	**(170,539,234)**

19. Related parties

Related party balances

	2016 K Sh	2015 K Sh
Investments in related parties		
Cytonn Cash Management Solutions LLP	176,919,631	304,127,037
Amounts included in Other receivables regarding related parties		
Cytonn Cash Management Solutions LLP	1,152,960	1,152,960
Mystic Plains LLP	80,000	80,000
Amounts included in Trade and other payables regarding related parties		
Cytonn Investments Management Limited	348,769	1,768,975
Cytonn Investment Partners Two LLP	2,147,984	690,170
Cytonn Integrated Project LLP	5,222	-
Cytonn Investment Partners One LLP	71,472	-

20. Risk management

Capital risk management

The partnership's objectives when managing capital are to safeguard the partnership's ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the partnership consists cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the partnership may adjust the amount of dividends paid to partners, return capital to partners, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

Notes to the Restated Annual Financial Statements

	2016 K Sh	2015 K Sh

20. Risk management (continued)

Financial risk management

The partnership's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Liquidity risk

The partnership's risk to liquidity is a result of the funds available to cover future commitments. The partnership manages liquidity risk through an ongoing review of future commitments and credit facilities.

At December 31, 2016	Less than 1 year
Borrowings	332,427,614
Trade and other payables	121,662,982

At December 31, 2015	Less than 1 year
Borrowings	444,909,589
Trade and other payables	47,461,040

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The partnership only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Investments	176,919,631	304,127,037
Trade and other receivables	89,559,919	21,047,610
Prepayments	50,219,964	53,312,051
Cash and cash equivalents	7,153,472	3,038,052

Foreign exchange risk

The partnership operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The partnership reviews its foreign currency exposure, including commitments on an ongoing basis. The partnership expects its foreign exchange contracts to hedge foreign exchange exposure.

21. Comparative figures

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

22. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the partnership can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Restated Annual Financial Statements

	Note(s)	2016 K Sh	2015 K Sh
22. Fair value information (continued)			
Levels of fair value measurements			
Level 1			
Recurring fair value measurements			
Assets			
Investment property	3		
Investment property		75,000,000	125,000,000
Total		**75,000,000**	**125,000,000**

23. Prior period adjustment

The corrections result in adjustments as follows:

	2016 K Sh	2015 K Sh
Statement of Financial Position		
Investment property	(113,661,706)	(113,661,706)
Inventory	91,161,706	91,161,706
Opening retained earnings	(22,500,000)	-
Profit or Loss		
Fair value adjustments	-	(22,500,000)