CPF
Fulfilling Lives

FINANCIAL
SERVICES

2018

CPF Financial Services

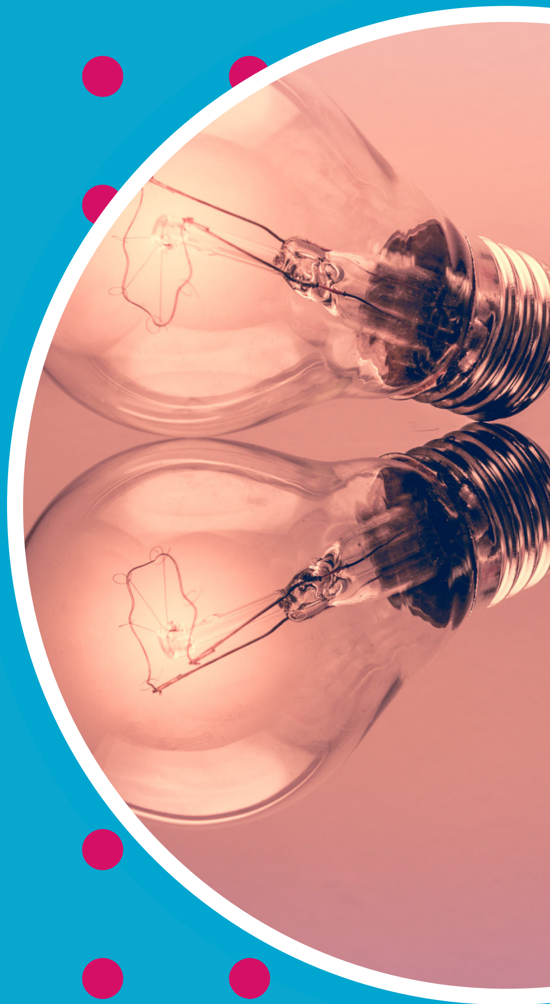
Integrated Report & Financial Statements

THEME:

Innovating in the Present, for the Future

OUR MISSION

To provide innovative retirement, financial, infrastructural and consulting solutions through partnerships that safeguard the interests of all stakeholders.



OUR VISION

Fulfilling Lives

CORE VALUES

Team spirit
Innovativeness
Professionalism
Integrity
Customer Focus

TABLE OF CONTENT

NOTICE OF THE ANNUAL GENERAL MEETING

To All Shareholders

Notice is hereby given that the 5th Annual General Meeting of CPF Financial Services will virtually take place on Friday ____ June, 2020, through …………………………Starting from ……… A.M to …………. A.M.to transact the following ordinary business:-

1.To read the notice convening the meeting, table the proxies received and confirm the presence of a quorum;

2. To confirm and adopt the minutes of the Annual General Meeting held on 20th December 2018;

3. To receive the Chairman's Statement and the Chief Executive's Report;

4. To receive, consider and if thought fit, adopt the Audited Financial Statements for the year ended 31st December, 2018, together with the Director's and Auditors reports therein;

5. To consider and if deemed fit approve the recommendation of the Board on the first and final dividend of Kshs 149.7 per share in respect of the Financial Year ended 31 December 2018;

6.To receive, consider and if thought fit approve the Director's remuneration for the year ending 31st December, 2018;

7. Election of Directors

a) In accordance with Articles 115 and 116 of the Company's Articles of Association, Mr. John Katiku retires by rotation and, having served for two terms of 3 years each, retires from the Board at the conclusion of the Annual General Meeting of 2019;

b) Having received a nomination letter from Laptrust and the subsequent recommendation by the Board, Ms. Matilda Chebet Kimetto be and is hereby appointed as a Board member for CPF Financial Services Limited effective the conclusion of this AGM;

8. To re-appoint Messrs. Deloitte & Touché as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix their remuneration for the ensuing financial year.

9. To discuss any other business of which due notice has been given.

By Order Of The Board

Isaac K. Mitei
Company Secretary
Nairobi

Date:

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS

Dr Julius Kipngetich - Chairman
Hosea Kili - Group Managing Director & CEO
Stephen Lugalia
John Katiku
Catherine Nyambala
Sahlan Keinan
Rosemary Ndiritu

SECRETARY

Isaac Mitei
Certified Public Secretary (Kenya)
R/CPSB/2873
P.O Box 28938, 00200
Nairobi

REGISTERED OFFICE

CPF House, 7th floor
Haille Sellasie Avenue
P O Box 28938, 00200
Nairobi

BANKERS

Stanbic Bank Limited
Harambee Avenue Branch
P O Box 72833, 00200
Nairobi

Family Bank Limited
CPF House
P.O Box 74145, 00200
Nairobi

AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
P O Box 40092, 00100
Nairobi

ADVOCATES

Hamilton Harrison and Mathews
ICEA Building
Kenyatta Avenue
P O Box 30333, 00100
Nairobi

Wekesa &Simiyu Advocates
ACK Garden House
2nd Floor, Wing C
1st Ngong Avenue
P O Box 10299, 00100
Nairobi

Kiplagat & Co. Advocates
NSSF Building, 11th Floor
Block A, Eastern Wing
P O Box 3642, 00200
Nairobi

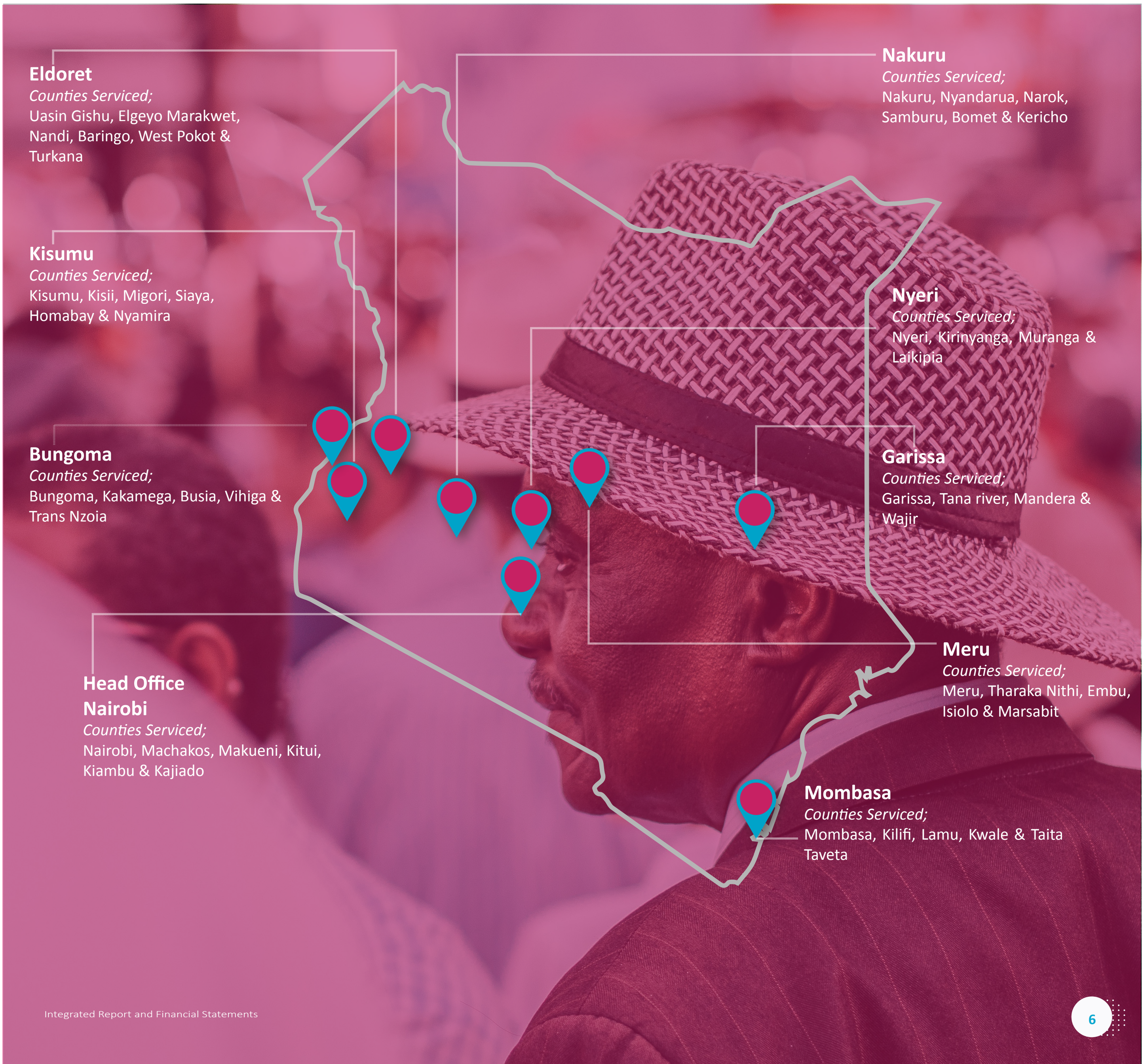
CPF FINANCIAL SERVICES AT A GLANCE

CPF Financial Services Ltd (hereafter referred to as 'the company') was incorporated on 16th June 2011 and started operations on 1st January, 2012.

The company is wholly owned by the Local Authorities Pension Trust, the Laptrust Umbrella Retirement Fund (County Pension Fund) and CPF Individual Pension Plan.

It is a holding company, with subsidiary companies being Laser Infrastructure and Technology Solutions, Laser Property Services, and Laser Insurance Brokers. The company was set up with the primary objective of offering Scheme Administration, Training and Consultancy services.

