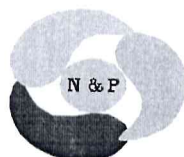


CHAI DIAMOND INVESTMENT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022



NGIGI & PARTNERS CERTIFIED PUBLIC ACCOUNTANTS (K)

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Tel: 020 2246044/2219090

Nairobi

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KCB Building
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Chai Diamond Investment Limited
Report & financial statements
For the year ended 31st December 2022

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Chai Diamond Investment Limited

Report of the directors

For the year ended 31st December 2022

The directors have the pleasure in submitting their report and audited financial statements for the year ended 31st December 2022

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	MS. GRACE MIANO	CHAIRMAN
2	MR. ISAAC TOO	VICE CHAIRMAN
3	MR. JAMES HINGA	DIRECTOR
4	MR. LAMECK MIGIRO	DIRECTOR
5	MR. JAMES KUUNGANIA	DIRECTOR
	MR. FESTUS MWATEE	DIRECTOR

Bankers:

- 1 Cooperative Bank of kenya
- 2 Chai Sacco Fosa
- 3 C.I.C Asset Management
- 4 Kenya Commercial Bank
- 5 Family Bank Limited
- 6 Gulf African Bank

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

Date2023

Chai Diamond Limited
Statement of the Directors' Responsibilities
For the year ended 31st December 2022

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.

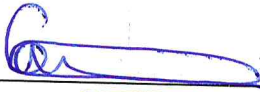
The directors accept the responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards and the requirements of the companies Act. The directors 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



Director

Dated

26th May

2023

Chai Diamond limited**Report of the independent auditors****For the year ended 31st December 2022****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 2022, 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 2022 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)**

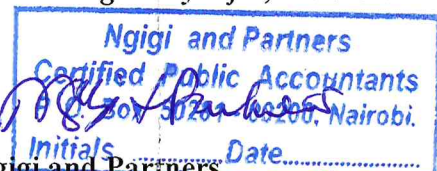
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies 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:

- 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;
- In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- 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 50281 00200
Nairobi, Kenya.

Dated 30.05.2023.

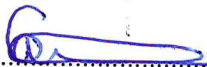
Chai Diamond Investment Limited

Statement of financial position

As at 31st Dec 2022

<u>Assets</u>	<u>Notes</u>	2022 <u>KShs</u>	2021 <u>KShs</u>
<u>Non-current assets</u>			
Reserved land	2a	47,416,612	35,845,612
Investments	2b	1,800,000	1,800,000
Property & equipment	2c	506,793	502,452
		<u>49,723,405</u>	<u>38,148,064</u>
<u>Current assets</u>			
Cash & bank	3	1,717,840	3,945,289
Accounts receivables	4	32,657,704	34,984,841
Land stock	5	63,153,884	96,954,023
Tax recoverable		3,637,544	3,635,911
		<u>101,166,972</u>	<u>139,520,064</u>
<u>Total assets</u>		<u>150,890,376</u>	<u>177,668,128</u>
<u>Equity and liabilities</u>			
<u>Equity</u>			
Share capital	6	500,000	500,000
Share premium		108,602,691	107,560,770
Revenue reserve		(13,374,386)	(8,496,525)
Revaluation reserve		10,687,030	10,687,030
		<u>106,415,335</u>	<u>110,251,275</u>
<u>Current liabilities</u>			
Creditors & accruals	7	27,801,401	35,090,210
Short-term Loan	8	16,673,640	32,338,490
		<u>44,475,041</u>	<u>67,428,700</u>
<u>Total equity & liabilities</u>		<u>150,890,376</u>	<u>177,679,976</u>

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



Director



Director

Director

Date 26th May 2023

Chai Diamond Investment Limited

Statement of comprehensive income

For the year ended 31st Dec 2022

	<u>Notes</u>	<u>2022</u> <u>KShs</u>	<u>2021</u> <u>KShs</u>
<u>Income</u>			
Profit from sale of real estate	9	9,883,457	10,444,936
Other income	10	<u>212,848</u>	<u>118,903</u>
		<u>10,096,305</u>	<u>10,563,838</u>
<u>Expenditure</u>			
Administration expenses	11	7,684,852	8,286,549
Governance expenses	12	1,331,002	1,266,783
Finance expenses	13	2,337,096	289,633
Operating expenses	14	3,621,216	2,345,318
		<u>14,974,166</u>	<u>12,188,283</u>
<u>Net profit/loss before tax</u>		<u>(4,877,862)</u>	<u>(1,624,445)</u>

Chai Diamond Investment
Statement of changes in equity
For the year ended 31st Dec 2022

