

MYSTIC PLAINS LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

With respect to each partner at the time this report was approved:

- There is, so far as each partner is aware, no relevant audit information of which the Partnership's auditor is unaware; and
- Each partner has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

5. Terms of appointment of the auditor

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

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

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

6. Approval of financial statements

The annual report and financial statements set out on pages 8 to 24, which have been prepared on the going concern basis, were approved by the partners on ...23/12/21... and were signed on its behalf by;

By Order of the partners;



.....
Partner
Nairobi



.....23/12/21.....**2021**

MYSTIC PLAINS LLP
STATEMENT OF PARTNERS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS

The Limited Liability Partnerships Act of 2011 requires the partners to prepare financial statements for each financial year that give a true and fair view of the financial position of the partnership as at the end of the financial year and of its profit or loss for that year.

It also requires the partners to ensure that the partnership maintains proper accounting records that are sufficient to show and explain the transactions of the partnership and disclose, with reasonable accuracy, the financial position of the partnership. The partners are also responsible for safeguarding the assets of the partnership, and for taking reasonable steps for the prevention and detection of fraud and errors.

The Partners accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Limited Liability Partnerships Act of 2011. They also accept responsibility for:

- a. 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;
- b. selecting suitable accounting policies and applying them consistently; and
- c. 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 company 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 27 were approved by the Partners on 23/12/2021 and were signed on their behalf by:



.....
Partner
Edwin H. Dande - In trust for Cytonn
Investments Management PLC



.....
Partner
Cytonn Investment
Management PLC

**REPORT OF THE INDEPENDENT AUDITOR
TO THE PARTNERS OF MYSTIC PLAINS LLP
FOR THE YEAR ENDED 31 DECEMBER 2020**

Opinion

We have audited the financial statements of Mystic Plains LLP as set out on pages 8 to 24, which comprise the statement of financial position as at 31 December 2020; statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects a true and fair view of the financial position of Mystic Plains 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 your attention to the statement of financial position, which indicates that the partnerships net current liabilities is Kshs 206,006,554 (2019: 204,194,278), against current assets of Kshs 3,923,719 (2019: Kshs 1,588,159).

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.

Other information (continued)

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.

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

- 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.

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.


Certified Public Accountants
Nairobi

20/1/2022
.....
Date

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



MYSTIC PLAINS LLP
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Kshs	2019 Kshs
Operating Expenses	2	<u>(663,165)</u>	<u>(44,504,917)</u>
Operating Loss		(663,165)	(44,504,917)
Change in fair value-gain on revaluation	3	<u>55,234,518</u>	<u>186,209,003</u>
Profit for the year		<u>54,571,353</u>	<u>141,704,086</u>

The notes set out on pages 12 to 24 form an integral part of the financial statements.

MYSTIC PLAINS LLP
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2020

	Notes	2020 Kshs	2019 Kshs
NON-CURRENT ASSETS			
Investment Properties	4	<u>4,466,000,000</u>	<u>4,400,000,000</u>
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,644	10,034
Trade and Other Receivables	5	<u>3,923,719</u>	<u>1,588,159</u>
		3,925,362	1,598,193
TOTAL ASSETS		<u>4,469,925,362</u>	<u>4,401,598,193</u>
EQUITY AND LIABILITIES			
Retained income		<u>4,185,370,943</u>	<u>4,130,799,590</u>
NON-CURRENT LIABILITIES			
Other Financial Liabilities	7	<u>78,547,866</u>	<u>66,604,325</u>
CURRENT LIABILITIES			
Trade and other payables	8	<u>206,006,554</u>	<u>204,194,278</u>
		4,469,925,362	4,401,598,193

The financial statements on pages 8 to 24 were approved by the Partners on
^{23/12} / 2021 and signed on its behalf by:

.....
Partner
Edwin H. Dande - In trust for Cytonn
Investment Management PLC

.....
Partner
Cytonn Investments Management
PLC

The notes set out on pages 12 to 24 form an integral part of the financial statements.

MYSTIC PLAINS LLP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	Kshs	Kshs
Retained earnings		
As at 1 January	4,130,799,590	3,989,095,504
Profit for the year	<u>54,571,353</u>	<u>141,704,086</u>
As at 31 December	<u>4,185,370,943</u>	<u>4,130,799,590</u>

The notes set out on pages 12 to 24 form an integral part of the financial statements.

