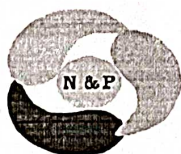


CHAI DIAMOND INVESTMENT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021



NGIGI & PARTNERS CERTIFIED PUBLIC ACCOUNTANTS (K)

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Nairobi

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Njuri Ncheke Street
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Chai Diamond Investment Limited
Report & financial statements
For the year ended 31st December 2021

<u>Contents</u>	<u>Page(s)</u>
Report of the directors	1
Statement of directors responsibilities	2
Report of the independent auditors	3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8-10

Chai Diamond Investment Limited
Report of the directors

For the year ended 31st December 2021

The directors have the pleasure in submitting their report and audited financial statements for the year ended 31st December 2021

Principal Activity:

The principal activity of the Company is real estate

Results:

The results for the year are set out on page 5.

Directors

The Directors who held office during the year were:

1. Grace W. Miano
2. Isaac Too
3. James M. Hinga
4. Lameck O. Migiro
5. James N. Kuungania
6. Festus M. Mwatec

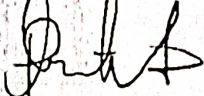
Bankers:

Cooperative Bank of Kenya
Kenya Commercial Bank
Family Bank
Chai Sacco FOSA
Gulf African Bank
CIC Asset Management

Auditors:

Messrs Ngigi & Partners Certified Public Accountants (K) were appointed auditors for the year and have expressed their willingness to continue in office and do so under the provision of section 159(2) of the Companies Act (Cap 486)

By order of the board



.....
Secretary

Date **7 JUNE** 2022

Chai Diamond Limited
Statement of the Directors' Responsibilities
For the year ended 31st December 2021


The Company's Act requires that the directors to prepare the financial statements for each year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company keeps the proper accounting records, which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.


The directors accept the responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards and the requirements of the companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the company's affairs and of its operating results.

The directors further accept responsibility for the maintenance of the accounting records, which may be relied upon in the preparation of the financial statements as well as adequate system of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Signed

Director  _____

Director  _____

Dated 3rd June 2022

Chai Diamond limited
Report of the Independent auditors
For the year ended 31st December 2021

Opinion

We have audited the accompanying financial statements of Chai Diamond limited, set out on pages 4 to 10, which comprise the statement of comprehensive income as at 31st December 2021, the statement of financial position and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of the company during the year ended 31st December 2021 and of the disposition at that date of its assets and liabilities, in accordance with International Financial Reporting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Board of directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, and for such internal controls as the Company board of directors determine are 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 Company board of directors are responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company board of directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 ISA's 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.

Independent auditors' report
Chai Diamond limited
(Continued)

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company board of directors.
- Conclude on the appropriateness of the Company board of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain responsible for our audit opinion.

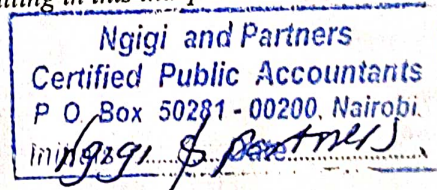
Report on Other Legal Requirements

As required by the Kenyan Act we report to you, based on our audit, that:

- i) 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;
- ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) The Company's statement of comprehensive income and statement of financial position are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is
CPA George Kinyanjui, P/No 689.

Ngigi and Partners
Certified Public Accountants (Kenya)
P.O Box
Nairobi, Kenya.



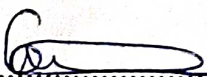
Dated 07/06/ 2022.