	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 2021	500,000	106,614,527	(6,883,928)	-	100,230,599
Additions	-	946,243	-	-	946,243
Land revaluation				11,887,030	
Shares revaluation				(1,200,000)	
Net profit for the year	-	-	(1,612,597)	-	(1,612,597)
Taxation	-	-	-	-	-
Proposed dividends	-	-	-	-	-
31st Dec 2021	<u>500,000</u>	<u>107,560,770</u>	<u>(8,496,525)</u>	<u>10,687,030</u>	<u>99,564,245</u>
1st January 2022	500,000	107,560,770	(8,496,525)	10,687,030	99,564,245
Additions	-	1,041,921	-	-	1,041,921
Land revaluation				-	-
Shares revaluation				-	-
Net profit/loss for the year	-	-	(4,877,862)	-	(4,877,862)
Taxation	-	-	-	-	-
Proposed dividends	-	-	-	-	-
31st Dec 2022	<u>500,000</u>	<u>108,602,691</u>	<u>(13,374,386)</u>	<u>10,687,030</u>	<u>95,728,305</u>

Chai Diamond Investment Limited

Statement of cash flow

For the year ended 31st Dec 2022

	2022	2021
	Kshs	Kshs
<u>Cash flow from operating activities</u>		
Profit before taxation	(4,877,862)	(1,624,444)
Adjustment for:		
Depreciation	172,059	163,751
	<u>172,059</u>	<u>163,751</u>
Operating profit before working capital changes	(4,705,802)	(1,460,694)
Changes in working capital:		
(Increase)/ decrease in debtors/receivables	2,327,138	21,229,554
(Increase)/ decrease in stock	33,800,139	(54,764,474)
Increase/ (decrease) in creditors	(22,953,659)	29,850,993
	<u>13,173,618</u>	<u>(3,683,927)</u>
Tax paid	(1,633)	(11,538)
	<u>8,466,183</u>	<u>(5,156,159)</u>
<u>Cash flow from investing activities</u>		
Reserved land	(11,559,153)	-
Purchases of fixed assets	(176,400)	(35,000)
Property investment adjustment	-	-
	<u>(11,735,553)</u>	<u>(35,000)</u>
<u>Cash flow from financing activities</u>		
Share premium	1,041,921	946,243
Loan	-	-
Share capital	-	-
	<u>1,041,921</u>	<u>946,243</u>
<u>Net increase in cash & cash equivalent</u>	<u>(2,227,450)</u>	<u>(4,244,916)</u>
<u>Cash & cash equivalent at the start of the year</u>	3,945,289	8,190,205
<u>Cash & cash equivalent at the end of the year</u>	<u>1,717,840</u>	<u>3,945,289</u>

Chai Diamond Investment Limited
Notes to the financial statements
For the year ended 31st Dec 2022

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

	2022	2021
	<u>KShs</u>	KShs
Balance brought forward	35,845,612	23,958,582
Addition	11,571,000	-
Revaluations	-	11,887,030
Balance carried forward	<u>47,416,612</u>	<u>35,845,612</u>

2(b) Other investments

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

2(c) Property & equipment

Cost	Furniture & Equipments			
	<u>KShs</u>	<u>KShs</u>	<u>KShs</u>	<u>KShs</u>
1.1.2022	180,550	164,494	157,408	502,452
Additions	-	72,000	104,400	176,400
31.12.2022	<u>180,550</u>	<u>236,494</u>	<u>261,808</u>	<u>678,852</u>
Depreciation				
1.1.2022	222,938	765,739	592,538	1,581,215
Charge for the year	22,569	70,948	78,542	172,059
31.12.2022	<u>245,507</u>	<u>836,687</u>	<u>671,080</u>	<u>1,753,274</u>
Net Book Value				
31.12.2022	<u>157,981</u>	<u>165,546</u>	<u>183,266</u>	<u>506,793</u>
31.12.2021	<u>180,550</u>	<u>164,494</u>	<u>157,408</u>	<u>502,452</u>

Chai Diamond Investment Limited
Notes to the financial statements
For the year ended 31st Dec 2022