MYSTIC PLAINS LLP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Kshs	2019 Kshs
CASHFLOW FROM OPERATING ACTIVITIES			
Profit before taxation		54,571,353	141,704,086
Adjustments for:			
Fair Value Gains		(55,234,518)	(186,209,003)
Expected Credit Loss		32,815	13,361
<i>Changes in working capital</i>			
Trade and other receivables		(2,335,560)	(683,137)
Trade and other payables		1,779,461	49,195,901
Net cash generated from operating activities		(1,186,449)	4,021,207
Fair Value Adjustments		55,234,518	186,209,003
Net cash generated from operating activities		54,048,069	190,230,210
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of investment property		(66,000,000)	(200,000,000)
Net cash (used in) investing activities		(66,000,000)	(200,000,000)
CASHFLOWS FROM FINANCING ACTIVITIES			
At start of year			
Movement in other Financial Liability		11,943,541	9,732,826
Net cash from financing activities		11,943,541	9,732,826
Movement for the year		(8,390)	(36,964)
Cash and cash equivalents at start of year		10,034	46,998
Cash and cash equivalents at end of the year		1,644	10,034

The notes set out on pages 12 to 24 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 Standard for SME 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 for SME 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 Investment property

Property held to earn rentals or for capital appreciation or both is classified as investment property.

Investment property is recognized 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 partnership, and the cost of the investment property can be measured reliably.

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement.

Subsequently Investment property is re-measured at fair value, which is the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which it arises.

1.4 Financial assets

Trade and other receivables are initially recognized at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. Debt instruments such as Treasury bills or corporate bonds are initially recognized at the transaction price including transaction costs, and subsequently measured at amortized cost using the effective interest.

Investments in quoted shares are initially recognized at the transaction price and subsequently measured at fair value with changes in fair value being recognized in profit or loss. Fair value is determined using the quoted bid price at the reporting date.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

1. Summary of Significant accounting policies (continued)

1.5 Impairment of non-financial assets

At each reporting date, property, plant and equipment, investment property, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

1.6 Financial liabilities

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

1.7 Financial instruments

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

Financial assets which are debt instruments:

- Amortized cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows);

Financial liabilities:

- Amortized cost;

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. Summary of Significant accounting policies (continued)

1.7 Financial Instruments (continued)

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.

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.

1. Summary of Significant accounting policies (continued)

1.7 Financial Instruments (continued)

Measurement and recognition of expected credit losses (continued)

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The Customer base is widespread and does not show significantly different loss patterns for different customer segments. Loss allowance is calculated on a collective basis for all trade and other receivables in totality.

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

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)

1.7 Financial Instruments (continued)

Borrowings and loans from related parties (continued)

Recognition and measurement (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.

Recognition and measurement

Trade and other payables expose the partnership to liquidity risk and possibly to interest rate risk.

1. Summary of Significant accounting policies (continued)

1.7 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.

	2020	2019
	Kshs	Kshs
2 Operating Expenses		
Audit Fees	421,080	315,810
Tax Fees	165,880	-
Bank Charges	43,390	35,355
Expected credit loss	32,815	13,361
Management Consulting Fees	-	44,015,982
Consulting and professional fees	-	124,410
	<u>663,165</u>	<u>44,504,918</u>
3 Changes in fair value		
Revaluation gain - investment property	55,234,518	186,209,003
	<u>55,234,518</u>	<u>186,209,003</u>
4 Investment Property		
As at start	4,400,000,000	4,200,000,000
Additions from capital expenditure	10,765,482	13,790,997
Fair value gain	55,234,518	186,209,003
As at end of year	<u>4,466,000,000</u>	<u>4,400,000,000</u>
Break down of additions		
Fair value adjustments	55,234,518	186,309,528
Finance Charges	10,290,282	11,455,352
Hydrogeological Consultant fees	468,500	140,000
Disbursements	6,700	2,000,000
Topographical Survey	-	95,120
	<u>66,000,000</u>	<u>200,000,000</u>

The fair value of the investment property is based on the valuation carried out on 31 December 2020 by Regent property valuers who are independent valuers. The valuation was done on the basis of open market value. The valuer is a registered valuer and has recent experience in the location and the category of the investment property being valued.

Subsequent expenditure on investment property has been added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year.

Investment property is L.R No 28055,280056 and 13208/2- located in Newton, Athi River, and Mtongoni Road Machakos County

5 Trade and other receivables

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

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

	2020	2019
	Kshs	Kshs
Related party receivables	3,923,719	1,588,159
	<u>3,923,719</u>	<u>1,588,159</u>

6 Cash and Cash equivalents

Bank Balances	<u>1,644</u>	<u>10,034</u>
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Cash and cash equivalents above are accounted for at amortized cost in accordance with the accounting policies.