As an investment of the CPF Group pension schemes, the company provides an avenue for investment in new ventures while enhancing corporate governance and strategic autonomy for the Group's entities. The company operates 9 regional offices across the republic of Kenya, and serves clientele from across the 47 Counties. CPF Financial Services has a staff contingent of 235 professionals drawn from diverse areas of practice.



BOARD OF DIRECTORS

Dr Julius Kipngetich
Chairman

Hosea Kili
Group Managing Director & CEO

Stephen Lugalia
Director

Rosemary Ndiritu
Director

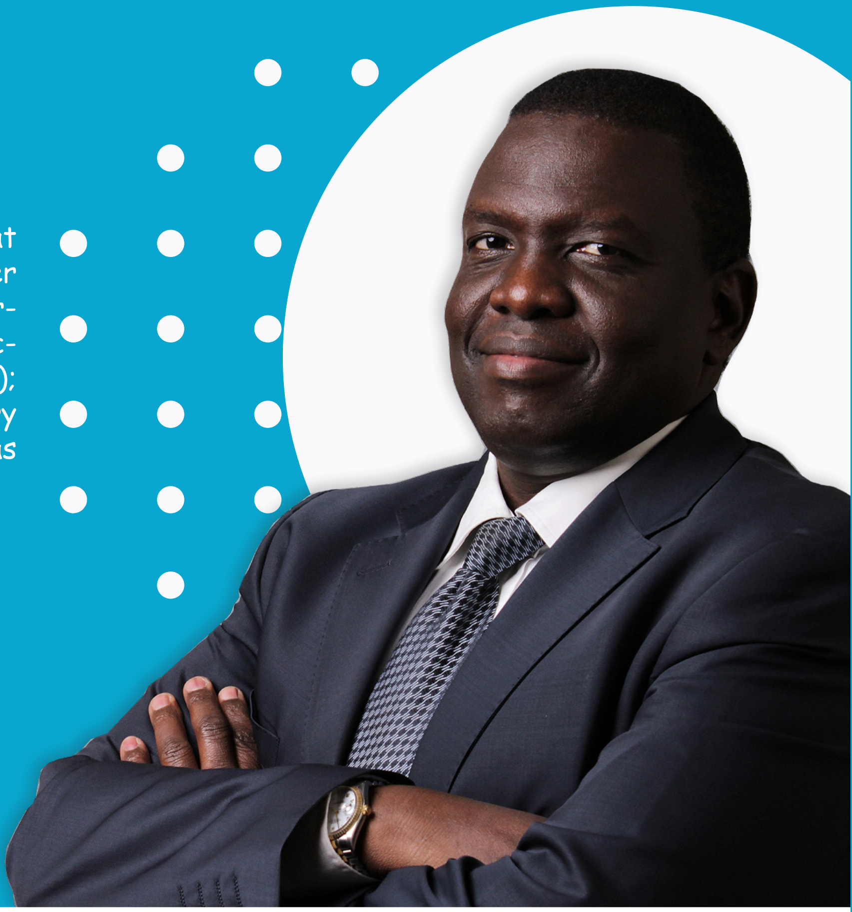
Catherine Nyambala
Director

Sahlan Keinan
Director

John Katiku
Director

MESSAGE FROM THE CHAIRPERSON

"To this end, I am pleased to report that the subsidiary companies namely: Laser Property Services (Laser), Laser Insurance Brokers (LIB), Laser Infrastructure and Technology Solutions (LITES); have remained consistent in the delivery of new products and services as well as posting positive returns."



As Chairman of the Board of CPF Financial Services, it gives me immense pleasure to once more present the CPF Financial Services Integrated Report and Accounts for the financial period ended 31 December, 2019.

Overall, the strategy and decision to diversify into other revenue streams, in 2013, was aimed at ensuring that the company, as well as each subsidiary provide products and services that bridge the needs gap within our areas of operation, enhance revenue generation while at the same time building on the competencies that the Group had identified.

To this end, I am pleased to report that the subsidiary companies namely: Laser Property Services (Laser), Laser Insurance Brokers (LIB), Laser Infrastructure and Technology Solutions (LITES); have remained consistent in the delivery of new products and services as well as posting positive returns. This innovative approach provided the necessary impetus for diversified growth that continues to ensure long-term profitability for the Group as envisaged in the 2018-2020 Strategic Plan.

MESSAGE FROM THE CHAIRPERSON (CONTINUED)

Global and Local Outlook

According to the Kenya National Bureau of Statistics (KNBS) global real Gross Domestic Product (GDP) recorded a decelerated growth of 2.9% in 2019 compared to a growth of 3.5 per cent in 2018. Advanced economies are estimated to have expanded by 1.2% in 2019 compared to a growth of 2.2 per cent in 2018. Sub-Saharan Africa's growth slightly slowed to 3.1 % per cent in the review period from 3.3% in 2018. The growth was mostly supported by favorable weather conditions that led to increased agricultural production as well as high infrastructural investments. Globally, the inflation rate eased from 2.3% in 2018 to 2.0% in 2019, mainly attributable to decline in energy prices; reduction in world trade prices of food and agricultural raw materials; and modest wage levels in most countries.

In the local scene, the year under review was a challenging one for businesses around the country. Despite reported positive economic growth, consumer wallets remained under pressure, forcing Kenyans to make tougher spending decisions every day. The KNBS estimates that real GDP in Kenya expanded by 5.4% in 2019 compared to a growth of 6.3% in 2018. The growth was spread across all sectors of the economy but was more pronounced in service-oriented sectors; of which CPF Financial Services is a player. Moreover, assets of pension funds grew to Kshs. 1,324.6 billion as at December 2019 from Kshs. 1,166.5 billion as at December 2018. The growth was mainly attributable to major holdings of Government securities.

We, however, see a number of viable opportunities that have the potential to lead the company to greater heights. As Chairperson of the Board, I am aware that the business has already outlined a number of focus areas for the current financial year, including providing additional support to the business units that are emerging as key revenue drivers, such as agency services. This, among other innovative initiatives will be key in driving our strategy for the current year.

Corporate Governance

Good Corporate governance remains core to our operations in our quest for sustainable growth. The company continues to subscribe to the Blue Company and the United Nations Global Compact initiatives; in line with the organization's vision for a socially responsible growth, with key focus on its People, the Planet and Profits.

CPF Financial Services continues to work closely with corporate partners, clients, County Governments, and the National Government to ensure that we remain on the path to achieving our mandate; that of fulfilling the lives of those who interact with our products and services.

As a Board, we are committed to improving our governance practices and will continue to implement procedures that exceed the industry standards to steer our Company to even greater heights.

Appreciation

I take this opportunity to thank you; our key stakeholders, business partners and esteemed clients - for your continued support and belief in our strategy and leadership.

In the same breath, I thank the Directors and management of each of our subsidiary companies; all of whom have been instrumental in the achievement of these milestones. I express my appreciation to each one of them and look forward to our continued engagement in the coming year to ensure we continue to give each of our customers and stakeholders every reason to have confidence in our offering as a group.

Thank you.

Dr. Julius Kipng'etich, CBS
Chairman- CPF Financial Services Ltd


“Every problem is a gift — without problems we would not grow.” -
Anthony Robbins, motivational speaker and writer

MANAGEMENT TEAM

Hosea Kili, OGW
Group Managing Director/ CEO

Isaac Mitei
Group Head of Legal & Company Secretary

Sospeter Thiga
Group Head of Risk and Compliance

Jonathan Marucha
Executive Director Laser Insurance Brokers

Joseph Rono
Director- Strategy, Finance and Investments

Irene Mbonge
Group Head of Corporate Communication & Public Affairs

Cornelius Ndumai
Group Head of Internal Audit

Shafana Rajani
General Manager Laser Property Services

George Okioma
Director- Operations and Marketing

Lucy Jerono
Group Head of Human Resource & Administration

Tony Olang
Head of Laser Infrastructure & Technology Solutions

MESSAGE FROM THE GROUP MANAGING DIRECTOR/CEO

> "CPF Financial Services remains robust despite the backdrop of economic uncertainty and financial volatility. From a strategic perspective, the company is poised to deliver continued, sustained and improved growth by leveraging digital technology and being responsive to customer needs."

It is a pleasure to once more present to you the CPF Financial Services report and an overview of the performance and operations of the company for the year ended 31 December 2019.

We operate in a fast-changing world, where consumers are not only knowledgeable, but also demanding and more connected to the world around them. This means it is no longer business as usual. We must constantly reinvent ourselves to remain relevant and a key component of this relevance is the ability to create and adopt new technologies as rapidly as our customers do.

CPF Financial Services remains robust despite the backdrop of economic uncertainty and financial volatility. From a strategic perspective, the company is poised to deliver continued, sustained and improved growth by leveraging digital technology and being responsive to customer needs. Additionally, the organization is committed to maximizing value for shareholders through fiscal operational efficiency that will translate to sustainable business in the medium and long-term.

MESSAGE FROM THE GROUP MANAGING DIRECTOR/CEO
(CONTINUED)

Performance Highlights

The year under review saw the company deliver strong results for its shareholders. At the heart of the commendable performance was customer-centric roll-out of new products and services that continue to meet the needs of customers and key stakeholders.

The Profit before tax as at December 31, 2019 was Kshs. 310,763,000 up from Kshs. 226,740,000 reported in 2018. The performance of the Holding Company reflected an after tax overall profit for the year under review of Kshs. 138,357,049 compared to Kshs. 108,539,000 in 2018. The Group performance was an after tax profit of Kshs. 201,137,212 compared to Kshs. 149,711,000 realized in 2018; with subsidiary companies contributing 31% of the Group's business.