Chai Diamond Investment Limited


Statement of financial position as at 31st Dec 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>		<u>KShs</u>	<u>KShs</u>
<u>Non-current assets</u>			
Reserved land	2a	35,845,612	23,958,582
Investments	2b	1,800,000	3,000,000
Property & equipment	2c	502,452	631,202
		<u>38,148,064</u>	<u>27,589,784</u>
<u>Current assets</u>			
Cash & bank	3	3,945,289	8,190,205
Accounts receivables	4	34,973,841	56,214,396
Land stock	5	96,954,023	42,189,549
Tax recoverable		3,635,911	3,624,373
		<u>139,509,064</u>	<u>110,218,523</u>
<u>Total assets</u>		<u>177,657,128</u>	<u>137,808,307</u>
<u>Equity and liabilities</u>			
<u>Equity</u>			
Share capital	6	500,000	500,000
Share premium		107,560,770	106,614,527
Revenue reserve		(8,519,372)	(6,883,928)
Revaluation reserve		10,687,030	-
		<u>110,228,428</u>	<u>100,230,599</u>
<u>Current liabilities</u>			
Creditors & accruals	7	35,090,210	22,415,814
Short-term Loan	8	32,338,490	15,161,894
		<u>67,428,700</u>	<u>37,577,708</u>
<u>Total equity & liabilities</u>		<u>177,657,128</u>	<u>137,808,307</u>

The financial statements were approved by the board of directors and signed on its behalf by:



 Director



 Director

Date 3rd June2022

Chai Diamond Investment Limited
Statement of comprehensive income
For the year ended 31st Dec 2021

		2021	2020
	<u>Notes</u>	<u>KShs</u>	<u>KShs</u>
<u>Income</u>			
Profit from sale of real estate	9	10,444,936	4,534,182
Other income	10	118,903	377,682
		<u>10,563,838</u>	<u>4,911,864</u>
<u>Expenditure</u>			
Administration expenses	11	8,297,549	7,795,529
Governance expenses	12	1,266,783	995,039
Finance expenses	13	289,633	2,443,345
Operating expenses	14	2,345,318	1,814,323
		<u>12,199,283</u>	<u>13,048,236</u>
<u>Net profit/loss before tax</u>		<u>(1,635,444)</u>	<u>(8,136,372)</u>

Chai Diamond Investment

Statement of changes in equity

For the year ended 31st Dec 2021

	Share capital <u>Kshs</u>	Share Premium <u>Kshs</u>	Revenue reserve <u>Kshs</u>	Revaluation reserve <u>Kshs</u>	Total <u>Kshs</u>
1st January 2020	500,000	105,716,545	1,252,444	-	107,468,989
Additions	-	897,982	-	-	897,982
Net profit for the year	-	-	(8,136,372)	-	(8,136,372)
Taxation	-	-	-	-	-
Proposed dividends	-	-	-	-	-
31st Dec 2020	<u>500,000</u>	<u>106,614,527</u>	<u>(6,883,928)</u>	<u>-</u>	<u>100,230,599</u>
1st January 2021	500,000	106,614,527	(6,883,928)	-	100,230,599
Additions	-	946,243	-	-	946,243
Land revaluation	-	-	-	11,887,030	11,887,030
Shares revaluation	-	-	-	(1,200,000)	(1,200,000)
Net profit/loss for the year	-	-	(1,635,444)	-	(1,635,444)
Taxation	-	-	-	-	-
Proposed dividends	-	-	-	-	-
31st Dec 2021	<u>500,000</u>	<u>107,560,770</u>	<u>(8,519,372)</u>	<u>10,687,030</u>	<u>110,228,428</u>

Chai Diamond Investment Limited
Statement of cash flow
For the year ended 31st Dec 2021

	2021	2020
	Kshs	Kshs
<u>Cash flow from operating activities</u>		
Profit before taxation	(1,635,444)	(8,136,372)
Adjustment for:		
Depreciation	<u>163,751</u>	<u>211,560</u>
Operating profit before working capital changes	(1,471,694)	(7,924,812)
Changes in working capital:		
(Increase)/ decrease in debtors/receivables	21,240,554	33,807,384
(Increase)/ decrease in stock	(54,764,474)	14,236,277
Increase/ (decrease) in creditors	<u>29,850,993</u>	<u>(32,764,392)</u>
	(3,672,927)	15,279,269
Tax paid	<u>(11,538)</u>	<u>(447,895)</u>
	<u>(5,156,159)</u>	<u>6,906,562</u>
<u>Cash flow from investing activities</u>		
Reserved land	-	-
Purchases of fixed assets	(35,000)	(75,000)
Property investment adjustment	<u>-</u>	<u>-</u>
	<u>(35,000)</u>	<u>(75,000)</u>
<u>Cash flow from financing activities</u>		
Share premium	946,243	897,982
Dividend paid	-	-
Share capital	<u>-</u>	<u>-</u>
	<u>946,243</u>	<u>897,982</u>
<u>Net increase in cash & cash equivalent</u>	<u>(4,244,916)</u>	<u>7,729,544</u>
<u>Cash & cash equivalent at the start of the year</u>	<u>8,190,205</u>	<u>460,661</u>
<u>Cash & cash equivalent at the end of the year</u>	<u>3,945,289</u>	<u>8,190,205</u>