7 Other Financial Liability

	2020	2019
	Kshs	Kshs
Cytonn High Yield Solutions LLP	<u>78,547,866</u>	<u>66,604,325</u>

Cytonn High Yield Solutions LLP has rolling one year investments in special purpose vehicles, with returns to Cytonn High Yield Solutions LLP of 21% per annum.

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

The movement in this balance is set out below:

	2020	2019
	Kshs	Kshs
At start of the year	66,604,325	56,871,499
Net additional borrowing during the year	<u>11,943,541</u>	<u>9,732,826</u>
At end of year	<u>78,547,866</u>	<u>66,604,325</u>

MYSTIC PLAINS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

8 Trade and other payables	2020	2019
Financial instruments	Kshs	Kshs
Trade payables	108,554,656	152,618,708
Amounts due to related party	73,775,954	30,763,302
Other payables	4,502,058	4,502,058
Accrued expenses	538,820	12,760
Non-financial instruments		
Amounts received in advance	18,588,890	16,284,090
Expected credit loss	46,176	13,360
	<u>206,006,554</u>	<u>204,194,278</u>

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method. Other payables are recognized at their nominal value.

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

9 Transactions with Related parties	2020	2019
	Kshs	Kshs
Other financial liabilities		
Cytonn High Yield Solutions LLP	<u>78,547,866</u>	<u>66,604,325</u>
Amounts due from related parties		
Cytonn Investment Management (CIM)	2,440,802	-
Cytonn Investment Partners Three	69,344	69,344
Cytonn Investment Partners Eighteen	26,000	131,242
Cytonn Diaspora	1,387,573	1,387,573
	<u>3,923,719</u>	<u>1,588,159</u>
Amounts due to related parties		
Cytonn Investment Partners Ten LLP	1,000,000	1,000,000
Cytonn Investment Partners Two LLP	22,207,369	-
Cytonn Investment Partners Eleven LLP	1,797,420	1,772,420
Cytonn Integrated Partners	478,066	478,065
Cytonn Investments Partners Four LLP	50,000	50,000
Cytonn Investments Management PLC	48,243,100	27,462,817
	<u>73,775,955</u>	<u>30,763,302</u>

Mystic Plains LLP is related to the above companies and partnerships by virtue of common control.

10 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.

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

	Gross Carrying Amount	Credit loss allowance	Amortised cost/ fair value
2020			
Trade and other receivables	3,923,719	32,801	3,890,917
Cash and cash equivalents	10,034	14	10,020
	<u>3,933,753</u>	<u>32,815</u>	<u>3,900,937</u>

11 Financial instruments and risk management (continued)

Credit risk (continued)

2019	Gross Carrying Amount	Credit loss allowance	Amortised cost/ fair value
Trade and other receivables	1,588,159	13,276	1,574,883
Cash and cash equivalents	10,034	84	9,950
	<u>1,598,193</u>	<u>13,360</u>	<u>1,584,833</u>

Liquidity risk

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

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

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2020	Less than 1 year	2-5 years	Total	Carrying amount
Non-Current Liabilities				
Other financial liabilities		78,547,866	78,547,866	78,547,866
Current Liabilities				
Trade and other payables	205,960,378		205,960,378	205,960,378
	<u>205,960,378</u>	<u>78,547,866</u>	<u>284,508,244</u>	<u>284,508,244</u>
2019				
Non-Current Liabilities				
Other financial liabilities	-	66,604,325	66,604,325	66,604,325
Current Liabilities				
Trade and other payables	204,180,918	-	204,180,918	204,180,918
	<u>204,180,918</u>	<u>66,604,325</u>	<u>270,785,243</u>	<u>270,785,243</u>

12 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.

13 Changes in liabilities arising from financing activities

	2020	2019
	Kshs	Kshs
Opening balance	66,604,325	56,871,499
Interest payable	10,290,282	11,455,352
Cash inflow/(outflow)	1,653,259	(1,722,526)
Closing balance	<u>78,547,866</u>	<u>66,604,325</u>

14 Comparative figures

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

15 Commitments

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

16 Contingencies

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

17 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 2021, Cytonn High Yield Solutions LLP – which is the principle financier to Mystic Plains LLP was put under voluntary administration through a court order issued on 6th October 2021. Currently, this event hasn't affected the operations of the company but management is closely monitoring this situation.