Innovating in the present, for the future

As customer needs evolve, so does our strategy and, in the year under review, we continued to innovate and invest in the digitization of our operations as well as our product and service offering - in order to meet these needs.

In 2019, the company begun the process of automating its Performance Management System , based on the Balance Score Card. Staff performance tracking has for a long time been an important agenda to the Board and Management with numerous initiatives, seeking to boost performance and output, being launched. The new system, rolled-out on 1st April, 2019, now enables easy identification and mitigation on lagging targets, enhances collaboration between teams and optimizes staff productivity in line with the objectives of the 2018- 2020 strategic plan.

Future prospects and strategy

While the 2020 financial year was expected to be more favorable than 2019, the novel and unprecedented covid-19 outbreak remains one of the biggest threats to the global economy, with most jurisdictions having already implemented decisive measures to block its spread. Kenya has instituted, among many others, measures that have seen numerous businesses, education institutions, places of worship and entertainment venues close down. With global GDP already on a decline prior to the pandemic, it now poses a serious risk of sending many countries, including Kenya, into recession; having already plunged most of the large stock markets and securities exchanges in the world into a bear market. Owing to this, the projected economic growth has been adjusted from the initial projection of 5.3% to 1.9%.

In spite of this, the Company turnover is projected at Sh. 1,379,137,000 with a profit of Sh. 295,758,000 and the Group's turnover is expected to be Sh. 1,978,955,000 with a projected profit of Sh. 442,234,000. However, performance is latched onto the stabilization of the consultancy and training revenue line, which has undergone major disruption owing to the outbreak of the corona virus disease, as well as the growth of fund values of the schemes under administration; which may – going forward – be revised in light of the pandemic.

The company's success will, therefore, rely on its ability to foresee the environmental changes and adjustment of its strategies to cater for these macro and micro-economic changes.

Appreciation

I seize this opportunity to thank the Board of Directors, our partners, customers and members of the CPF Group staff for their continued loyalty and support; we remain committed to delivering quality and excellent services. Although our business is up against a number of challenges, in light of the covid-19 outbreak; we are confident in our ability to manage these risks and ensure continued growth.

Looking ahead, we will continue to reinvent our business, invest in new areas of growth and realign our priorities to position CPF Financial Services as a business that is fit for the future.

HOSEA KILI, OGW
Group Managing Director / CEO CPF Financial Services Ltd

DRIVING SUSTAINABLE VALUE

At the heart of everything we do at CPF Financial Services, is our belief that business should be conducted honestly, fairly and with respect for human rights, the natural environment and wider society. We aspire to make a positive difference in people's lives through our Corporate Social responsibility (CSR) programme and continue to learn from our experiences each year. Over the years, we have learnt the vital lesson that no business can succeed when the community around it is struggling.

Responsible operations and practices are integral to the organization's philosophy and approach. For us, it is about managing our assets in a way that creates sustainable value; in other words, to do well and do good. When we do 'well', we generate superior risk-adjusted returns for our customers and shareholders and when we do 'good' we have a positive impact on society and the communities where we operate in.

In the year under review, CPF Financial Services actively sought to create sustainable value through our business activities – for our customers, employees, shareholders and society. The company has, to this end, embraced sustainability as a value that motivates and inspires our business undertakings. As a key player in the Financial Services sector, and as a pension and retirement benefits administrator, we aim to create measureable value for society. At CPF Financial Services, sustainability is of fundamental importance to socioeconomic development of all Kenyans, as it has a close relationship with the stimulation of local economies and Government income at a macroeconomic level, as well as changing household savings and consumer behaviors at a microeconomic level.

We are cognizant of the fact that access to social security allows people to protect themselves from the risk of old age poverty and helps them become, and remain, prosperous and resilient in old age. As a major player in Kenya's pension sector, we are increasingly expected to use our core capabilities to help communities and society become more resilient to these interconnected risks. Our subscription to the UN Global Compact provides us with access to best practices in line with our sustainability objectives. This is best captured by our Sustainability Statement: At the CPF Group we seek to fulfill the lives of our stakeholders and the community at large by conducting our business in a socially, environmentally and ethically responsible manner. We strive to continually employ a sustainable business model in order to confer long-term benefits to our stakeholders.

In the year under review, CPF Financial Services continued to pursue its sustainability objectives in line with the four UN Global Compact pillars of: Labour, Environment, Anti-bribery/Anti-Corruption and Human Rights.

Labour

In line with Sustainable Development Goals (SDGs) Goal No.8 that seeks to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", management reviewed and updated the policies and programs to protect against the infringement of labour laws and statutes.

Our Code of Business Conduct communicates our expectations and specifically prohibits forced and compulsory labor. In addition, CPF Financial Services updated the Harassment and Discrimination Policy that prohibits harassment or discrimination of employees based on characteristics such as race, ethnicity, color, creed, religious beliefs, citizenship status, national origin, age, marital status, sexual orientation, gender identity, gender expression, or disability.

Environment

CPF Financial Services' environmental commitments, which are consistent with our Sustainability Policy; Health, Safety, Security, and Environment Policy; and ISO 9001:2015, help the Company monitor compliance with environmental regulations and reduce the environmental impact of our operations. We actively track and report our carbon footprint and have programs in place to conserve resources.

In the year ended 2019, CPF Financial Services installed photovoltaic Solar panels at CPF House. This is due to the fact that solar energy is the cleanest and most abundant renewable energy source available with the potential to be a game changer in energy costs for the company. This is in line with the company's objective to lower carbon emissions to zero by 2050.

DRIVING SUSTAINABLE VALUE (CONTINUED)

Environment (continued)

Moreover, in the year under review, CPF Financial Services made major strides in the construction of the Ololua Ridge project, on behalf of its client scheme Laptrust, laying great emphasis on preservation of the natural environment on which the project sits. The project sits on over 20 acres and is located in Nairobi's upmarket Karen area and will maintain over 70% of the tree cover as at the time of breaking ground; and in addition, more trees have been planted within the parcel to ensure preservation of the natural environment.

Human Rights

Protection of human rights is embedded into CPF Financial Services' corporate systems and policies, including our Code of Conduct Policy, Equal Employment Opportunity Practices as well as Harassment and Discrimination Policy.

At CPF Financial Services, we have systems and processes in place to comply with the country's human rights statutes. Furthermore, as a signatory to the UN Global Compact, we commit to its human rights and labor principles. At CPF Financial Services, we respect the rights of our employees to freedom of association. We also encourage and support diversity in gender, race and ethnicity.

Anti-Corruption and Anti-Bribery

At CPF Financial Services, we are committed to ensuring exceptional business standards by observing integrity, diligence and responsibility in accordance to the Group Code of Ethics and Business Standards.

To this end, CPF Financial Services has instituted a Safe reporting policy that seeks to support a culture of zero tolerance towards fraud, corruption, bribery and any malpractice or wrongdoing and explains what qualifies as a whistle-blow and provides guidelines on how to safely report a concern.

Additionally, our anti-bribery and anti-corruption policy sets out our global framework addressing the common areas of risk. We are continually working to improve policies, processes and guidelines for managing sustainability issues in the supply chain. To this end, CPF Financial Services ensures that sustainability is an integral part in sourcing and procurement function to ensure that the organization is able to uphold its commitment to sustainability through the products and services we purchase, and contractual agreements we enter into. We incorporate environmental, social and governance criteria to assess the goods and services we buy, in line with best value and in compliance with relevant legislation. We also ensure relevant sustainability clauses are included in contracts with suppliers, such as ethical conduct and labor, health and safety and environmental standards.

Future Outlook

At CPF Financial Services, we are cognizant of the fact that sustainability remains a journey, not a destination and integrating the SDGs into our daily operations has been both an inspiring and a humbling process.

Owing to this, the company is keen to establish the CPF Foundation, which will serve as a platform from which all CSR programs will be rolled-out, monitored and evaluated.

The proposed CPF Foundation will be constituted as a not-for-profit Non-Governmental Organization that will seek to serve certain identified social needs within the communities that we serve and indeed countrywide.

DRIVING SUSTAINABLE VALUE

Labour

Our Code of Business Conduct communicates our expectations and specifically prohibits forced and compulsory labor.

Environment

In the year ended 2019, CPF Financial Services installed photovoltaic Solar panels at CPF House.

Human Rights

We encourage and support diversity in gender, race and ethnicity.

Anti-Corruption and Anti-Bribery

we are committed to ensuring exceptional business standards by observing integrity, diligence and responsibility in accordance to the Group Code of Ethics and Business Standards.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of CPF Financial Services Limited (the "company") and its subsidiaries (together "the Group"). The annual report and financial statements have been prepared in accordance with the Kenyan Companies Act, 2015.

ACTIVITIES

The principal activities of the Group is provision of retirement benefits scheme administration services, infrastructure & information technology services, property management services and insurance brokerage services.

RESULTS FOR THE YEAR

	2019 Sh'000	2018 Sh'000
Profit before taxation	310,763	226,740
Taxation charge	(109,626)	(77,029)
Profit for the year transferred to retained earnings	201,137	149,711

DIVIDEND

During the year 2019, the company shares were split in the ratio 1:20 resulting to 2,000,000 shares of Sh. 5 par value. An additional 460,000 shares of Sh. 5 par value were also authorized and issued however paid up after the financial year end. The directors hereby propose the payment of dividend of Sh. 10.06 per share based on the fully paid up shares of 2,000,000 in year 2019 (2018: Sh 149.7 per share 100,000 shares).