	2022 <u>KShs</u>	2021 <u>KShs</u>
3. <u>Cash at bank</u>		
Cooperative Bank of Kenya Limited	1,255,723	730,587
Chai Sacco Limited - Fosa	113,723	2,451,285
Kenya Commercial Bank Limited	25,610	9,557
Gulf Africa Bank Limited	21,541	21,541
Family Bank Limited	171,503	611,832
Call deposits(C.I.C Asset Management)	129,740	120,487
	<u>1,717,840</u>	<u>3,945,289</u>
4. <u>Accounts receivables</u>		
Nakuru	153,000	153,000
Bomet	5,358,168	3,661,168
Isinya	1,542,060	1,796,195
Nanyuki Phase 1	94,700	760,128
Nanyuki Phase 2	22,000	22,000
Nanyuki Phase 3	657,000	657,000
Nanyuki Phase 4	1,671,320	1,238,320
Kangundo Rd 1	971,759	1,186,175
Kangundo Rd 2	2,263,218	3,591,675
Almasi plains -Mariakani	3,108,015	4,336,665
Taji plains- Kangundo rd	4,727,406	8,816,504
Mirira Gardens-Murang'a	8,145,262	4,850,945
Tea Brokerage formation expenses	1,419,369	1,419,369
Chadin Insurance Agency formation expenses	2,324,427	2,295,697
Other receivables	200,000	200,000
	<u>32,657,704</u>	<u>34,984,841</u>
5. <u>Land stock</u>		
Bomet	4,621,452	7,142,244
Isinya	12,473,500	12,473,500
Nanyuki Phase I	277,386	277,386
Nanyuki Phase II	155,938	311,876
Nanyuki Phase 4	-	1,592,649
Almasi plains-Mariakani	5,664,630	8,496,945
Mirira Gardens-Murang'a	39,960,978	66,659,424
	<u>63,153,884</u>	<u>96,954,023</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)		
8,281(2022) ordinary shares @ Kshs.20/=	165,360	165,240
<u>Issued and partly paid:</u>		
16,738(2021)17,196(2020)		
16,719(2022) ordinary shares @ Kshs.20/=	334,640	334,760
	<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	11,384,503	17,722,648
Unpaid dividend	96,551	96,551
Investment savings a/c	1,650,818	1,343,345
Office bills	13,653,529	14,911,666
	<u>27,801,401</u>	<u>35,090,210</u>
8 Chai Sacco Loan	16,673,640	32,338,490

Chai Diamond Investment Limited
Notes to the financial statements
For the year ended 31st Dec 2022

	2022 KShs	2021 KShs
9 Profit from sale of real estate		
Bomet	990,201	-
Nanyuki phase 1	84,386	-
Nanyuki phase 4	705,413	-
Kangundo rd land 1	-	616,805
Kangundo rd land 2	-	506,831
Almasi plains-Mariakani	1,172,690	962,356
Taji Plains- Kangundo rd	-	1,873,386
Mirira Gardens-Murang'a	6,930,767	6,485,558
	<u>9,883,457</u>	<u>10,444,936</u>
10 Other income		
Interest on investments	35,170	35,617
Commissions	1,558	11,136
Dividends	94,620	-
Sundry income (penalties)	-	72,150
Tea sales	81,500	-
	<u>212,848</u>	<u>118,903</u>
11 Administration expenses		
Salaries & allowances	6,409,966	7,205,974
Depreciation	172,059	163,751
Audit fees	116,000	116,000
Printing & stationery	71,275	58,600
Office expenses	432,973	363,817
Software maintenance	55,000	55,000
Staff training	90,200	10,200
AGM conference expenses	337,379	313,207
	<u>7,684,852</u>	<u>8,286,549</u>
12 Governance expenses		
Directors allowances	631,002	566,783
Directors fees	700,000	700,000
	<u>1,331,002</u>	<u>1,266,783</u>
13 Finance expenses		
Interest on loan	2,277,648	216,629
Bank charges	59,448	73,004
	<u>2,337,096</u>	<u>289,633</u>
14. Operating expenses		
Sales & Marketing	796,180	464,990
Legal & Professional fees	90,000	52,000
Strategic plan review	-	527,733
Company secretary	121,000	140,680
Internal Audit	120,000	120,000
Land site visit expenses	1,280,694	359,043
Land caretakers	154,000	74,000
Office rent	652,952	523,352
Office cleaning & sanitation	97,640	83,520
Land survey fees	308,750	-
	<u>3,621,216</u>	<u>2,345,318</u>

Chai Diamond Investment Limited

Tax computation

For the year ended 31st Dec 2022

	2022
	<u>Kshs</u>
Profit for the year	(4,877,862)
<u>Add back</u>	
Depreciation	172,059
<u>Less</u>	
Wear & tear	<u>(172,059)</u>
	<u>(4,877,862)</u>
Adjusted income	(4,877,862)
<u>Taxable income</u>	<u>(4,877,862)</u>
Brought forward	(3,635,911)
Chargeable tax	-
<u>Less : Tax paid</u>	
Withholding tax	(1,633)
Instalment tax	-
<u>Tax payable</u>	<u><u>(3,637,544)</u></u>