Chal Diamond Investment Limited
Notes to the financial statements
For the year ended 31st Dec 2021

1. Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

(b) Depreciation

Depreciation on property & equipment is calculated on the reducing balance method after taking into account the residual value of the asset after their useful life at the following annual rates.

Item	Rate
Computers	30%
Software	30%
Equipments	12.5%

(c) Turnover

Turnover represents income from sale of land

2(a) Reserved Land

	2021	2020
	KShs	KShs
Balance brought forward	23,958,582	23,958,582
Addition	-	-
Revaluations	11,887,030	-
Balance carried forward	<u>35,845,612</u>	<u>23,958,582</u>

2(b) Other Investments

Family Bank Shares	3,000,000	3,000,000
Revaluations	(1,200,000)	-
Fair Value	<u>1,800,000</u>	<u>3,000,000</u>

2(c) Property & equipment

<u>Cost</u>	Furniture & Equipments			Total
	Equipments	Computers	Software	
	KShs	KShs	KShs	KShs
1.1.2021	206,343	234,991	189,868	631,202
Additions	-	-	35,000	35,000
31.12.2021	<u>206,343</u>	<u>234,991</u>	<u>224,868</u>	<u>666,202</u>
<u>Depreciation</u>				
1.1.2021	197,145	695,242	525,132	1,417,519
Charge for the year	25,792.92	70,497.21	67,460.40	163,751
31.12.2021	<u>222,938</u>	<u>765,740</u>	<u>592,592</u>	<u>1,581,269</u>
<u>Net Book Value</u>				
31.12.2021	<u>180,550</u>	<u>164,493</u>	<u>157,408</u>	<u>502,452</u>
31.12.2020	<u>206,343</u>	<u>234,991</u>	<u>189,868</u>	<u>631,202</u>

Chai Diamond Investment Limited
Notes to the financial statements
For the year ended 31st Dec 2021

	2021 <u>KShs</u>	2020 <u>KShs</u>
3. <u>Cash at bank</u>		
Cooperative Bank of Kenya Limited	730,587	3,189,954
Chai Sacco Limited - Fosa	2,451,285	4,735,788
Kenya Commercial Bank Limited	9,557	128,567
Gulf Africa Bank Limited	21,541	21,541
Family Bank Limited	611,832	2,680
Call deposits(C.I.C Asset Management)	120,487	111,676
	<u>3,945,289</u>	<u>8,190,205</u>
4. <u>Accounts receivables</u>		
Nakuru	153,000	297,000
Bomet	3,661,168	5,112,668
Isinya	1,796,195	2,699,195
Nanyuki Phase 1	760,128	1,077,128
Nanyuki Phase 2	22,000	22,000
Nanyuki Phase 3	657,000	657,000
Nanyuki Phase 4	1,238,320	3,703,255
Kangundo Rd 1	1,186,175	1,987,000
Kangundo Rd 2	3,591,675	8,984,698
Almasi plains -Mariakani	4,325,665	3,597,371
Taji plains- Kangundo rd	8,816,504	24,810,625
Mirira Gardens-Murang'a	4,850,945	
Tea Brokerage formation	1,419,369	1,419,369
Chadin Insurance Agency	2,295,697	1,647,087
Other receivables	200,000	200,000
	<u>34,973,841</u>	<u>56,214,396</u>
5. <u>Land stock</u>		
Bomet	7,142,244	6,301,980
Isinya	12,473,500	12,473,500
Nanyuki Phase I	277,386	-
Nanyuki Phase II	311,876	311,876
Nanyuki Phase 4	1,592,649	-
Almasi plains-Mariakani	8,496,945	10,951,618
Taji Plains- Kangundo rd	-	12,150,575
Mirira Gardens-Murang'a	66,659,424	-
	<u>96,954,023</u>	<u>42,189,549</u>
6. <u>Share capital</u>		
<u>Authorised share capital</u>		
25,000 ordinary shares @ Kshs.20/=	<u>500,000</u>	<u>500,000</u>
<u>Issued and fully paid:</u>		
8,262(2021)7,804(2020)7,412 ordinary shares @ Kshs.20/=	165,240	156,080
<u>Issued and partly paid:</u>		
16,738(2021)17,196(2020) ordinary shares @ Kshs.20/=	<u>334,760</u>	<u>343,920</u>
	<u>500,000</u>	<u>500,000</u>
7. <u>Creditors & accruals</u>		
External Auditors	116,000	116,000
Other payables (Nakuru project)	900,000	900,000
Land Payments due	17,722,648	9,216,200
Unpaid dividendS	96,551	3,024,651
Investors projects savings a/c	1,343,345	987,845
Accrued Loan Interest	-	149,269
Office bills	14,911,666	8,021,849
	<u>35,090,210</u>	<u>22,415,814</u>
8 Chai Sacco Loan	32,338,490	15,161,894