BUSINESS REVIEW

The board has pleasure in presenting the financial results of CPF Financial Services Limited ("the Holding Company" or the "company") and the Group consolidated results for the year ended 31 December 2019. The principal activities of the Holding Company is provision of retirement benefits scheme administration services, training and consultancy. The principal activities for the Group is provision of benefits scheme administration services, infrastructure & information technology services, property management services, insurance brokerage services, training and consultancies offered through the subsidiaries and the parent company.

Performance Review

The performance of the Holding Company reflected an after tax overall profit for the year of Sh. 138,357,049 (2018: Sh. 108,539,000). The Group performance was an after tax profit of Sh. 201,137,212 (2018: Sh. 149,711,000). Subsidiaries contributed 31% of the Group's business.

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (continued)

Income Statement Review

The company's financial statements are reflected on pages 9 to 12. The holding company experienced an increase in revenues for the period recorded at Sh 1,094,745,921 (2018: Sh. 911,252,000). This increase is due to the growth in the net assets of schemes under management. Administrative expenses increased also by 30% due to an increase in staff costs and other operational costs.

The turnover for the Group also increased from Sh. 1,189,908,000 to Sh 1,461,505,281 mainly driven by business growth in all the entities in the Group. Similarly the administrative expenses increased from Sh. 759,339,000 to Sh 987,504,081 which was mainly due to increase in general operations cost.

Balance Sheet and Cash flow Review

The company's total assets increased from Sh. 730,235,000 to Sh. 950,054,657 Receivables also increased from Sh 38,799,000 to Sh 51,245,197 due to increase in revenue. Related party balances increased from Sh 72,370,000 to
Sh 105,755,132 which was as a result of support to the subsidiaries. Current liabilities decreased from Sh 228,309,000 to Sh 221,658,281 due to repayment of related party balances due to the schemes. Cash and cash equivalents increased from Sh. 53,418,000 to Sh 62,413,185 mainly due to improved performance.

The Group total assets increased from Sh. 719,282,000 to Sh 960,947,368. Receivables increased from Sh 49,452,000 to Sh 81,088,533 due to increased business transactions. Current Liabilities reduced from Sh 233,464,000 to Sh 180,434,545 due to repayment of related party balances due by the parent company. Cash and cash equivalents increased from Sh. 89,992,000 to Sh. 97,758,409 mainly due increase in performance hence more funds were available for bank deposits.

Future Outlook

The coronavirus outbreak that was first reported in late 2019 - and declared a global pandemic in March 2020, may have a negative impact on the projections of the company performance for the current year. The Government has formed a high level taskforce on the pandemic which has put in place measures to mitigate the spread, social and economic impact of the virus. The company continues to assess the impact of the pandemic on its operations, and to pro-actively put in place measures to mitigate, where possible. Guided by the key pillars of the 2018-2020 Strategic Plan, we will continue to prudently execute the organizational mandate, keeping a close eye on the Triple bottom line.

DIRECTORS' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

Deloitte & Touche, having indicated their willingness, continue in office in accordance with the provisions of section 719(2) of the Kenya Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditors. The directors also approve the annual audit engagement contract, which sets out the terms of the auditors' appointment and the related fees.

BY ORDER OF THE BOARD

Secretary
Isaac Mitei
Nairobi, Kenya

2020

STATEMENT OF DIRECTORS' REPSONSIBILITIES

The Kenyan Companies Act, 2015, requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company and subsidiaries maintains proper accounting records that are sufficient to show and explain the transactions of the Group and disclose, with reasonable accuracy, the financial position of the Group. The directors are also responsible for safeguarding the assets of the company and its subsidiaries, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii. selecting suitable accounting policies and applying them consistently; and
iii. making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company and its subsidiaries ability to continue as going concerns, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company and its subsidiaries ability to continue as a going concerns. Except for the uncertainty associated with the global COVID 19 pandemic, the Directors were not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Group and results of its operation as laid out in these financial statements. At this point, the Directors are not able to estimate the financial impact of COVID 19 on the Group's operations going forward.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on ……………………………2020 and signed on its behalf by:

Hosea Kili
Director

Stephen Lugalia
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CPF FINANCIAL SERVICES LIMITED

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way Muthangari
P.O Box 40092, 00100
Nairobi, Kenya
Tel: +254 (20) 423 0000
Cell: +254 (0) 719 039 000
Fax: +254 (20) 444 8966
Dropping Zone No. 92
Email: admin@delitte.co.ke
www.deloitte.co.ke

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated and company financial statements of CPF Financial Services Limited (the "company") and its subsidiaries (together "the Group"), set out on pages 9 to 45, which comprise the consolidated and company statements of financial position as at 31 December 2019, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group and company as at 31 December 2019 and of its consolidated and company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

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 Consolidated and Separate 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 the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our 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.

Other Information

The directors are responsible for the other information, which comprises the Report of the Directors as required by the Kenyan Company's Act, 2015. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated and company 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 consolidated and company 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 on the other information that we obtained prior to the date of this auditors' report, 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 Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the consolidated and company financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Kenyan Companies Act, 2015, and for such internal controls as 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 consolidated and company financial statements, the Directors are responsible for assessing the Group's and company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company and its subsidiaries or to cease operations, or have no realistic alternative but to do so. The Directors and those charged with governance are responsible for overseeing the Group's and the company's financial reporting process.

Auditors' 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 scepticism 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 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 Group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the 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 Group's and company's ability to continue as going concerns. 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 Group and the company to cease to continue as going concerns.
- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CPF FINANCIAL SERVICES LIMITED (continued)

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

We are required to communicate with those charged with governance 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 matters prescribed by the Kenya Companies Act, 2015

In our opinion, the information given in the report of the Directors on pages 3 to 4 is consistent with the financial statements.

Deloitte & Touche

Certified Public Accountants (Kenya)
Nairobi 2020

CPA Fredrick Aloo, Practising certificate No. 1537
Signing Partner responsible for the independent audit

2019 Consolidated Financial Statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Notes	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
REVENUE	3	1,461,505	1,189,908	1,094,746	911,252
DIRECT COSTS	4	(172,088)	(200,849)	(56,357)	(90,178)
GROSS PROFIT		1,289,417	989,059	1,038,389	821,074
OTHER INCOME	5	10,678	4,985	5,467	1,083
ADMINISTRATIVE AND OPERATING EXPENSES	6	(987,504)	(759,339)	(822,306)	(632,185)
IMPAIRMENT ON TRADE RECEIVABLES	21(c)	(1,679)	(7,486)	(625)	(2,361)
IMPAIREMENT ON RELATED PARTY BALANCES –(LITES)		-	-	-	(16,501)
IMPAIRMENT ON BANK DEPOSITS		(149)	(479)	(89)	(266)
PROFIT BEFORE TAXATION		310,763	226,740	220,836	170,844
TAXATION CHARGE	11(a)	(109,626)	(77,029)	(82,479)	(62,305)
PROFIT FOR THE YEAR		201,137	149,711	138,357	108,539
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		201,137	149,711	138,357	108,539

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Notes	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
ASSETS					
Non - current assets					
Equipment	12	151,575	129,057	133,735	113,053
Intangible assets	13	106,582	69,790	99,949	65,428
Right of Use of Asset (Office Space)	29	103,210	-	97,942	-
Investment property	14	58,500	58,200	58,500	58,200
Investment in subsidiaries	16	-	-	30,000	30,000
Staff mortgages	20	146,592	153,249	146,592	153,249
Due from related parties	18(c)	-	-	123,639	99,611
Deferred taxation asset	23	25,496	34,330	5,178	14,759
		591,955	444,626	695,535	534,300
Current assets					
Staff mortgages and loans	20	33,262	31,348	33,262	31,348
Trade and other receivables	21 (a)	81,089	49,452	51,245	38,799
Tax recoverable	11(c)	8,135	11,687	1,845	-
Due from related parties	18(b)	148,749	92,177	105,755	72,370
Cash and cash equivalents	15	97,758	89,992	62,413	53,418
		368,993	274,656	254,520	195,935
Total assets		**960,948**	**719,282**	**950,055**	**730,235**

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (continued)

		Group		Company	
	Notes	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	22(a)	10,000	10,000	10,000	10,000
Share premium	22(b)	190,000	190,000	190,000	190,000
Retained earnings		471,985	285,818	425,313	301,926
Total equity		671,985	485,818	625,313	501,926
Non Current liabilities					
Lease Liability	29	108,529	-	103,083	-
Current liabilities					
Tax payable	11(c)	5,040	1,922	-	1,922
Intercompany payables	18(d)	4,715	8,478	100,015	74,573
Deferred income	25	-	17,961	-	-
Trade and other payables	24	170,679	205,103	121,644	151,814
		180,434	**233,464**	**221,659**	**228,309**
Total equity and liabilities		**960,948**	**719,282**	**950,055**	**730,235**

The financial statements on pages 25 to 69 were approved and authorized for issue by the board of directors on 2020 and were signed on its behalf by:

Hosea Kili
Director

Stephen Lugalia
Director

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Group

	Share capital Sh'000	Share premium Sh'000	Retained earnings Sh'000	Total Sh'000
1 January 2018	10,000	190,000	158,070	358,070
Day 1 impairment adjustment	-	-	(11,163)	(11,163)
Dividends	-	-	(10,800)	(10,800)
Total comprehensive income for the year	-	-	149,711	149,711
At 31 December 2018	10,000	190,000	285,818	485,818
1 January 2019	10,000	190,000	285,818	485,818
Dividends	-	-	(14,970)	(14,970)
Total comprehensive income for the year	-	-	201,137	201,137
At 31 December 2019	**10,000**	**190,000**	**471,985**	**671,985**

Company

	Share capital Sh'000	Share premium Sh'000	Retained earnings Sh'000	Total Sh'000
1 January 2018	10,000	190,000	205,985	405,985
Day 1 Impairment Adjustment	-	-	(1,798)	(1,798)
Dividend	-	-	(10,800)	(10,800)
Total comprehensive income for the year	-	-	108,539	108,539
At 31 December 2018	10,000	190,000	301,926	501,926
1 January 2019	10,000	190,000	301,926	501,926
Dividend	-	-	(14,970)	(14,970)
Total comprehensive income for the year	-	-	138,357	138,357
At 31 December 2019	**10,000**	**190,000**	**425,313**	**625,313**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Notes	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES	26	147,648	163,491	138,121	151,976
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	12	(54,275)	(55,537)	(48,498)	(53,297)
Purchase of intangible assets	13	(82,336)	(81,147)	(77,357)	(77,422)
Investment property capex enhancement	14	(1,965)	(6,422)	(1,965)	(6,422)
Proceeds from disposal of equipment		(1,306)	1,502	(1,306)	(53)
Net cash used in investing activities		(139,882)	(141,604)	(129,126)	(137,194)
INCREASE IN CASH AND CASH EQUIVALENTS		7,766	21,887	8,995	14,782
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		89,992	68,105	53,418	38,636
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**15**	**97,758**	**89,992**	**62,413**	**53,418**

1. ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

For the purposes of reporting under the Kenyan Companies Act, 2015, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

Application of new and revised International Financial Reporting Standards (IFRSs)

Adoption of new and revised International Financial Reporting Standards (IFRS)

i) New standards and amendments to published standards effective for the year ended 31 December 2019

Impact of initial application of IFRS 16 Leases

In the current year, the company for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lease accounting by removing the distinction between operating and finance lease requirements and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16:C5 (b). Consequently, the comparative information has not been restated and continues to be reported under IAS 17.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 1 January 2019

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company carried out an assessment of all the lease contracts. The assessment has shown that the new definition in IFRS 16 does not change significantly the scope of contracts that meet the definition of a lease for the Company

1. ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

i) New standards and amendments to published standards effective for the year ended 31 December 2019 (Continued)

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet

i) Applying IFRS 16, for all leases (except as noted below), the Company:
ii) Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
iii) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
iv) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use-assets are tested for impairment in accordance with IAS 36 impairment of Assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lease to a lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

1. ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

i) New standards and amendments to published standards effective for the year ended 31 December 2019 (Continued)

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from this residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). The amendments on lessor accounting did not have an impact on financial statements of the Company.

Financial impact of the initial application of IFRS 16

	2019 **Sh'000**
Impact on profit or loss	
Increase in depreciation of right-of-use asset	27,623
Increase in finance cost	6,468
Decrease in rent expense	(28,969)
Decrease in profit for the year	**5,122**

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

1. ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

i) New standards and amendments to published standards effective for the year ended 31 December 2019 (Continued)

Impact of application of IFRIC 23 Uncertainties over Income Tax Treatments

The Company has adopted IFRIC 23 for the first time in the current year. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

The application of IFRIC 23 had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

Impact of application of Annual Improvements to IFRS Standards 2015-2017 Cycle

The company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015-2017 cycle. The annual improvements make amendments to the following standards:

- IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The application of these amendments had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

ii) New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

1. ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

ii) New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New standards and Amendments to standards	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1-Jan-22
Amendments to IFRS 3 Definition of a business	1-Jan-20
Amendments to IAS 1 and IAS 8 Definition of material	1-Jan-20
Amendments to References to the Conceptual Framework in IFRS standards	1-Jan-20

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The Directors of the Company are currently assessing the impact of these amendments and plan to adopt the amendments on the required effective date if necessary.

1. ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

ii) New and revised standards in issue but not yet effective (continued)

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

The Directors of the Company are currently assessing the impact of these amendments and plan to adopt the amendments on the required effective date if necessary.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

iii) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2019.¬¬

1. ACCOUNTING POLICIES (continued)

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and company financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:-

- Level 1 inputs are quoted in prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement dated.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and presentation currency

These financial statements are presented in Kenya shillings (Sh) which is the Group's functional currency, the currency of the primary economic environment in which the entity operates. Except as otherwise indicated, financial information presented in Kenya Shillings has been rounded to the nearest thousand (Sh 000).

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiaries is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

1. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiaries acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.
Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, LASER Infrastructure & Technology Solution Limited, LASER Property Services Limited and LASER Insurance Brokers Limited all having financial year end 31 December 2019.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. ACCOUNTING POLICIES (Continued)

Revenue recognition

Administration income

Administration income is billed to customers and is recognised upon performance of services or at a point when the performance obligations associated with these services has been satisfied

Consultancy fees

Consultancy fees is recognised upon performance of service at a point when the performance obligations associated with these services has been satisfied

Other income

Includes interest income from staff loans, interest on fixed deposit and loss/gain on revaluation of investment property among other sources of sundry incomes for the Group. Income is recognized at a point in time when earned.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment charges.

Depreciation

Depreciation on equipment is calculated on a reducing balance basis to write-off the cost of the equipment over the expected useful life at the following annual rates:

Motor vehicles	25%
Fixtures and fittings	12.5%
Equipment	12.5%
Computers	30%

Gain or loss arising on disposal of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets-computer software costs

Costs incurred on computer software are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a reducing balance basis over the estimated useful lives not exceeding a period of 4 years.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

1. ACCOUNTING POLICIES (Continued)

Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1. ACCOUNTING POLICIES (Continued)

Taxation (continued)

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Employee benefits costs

i) Group's defined contribution retirement benefit scheme

The Group operates a defined contribution and benefit schemes for eligible employees. The assets of the scheme are held in a separate trustee administered fund. The Group's contributions to the defined contribution plan are charged to the profit or loss in the year to which they relate.

ii) Statutory defined contribution pension scheme

The Group also is exempt from contributing to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

iii) Other employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave or compensated absences accrued at the end of the reporting period.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

1. ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Financial instruments

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets

Trade receivables (IFRS 9)

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established using an ECL model in line with the requirements of IFRS 9 as outlined in the next section below. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is charged to profit or loss.

Impairment of financial assets (IFRS 9)

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

1. ACCOUNTING POLICIES (Continued)

Financial assets (continued)

Impairment of financial assets (IFRS 9) (continued)

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Classification (IFRS 9)

As at the reporting date, all the Groups financial assets were at amortised cost. The Group determines the appropriate classification of its financial assets at initial recognition.

Financial assets at amortised cost

Financial assets including cash and bank balances, staff mortgages and loans, trade and other receivables and related party balances are measured at amortized cost if both of the following conditions are met and the asset is not designated as FVTPL:

- the asset is held within a business model that is Held-to-Collect (HTC) as described below, and
- the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Comparatives

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

2. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY

In the process of applying the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key areas of applying the Group's accounting policies are dealt with below:

(i) Critical judgements in applying accounting policies

Equipment and intangible assets

Critical estimates are made by the directors in determining the useful lives of equipment and intangible assets. This is the basis on which the depreciation and amortization rates applied on property, plant and equipment and intangible assets respectively are based.

Impairment of fixed assets

At the reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Contingent liabilities

The directors evaluate the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

(ii) Key sources of estimation uncertainty

Impairment losses on financial assets

At each reporting period end, the company reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in the statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount.

When measuring expected credit losses (ECL), the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The loss rate is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Fair value measurement and valuation

Some of the Group's assets and liabilities are measured at fair values for financial reporting purposes. In estimating the fair values of an asset or a liability, the Group uses market observable data to the extent it is available. Where level I inputs are not available the Group engages third party qualified valuers to perform the valuation. The board and management work closely to establish the appropriate valuation techniques and inputs to the model.

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
3. REVENUE				
Pension administration fees and other Trustee support services	1,088,090	902,447	1,088,090	902,447
Consultancy fees (ICT and Training)	150,214	138,786	6,493	8,805
Property management and valuation fees	90,926	64,046	-	-
Project management fees	54,780	14,699	-	-
Insurance brokerage fees	72,532	69,930	-	-
Agency Income	4,963	-	163	-
	1,461,505	**1,189,908**	**1,094,746**	**911,252**
4. DIRECT COSTS				
Office rent and service charge	(834)	28,945	(1,345)	24,685
Consultancy expense	5,496	16,403	4,743	16,403
Other direct costs	137,152	134,420	26,444	31,763
Insurance	11,095	12,025	9,081	8,371
Printing and stationery	19,179	9,056	17,434	8,956
	172,088	**200,849**	**56,357**	**90,178**
5. OTHER INCOME				
Interest income from staff loan	2,284	1,969	2,284	1,969
Interest on fixed deposit	8,004	4,452	3,822	1,542
Sundry income	2,055	1,786	1,026	794
Loss on revaluation of investment property (note 14)	(1,665)	(3,222)	(1,665)	(3,222)
	10,678	**4,985**	**5,467**	**1,083**

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
6. ADMINISTRATIVE AND OPERATING EXPENSES				
Staff costs (note 7)	621,134	536,698	507,688	437,063
ICT costs (note 9)	30,237	24,531	24,034	20,425
Director emoluments – fees (note 8)	30,626	25,412	28,406	23,192
Board expenses	30,325	22,132	17,844	13,699
Auditors remuneration	3,884	3,000	1,799	1,500
Depreciation (note 12)	31,758	27,561	27,820	24,320
Amortisation (note 13)	45,543	29,910	42,835	28,041
Depreciation on Right of Use of Asset	32,815	-	27,623	-
Finance & interest charge	7,008	-	6,488	-
Assets write off	-	1,556	-	-
Professional fees and consultancies	34,844	2,478	44,860	23,134
Marketing and promotion (note 10)	72,351	52,871	48,894	30,974
Other expenses	46,979	33,190	44,015	29,837
	987,504	**759,339**	**822,306**	**632,185**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
7. STAFF COSTS				
Salaries and wages	418,256	376,786	338,116	299,868
Social security costs	52,351	56,374	42,365	47,197
Staff bonus credit	28,024	16,432	22,130	14,722
Leave allowance	17,245	10,175	13,966	8,316
Staff welfare	10,741	6,141	10,652	6,141
Education and training	44,061	32,462	40,218	29,090
Staff medical insurance	45,705	35,803	36,733	29,395
Other staff costs	4,751	2,525	3,508	2,334
	621,134	**536,698**	**507,688**	**437,063**
8. DIRECTORS COSTS				
Directors Monthly Allowances	30,626	25,412	28,406	23,192
Board Meeting Expenses	30,325	22,132	17,844	13,699
	60,951	**47,544**	**46,250**	**36,891**
9. ICT COSTS				
Annual Software Licences	15,534	11,837	12,226	9,522
Internet, Website & Networking	7,845	8,495	6,060	6,814
Computer & Computer Accessories	2,326	1,253	2,192	1,143
ICT Consultancy & Outsourcing	4,532	2,946	3,556	2,946
	30,237	**24,531**	**24,034**	**20,425**

	Group		Company	
	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
10. MARKETING & PROMOTION				
Networking & Advocacy	6,486	2,459	2,831	-
Brand Management	11,068	4,993	10,122	4,557
Advertising & Publicity	5,547	5,528	4,417	4,545
Promotional Materials	5,270	6,967	1,142	1,800
Stakeholder Activities	5,509	5,621	3,187	5,204
CSR & Change Management	3,792	2,447	3,450	1,793
Strategic Plan Review & Monitoring	7,732	5,154	6,623	3,787
Product Development and Agency Cost	8,945	-	8,945	-
Other Business Development Costs	18,002	19,702	8,177	9,288
	72,351	**52,871**	**48,894**	**30,974**
11. TAXATION				
(a) Taxation charge				
Current taxation based on adjusted profit for the year at 30%	112,920	89,414	82,478	71,862
Deferred tax credit (note 23)	-	(11,023)	-	(9,557)
Prior year deferred tax under provision	(3,294)	(1,362)	-	-
	109,626	**77,029**	**82,478**	**62,305**

11. TAXATION (continued)

(b)Reconciliation of taxation charge to expected taxation based on accounting profit

	Group 2019 Sh'000	Group 2018 Sh'000	Company 2019 Sh'000	Company 2018 Sh'000
Profit before taxation	**310,846**	**226,740**	**220,836**	**170,844**
Taxation at the applicable rate of 30%	93,230	62,533	66,251	50,253
Tax effect of expenses not allowable for tax	17,612	15,858	14,685	11,052
Prior year under provision	(3,294)	(1,362)	-	-
Deferred tax movement -RoUA	2,078	-	1,542	-
	109,626	**77,029**	**82,478**	**62,305**

(c) Taxation recoverable/(payable)

	Group 2019 Sh'000	Group 2018 Sh'000	Company 2019 Sh'000	Company 2018 Sh'000
At the beginning of the year	6,818	23,297	(1,922)	24,354
Taxation charge	(109,626)	(77,029)	(82,478)	(62,305)
Tax paid	105,903	63,497	86,245	36,029
Taxation recoverable	**8,135**	**11,687**	**1,845**	**-**
Taxation payable	**(5,040)**	**(1,922)**	**-**	**(1,922)**

12. (a) EQUIPMENT – Group

	Motor vehicles Shs'000	Furniture, fittings and equipment Shs'000	Computers Shs'000	Total Shs'000
COST				
At 1 January 2018	7,474	145,353	76,420	229,247
Additions	9,843	27,800	17,894	55,537
Disposals	-	-	(220)	(220)
At 31 December 2018	17,317	173,153	94,094	284,564
At 1 January 2019	17,317	173,153	94,094	284,564
Additions	-	35,726	18,549	54,275
Disposal	(7,474)	-	-	(7,474)
At 31 December 2019	9,843	208,879	112,643	331,365
DEPRECIATION				
At 1 January 2018	7,474	64,610	55,952	128,036
Charge for the year	2,461	13,566	11,534	27,561
Disposals	-	-	(90)	(90)
At 31 December 2018	9,935	78,176	67,396	155,507
At 1 January 2019	9,935	78,176	67,396	155,507
Charge for the year	1,845	16,338	13,574	31,757
Disposal	(7,474)	-	-	(7,474)
As at 31 December 2019	4,306	94,514	80,970	179,790
NET BOOK VALUE				
At 31 December 2019	**5,537**	**114,365**	**31,673**	**151,575**
At 31 December 2018	**7,382**	**94,977**	**26,698**	**129,057**

12. (b) EQUIPMENT – Company

	Motor vehicles Shs'000	Furniture, fittings and equipment Shs'000	Computers Shs'000	Total Shs'000
COST				
At 1 January 2018	7,474	124,245	69,663	201,383
Additions	9,843	27,620	15,835	53,297
Disposals	-	-	(220)	(220)
At 31 December 2018	17,317	151,865	85,278	254,460
At 1 January 2019	17,317	151,865	85,278	254,460
Additions	-	33,551	14,947	48,498
Disposal	(7,474)	-	-	(7,474)
At 31 December 2019	9,843	185,416	100,225	295,484
DEPRECIATION				
At 1 January 2018	7,474	57,789	51,914	117,177
Charge for the year	2,461	11,760	10,099	24,320
Disposals	-	-	(90)	(90)
At 31 December 2018	9,935	69,549	61,923	141,407
At 1 January 2019	9,935	69,549	61,923	141,407
Charge for the year	1,845	14,481	11,490	27,816
Disposal	(7,474)	-	-	(7,474)
As at 31 December 2019	4,306	84,030	73,413	161,749
NET BOOK VALUE				
At 31 December 2019	**5,537**	**101,386**	**26,812**	**133,735**
At 31 December 2018	**7,382**	**82,316**	**23,355**	**113,053**

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
13. INTANGIBLE ASSETS - SOFTWARE				
COST				
As at 1 January	157,734	81,151	147,779	70,357
Additions	82,335	81,147	77,357	77,422
Asset written off	-	(4,564)	-	-
As at 31 December	240,069	157,734	225,136	147,779
AMORTISATION				
As at 1 January	87,944	61,043	82,351	54,310
Charge for the year	45,543	29,910	42,836	28,041
Adjustment for assets written off	-	(3,009)	-	-
As at 31 December	133,487	87,944	125,187	82,351
NET BOOK VALUE	**106,582**	**69,790**	**99,949**	**65,428**
14. INVESTMENT PROPERTY				
At start of the year	58,200	55,000	58,200	55,000
Capital Expenditure Enhancement	1,965	6,422	1,965	6,422
Fair value adjustment	(1,665)	(3,222)	(1,665)	(3,222)
At end of the year	**58,500**	**58,200**	**58,500**	**58,200**

Fair value measurement of the Group's investment properties

The Group's Investments Property are stated at their revalued amounts, being the fair values at the date of revaluation, less any impairment losses. The fair value measurements of the Group's investment property as at 31 December 2019 were performed by Laser Property Services Limited, Registered Valuers and Estate Agents.

The company is a related company to CPF Financial Services Limited as indicated in note 1. Laser Property Services Limited, are members of the Institute of Surveyors of Kenya and they have appropriate qualifications and relevant and recent experience in the fair value measurement of properties in the various locations in Kenya. The fair value of buildings was determined by reference to market evidence of recent transactions for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

	Group		Company	
	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
15. CASH AND CASH EQUIVALENTS				
Unutilized deposits for staff mortgages*	26,829	19,301	26,829	19,301
Fixed deposits maturing within 90 days	52,669	45,260	27,957	24,761
Bank balances	18,185	25,356	7,574	9,333
Cash at hand	75	75	53	23
At the end of the year	**97,758**	**89,992**	**62,413**	**53,418**

* The unutilized deposits for staff mortgages can be accessed by the company without any restrictions.