Chal Diamond Investment Limited
Notes to the financial statements
For the year ended 31st Dec 2021

	2021 <u>KShs</u>	2020 <u>KShs</u>
9 Profit from sale of real estate		
Nanyuki phase 4	-	75,000
Kangundo rd land 1	616,805	-
Kangundo rd land 2	506,831	-
Almasi plains-Mariakani	962,356	722,148
Taji Plains- Kangundo rd	1,873,386	3,737,034
Mirira Gardens-Murang'a	6,485,558	-
	<u>10,444,936</u>	<u>4,534,182</u>
10 Other income		
Interest on investments	35,617	9,822
Commissions	11,136	-
Dividends	-	27,360
Sundry income (penalties)	72,150	340,500
	<u>118,903</u>	<u>377,682</u>
11 Administration expenses		
Salaries & allowances	7,205,974	6,826,235
Depreciation	163,751	211,560
Audit fees	116,000	116,000
Printing & stationery	58,600	46,139
Office expenses	363,817	283,176
Software maintenance	55,000	55,000
Staff training	21,200	-
AGM conference expenses	313,207	257,419
	<u>8,297,549</u>	<u>7,795,529</u>
12 Governance expenses		
Directors allowances	566,783	295,039
Directors fees	700,000	700,000
	<u>1,266,783</u>	<u>995,039</u>
13 Finance expenses		
Interest on loan	216,629	2,377,663
Bank charges	73,004	65,682
	<u>289,633</u>	<u>2,443,345</u>
14. Operating expenses		
Sales & Marketing	464,990	250,033
Legal & Professional fees	52,000	71,000
Strategic plan review	527,733	-
Company secretary	140,680	120,000
Internal Audit	120,000	120,000
Land project site visits	359,043	329,418
Land caretakers fees	74,000	89,000
Office rent	523,352	523,352
Office cleaning & sanitation	83,520	83,520
Land survey & title deed fees	-	228,000
	<u>2,345,318</u>	<u>1,814,323</u>

Chai Diamond Investment Limited

Tax computation

For the year ended 31st Dec 2021

	2021
	<u>Kshs</u>
Profit for the year	(1,635,444)
<u>Add back</u>	
Depreciation	163,751
<u>Less</u>	
Wear & tear	<u>(163,751)</u>
	<u>(1,635,444)</u>
Adjusted income	(1,635,444)
<u>Taxable income</u>	<u>(1,635,444)</u>
Brought forward	(3,624,373)
Chargeable tax	-
<u>Less : Tax paid</u>	
Withholding tax	(1,538)
Instalment tax	<u>(10,000)</u>
<u>Tax payable</u>	<u><u>(3,635,911)</u></u>