16. INVESTMENT IN SUBSIDIARIES (COST) – Company

At Cost:

			Group		Company	
			2019	2018		
Details of investment	**Country of incorporation**	**Activity**	**% of equity interest**	**% of equity interest**	**2019 Sh'000**	**2018 Sh'000**
LASER Infrastructure & Technology Solutions Limited (LITES) (2,000,000 shares of Ksh 5 each)	Kenya	Infrastructure & technology services	100%	100%	10,000	10,000
LASER Property Services Limited (LASER) (2,000,000 shares of Ksh 5 each)	Kenya	Property management services	100%	100%	10,000	10,000
LASER Insurance Brokers Limited (LIBS) (2,000,000 shares of Ksh 5 each)	Kenya	Insurance brokerage services	100%	100%	10,000	10,000
					30,000	**30,000**

17. INVESTMENT IN SUBSIDIARIES (COST) – Company (Continued)

	Current assets		Non-Current assets		Current liabilities		Non-current liabilities	
	2019 Shs'000	2018 Sh'000	2019 Shs'000	2018 Sh'000	2019 Shs'000	2018 Sh'000	2019 Shs'000	2018 Sh'000
LASER Infrastructure & Technology Solutions Limited (LITES)	73,395	72,318	31,141	29,401	29,219	39,982	142,500	136,189
LASER Property Services Limited (LASER)	85,290	40,036	9,697	11,559	16,878	10,072	2,183	-
LASER Insurance Brokers Limited (LIBS)	59,919	56,310	6,484	7,360	9,324	23,873	903	957

	Revenues		Profit/(loss) before tax		Total comprehensive income	
	2019 Shs'000	2018 Sh'000	2019 Shs'000	2018 Sh'000	2019 Shs'000	2018 Sh'000
LASER Infrastructure & Technology Solutions Limited (LITES)	170,324	154,080	7,752	1,442	7,269	1,442
LASER Property Services Limited (LASER)	151,812	81,316	59,395	9,606	40,269	6,483
LASER Insurance Brokers Limited (LIBS)	72,532	69,930	22,780	28,346	15,241	17,234

18. RELATED PARTY BALANCES AND TRANSACTIONS

a) Nature of related party relationships

Companies and other parties related to the group include those parties who have the ability or where the Group has the ability to exercise control or exercise significant control over the operating and financial decisions. The immediate parent and ultimate controlling party of the Group is Laptrust Registered Trustees Limited. The Group transacts with companies owned by the parent company and other related parties by virtue of common directorship.

18. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	Group		Company	
	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
b) Due from related parties –Current Asset				
LASER Property Services Limited	-	-	-	69
LAPTRUST Retirement Benefits Scheme -Recharges	7,952	4,167	1,022	-
LAPTRUST Retirement Benefits Scheme –(Admin Fees)	-	677	-	677
LAPTRUST Retirement Benefits Scheme –(Professional Fees for LITES/LPS)	22,771	15,709	-	-
County Pension Fund -Recharges	2,793	597	2,793	597
County Pension Fund - Professional Fees for LPS	13,293	-	-	-
County Pension Fund –(Admin Fees)	34,893	33,527	34,893	33,527
CPF Individual Pension Scheme (Admin Fees)	7,011	2,218	7,011	2,218
Due from CPF/GALN joint operation	58,731	32,764	58,731	32,764
Superfund Multipurpose SACCO	5	1,318	5	1,318
Superfund Housing	1,300	-	1,300	-
LAPA SACCO	-	1,200	-	1,200
	148,749	**92,177**	**105,755**	**72,370**
c) Due from related parties – Non Current Asset				
LASER Infrastructure & Technology Solutions Limited (Gross)	-	-	118,639	111,112
LASER Infrastructure & Technology Solutions Limited (Shareholders Loan)	-	-	5,000	5,000
Impairment Adjustment	-	-	-	(16,501)
LASER Infrastructure & Technology Solutions Limited (Gross	-	-	**123,639**	**99,611**

18. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
d) Due to related parties				
LASER Insurance Brokers Limited	-	-	25,624	14,969
LAPTRUST Retirement Benefits Scheme	-	8,478	-	6,281
LASER Infrastructure and Technology Solutions Limited	-	-	48,841	53,323
LASER Property Services Limited-Recharges	-	-	19,835	-
LASER Property Services Limited-Professional Services	-	-	1,000	-
CPF Trust Fund	4,715	-	4,715	-
	4,715	**8,478**	**100,015**	**74,573**

e) Related party transactions

Details of the transactions between the Group and related parties that are members of the Group are disclosed below:

(i) Purchase of goods and services

	2019 Sh'000	**2018 Sh'000**
LASER Infrastructure & Technology Solutions Limited	116,723	115,477
LASER Property Services Limited	3,596	434
LASER Insurance Brokers Limited	1,353	1,299
	121,672	**117,210**

Related party transactions relate mainly to the purchases and sales of service as well as recharges of management services within the Group. LASER Infrastructure & Technology Solutions Limited transactions also include purchase of computers and structured cabling works provided to CPF Financial Services Limited.

18. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(ii) Management fees revenue

	2019 Sh'000	2018 Sh'000
LAPTRUST Retirement Benefits Scheme	818,111	746,760
County Pension Fund	252,361	146,345
CPF Individual Pension Scheme	17,190	9,342
	1,087,662	**902,447**

Management fees relate to Pension administration fees and Trustee support services paid by the Schemes under CPF administration to the parent company which is CPF Financial Services Limited .

	2019 Sh'000	2018 Sh'000
(i) Key management compensation		
The remuneration for key management during The year was as follows:		
Salaries and other benefits	121,952	135,253
(ii) Directors' remuneration		
Fees for services as directors	28,406	23,192
Other emoluments (included in key management compensation)	17,844	13,699
	46,250	**36,891**

	Group & Company	
	2019 Sh'000	**2018 Sh'000**
20. STAFF MORTGAGES AND LOANS		
Stanbic Bank Limited	43,680	41,945
KCB S&L Mortgages	96,401	102,880
Housing Finance Company Kenya Limited	39,773	39,772
	179,854	**184,597**

CPF Financial Services Limited has entered into administrative agreements with the financing institutions to facilitate the lending of home mortgages and car loans to staff. The company has placed deposits with these financing institutions out of which the loans are issued to its employees.

These mortgages are issued at a preferential rate ranging between 4% and 6% earning interest income which is disclosed under note 5.

Staff mortgages and loans relate to funds that have been utilised by the institutions in advancing to CPF employees while the unutilised funds have been disclosed under cash & cash equivalents in note 12 and earn interest at rates ranging from 1% to 3%.

Maturity of staff mortgages and loans		
Current – Due within 12 months	33,262	31,348
Non-current – Past 12 months	146,592	153,249
	179,854	**184,597**

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
a) Trade and other receivables				
Trade receivables	10,247	5,716	424	798
Other receivables	27,989	20,784	22,297	17,229
VAT Receivable	4,309	-	3,145	-
Withholding tax receivable	38,544	22,952	25,379	20,772
	81,089	**49,452**	**51,245**	**38,799**
b) Trade Receivables reconciliation				
Trade receivables (Gross)	52,633	46,423	14,158	13,907
Provision for impairment 21(c)	(42,386)	(40,707)	(13,734)	(13,109)
Trade receivables (Net)	**10,247**	**5,716**	**424**	**798**
c) Impairment reconciliation				
At January 1	40,707	22,059	13,109	8,951
Day 1adjustment (through statement of changes in equity)	-	11,162	-	1,797
Impairment provision expense (through P&L)	1,679	7,486	625	2,361
At 31 December	**42,386**	**40,707**	**13,734**	**13,109**

22. SHARE CAPITAL

(a) Ordinary share capital

	2019 Sh'000	2018 Sh'000
Authorised and issued:		
2,460,000 ordinary shares of Sh 5 each	818,111	746,760
Authorised, issued and fully paid:		
2,000,000 ordinary shares of Sh 5 each	**10,000**	**10,000**

(b) Share premium

	2019 Sh'000	2018 Sh'000
2,000,000 shares at a premium of Shs 95 each	**190,000**	**190,000**

23. DEFERRED TAXATION ASSET

	Group		Company	
	2019 Sh'000	2018 Sh'000	2019 Sh'000	2018 Sh'000
The deferred taxation asset is attributable to the following items:				
Assets				
Excess depreciation over capital allowances	(2,938)	7,313	(4,310)	6,968
Tax losses carried forward	18,945	17,485	-	-
Leave pay provision	-	2,219	-	2,053
Provision for doubtful debts	9,489	7,313	9,488	5,738
Deferred tax not recognised		-		-
Net deferred taxation asset	**25,496**	**34,330**	**5,178**	**14,759**
The movement on the deferred taxation account is as follows:				
Assets				
At beginning of year	33,723	25,771	14,759	5,741
Credit to profit or loss (note 8(a))	10,243	11,023	9,488	-
Deferred tax on Day 1 Adjustment	-	(3,349)	-	(539)
Prior year overprovision	(18,470)	885	(19,069)	9,557
At end of year	**25,496**	**34,330**	**5,178**	**14,759**

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
Trade payables	77,142	53,976	46,241	19,675
Staff payroll liabilities	42,521	32,109	35,628	29,572
Staff pension payable	8,097	21,411	6,608	19,872
Staff leave pay provision	8,445	9,357	6,214	6,842
Other payables	19,128	66,640	11,983	62,155
VAT payable	376	10,810	-	2,898
Dividend Payable	14,970	10,800	14,970	10,800
	170,679	**205,103**	**121,644**	**151,814**

25. DEFERRED INCOME

Deferred income related to commissions received against insurance policies sold to the Local Authorities Pensions Trust is Nil -(2018: Sh 17,961,000).

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
Reconciliation of profit/(loss) before taxation to cash generated from operations				
Profit/(loss) before taxation	310,866	226,740	220,836	170,845
Adjustments for:				
Depreciation on property, plant and equipment (note 12)	31,758	27,561	27,820	24,320
Amortisation of intangible assets (note 13)	45,543	29,910	42,836	28,041
Fair value loss on revaluation of investment property (note 14)	1,665	3,222	1,665	3,222
Impairment Adjustment (Consolidation AJE)	-	(16,501)	-	-
Adjusted for working capital changes: Increase/(Decrease) in staff mortgages receivable	4,743	(19,536)	4,744	(19,536)
Increase in trade and other receivables	27,910	22,139	(14,292)	(1,889)
(Decrease)/Increase in trade and other payables	(36,750)	9,424	(32,092)	8,012
Movement in related party balances	(114,223)	(52,005)	(27,151)	(3,571)
Taxation paid	(105,903)	(79,424)	(86,245)	(57,468)
Increase in deferred income	(17,961)	11,961	-	-
Cash generated from operations	**147,648**	**163,491**	**138,121**	**151,976**

27. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The company'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. The company's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the company's financial performance. The company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The board of directors in conjunction with management identifies, evaluates and addresses financial risks in close cooperation with the company's operating units. The most important types of risk for the company are credit, liquidity and market risk.

27. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

a) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued share capital and retained earnings. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

The constitution of capital managed by the Company is as shown below:

	Group		Company	
	2019 Sh'000	**2018 Sh'000**	**2019 Sh'000**	**2018 Sh'000**
Ordinary Share capital	10,000	10,000	10,000	10,000
Share premium	190,000	190,000	190,000	190,000
Retained earnings	471,985	285,818	425,313	301,926
Equity	**671,985**	**485,818**	**625,313**	**501,926**

b) Credit risk management

Credit risk arises from cash and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

Management assesses the credit quality of each customer, taking into account its financial position, past experiences and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

The tables below detail the credit quality of the company's financial assets as well as the company's maximum exposure to credit risk by credit rating grade:

27. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

b) Credit risk management (continued)

Company

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
31 December 2019						
Trade receivables	21	Performing	Lifetime ECL (simplified approach)	14,158	(13,734)	424
Bank deposits	15	Various	12 months ECL	28,312	(355)	27,957
Due from related parties-Current	18	Performing	Lifetime ECL (simplified approach)	105,755	-	105,755
Due from related parties-Non Current	18	Performing	Lifetime ECL (simplified approach)	123,639	-	123,639
Bank balances	15	Various	12 months ECL	34,456		34,456
				306,320	(14,089)	292,231

	Note	Internal/ external rating	Incurred loss model (IAS 39)	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
31 December 2019						
Trade receivables	21	Performing	Lifetime ECL (simplified approach)	13,907	(13,109)	798
Bank deposits	15	Various	12 months ECL	25,027	(266)	24,761
Due from related parties-Current	18	Performing	Lifetime ECL (simplified approach)	72,370	-	72,370
Due from related parties-Non Current	18	Performing	Lifetime ECL (simplified approach)	116,112	(16,501)	99,611
Bank balances	15	Various	12 months ECL	28,657	-	28,657
				256,073	**(29,876)**	**226,197**

27. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

b) Credit risk management (continued)

Group

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
31 December 2019						
Trade receivables	21	Performing	Lifetime ECL (simplified approach)	52,637	(42,386)	10,251
Bank deposits	15	Various	12 months ECL	53,297	(628)	52,669
Due from related parties-Current	18	Performing	Lifetime ECL (simplified approach)	148,749	-	148,749
Bank balances	15	Various	12 months ECL	45,089	-	45,089
				299,772	(43,014)	256,758

	Note	Internal/ external rating	Incurred loss model (IAS 39)	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
31 December 2018						
Trade receivables	21	Performing	Lifetime ECL (simplified approach)	46,423	(40,707)	5,716
Bank deposits	15	NA	12 months ECL	45,739	(479)	45,260
Due from related parties-Current	18	Performing	Lifetime ECL (simplified approach)	92,177	-	92,177
Bank balances	15	NA	12 months ECL	44,732	-	44,732
				229,071	**(41,186)**	**187,885**

The bank balances are not restricted, whereas the bank deposits are restricted. They include deposits held with banks that have high credit ratings.

The customers under the fully performing category are paying their debts as they continue trading.

The loss allowance represents the debt that is fully provided for in line with the expected credit loss model. Related parties balances have not been considered for impairment due to their revolving nature and the fact that related companies are on good balance sheet footing with no large external indebtness

27. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

b) Credit risk management (continued)

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns.

The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

Expected credit loss as at 31 December 2019

	0-30	31-60	61-90	90-120	>121	Total
Loss rates	23%	48%	69%	100%	100%	
Total exposure	250	450	-	-	13,458	14,158
ECL allowance	**58**	**218**	**-**	**-**	**13,458**	**13,734**
Loss Rates **Expected credit loss as at 1 January 2019**						
Loss rates	21%	49%	64%	99%	100%	
Total exposure	-	899	945	-	12,063	13,907
ECL allowance	**-**	**441**	**605**	**-**	**12,063**	**13,109**

Expected credit loss as at 31 December 2018

The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has elected not to restate comparatives in respect of the consequential amendments to IFRS 7 Financial Instruments: Disclosures.

Credit risk – Increase/decrease of ECL rate by 10%.

If the ECL rates on trade receivables had been 10% higher (lower) as of 31 December 2019, the loss allowance on trade receivables would have been Sh 293,804 higher (lower).

28. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

	Nominal Value	Exposure at Default Amortized Cost '000	Loss given Default	Stage	Other Rating	12 Month PD	ECL '000
Bank Guarantee	Speculative	1,719	30%	Stage 1	Moody's B2	3.44%	22
Bank Guarantee	Speculative	3,445	30%	Stage 1	Moody's B2	3.44%	43
Bank Guarantee	Speculative	22,303	30%	Stage 1	Moody's B2	3.44%	281
Bank Guarantee	Speculative	845	30%	Stage 1	Moody's B2	3.44%	9
		28,312					**355**
Group							
Bank Guarantee	Speculative	4,051	30%	Stage 1	Moody's B2	3.44%	42
Bank Guarantee	Speculative	3,184	30%	Stage 1	Moody's B2	3.44%	33
Bank Guarantee	Speculative	2,119	30%	Stage 1	Moody's B2	3.44%	22
Bank Guarantee	Speculative	1,009	30%	Stage 1	Moody's B2	3.44%	10
Bank Guarantee	Speculative	1,008	30%	Stage 1	Moody's B2	3.44%	10
Bank Guarantee	Speculative	805	30%	Stage 1	Moody's B2	3.44%	8
Bank Guarantee	Speculative	504	30%	Stage 1	Moody's B2	3.44%	5
Bank Guarantee	Speculative	503	30%	Stage 1	Moody's B2	3.44%	5
Bank Guarantee	Speculative	202	30%	Stage 1	Moody's B2	3.44%	2
Bank Guarantee	Speculative	302	30%	Stage 1	Moody's B2	3.44%	3
Bank Guarantee	Speculative	224	30%	Stage 1	Moody's B2	3.44%	2
Bank Guarantee	Speculative	1,719	30%	Stage 1	Moody's B2	3.44%	22
Bank Guarantee	Speculative	3,445	30%	Stage 1	Moody's B2	3.44%	43
Bank Guarantee	Speculative	22,302	30%	Stage 1	Moody's B2	3.44%	282
Bank Guarantee	Speculative	845	30%	Stage 1	Moody's B2		9
Bank Guarantee	Speculative	5,009	30%	Stage 1	Moody's B2	3.44%	63
Bank Guarantee	Speculative	2,016	30%	Stage 1	Moody's B2	3.44%	25
Bank Guarantee	Speculative	4,050	30%	Stage 1	Moody's B2	3.44%	42
		53,297					**628**

28. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

a) Interest rate risk

The group's interest bearing assets are investments in short term deposits. All of these instruments are at fixed interest rates. The nature of financial instruments held, mitigates interest risk exposure of the Group. Fluctuations in interest rates will have an insignificant effect on the Group.

b) Liquidity risk

The amounts disclosed in the table below are the contracted undiscounted cash flows of the Group's financial liabilities.

	1-6 Months Sh'000	6-12 Months Sh'000	Over 12 Months Sh'000	Total Sh'000
At 31 December 2019				
Due to related parties	4,715	-	-	4,715
Trade payables	77,142	-	-	77,142
Total financial liabilities	81,857	-	-	81,857
At 31 December 2018				
Due to related parties	8,478	-	-	8,478
Trade payables	53,976	-	-	53,976
Total financial liabilities	62,454	-	-	62,454

29. LEASES

	Group 2019 Shs '000	Company 2019 Shs '000
Principal	136,025	125,565
Depreciation	(32,815)	(27,623)
Balance as at 31 December	103,210	97,942
Lease liabilities		
Principal	136,025	125,565
Redemptions	(27,496)	(22,482)
Balance as at 31 December	**108,529**	**103,083**

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital and revenue reserves.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group had no borrowing as at 31 December 2019 (2018: nil).

31. FAIR VALUE

The Directors consider that there is no material difference between the fair value and the carrying value of the group's financial assets and liabilities where fair value details have not been presented.

32. CONTINGENT LIABILITIES

There were no contingent liabilities of the group as at 31 December 2019 (2018 - nil).

33. COUNTRY OF INCORPORATION

The company is domiciled and incorporated in Kenya under the Companies Act. The ultimate holding company is Laptrust Registered Trustees.

34. EVENTS AFTER THE REPORTING DATE

Except for the uncertainty associated with the global COVID 19 pandemic, the Directors were not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Group and results of its operation as laid out in these financial statements. At this point, the Directors are not able to estimate the financial impact of COVID 19 on the Group's operations going forward.

35. CURRENCY

These financial statements are presented in thousands of Kenya Shillings (Sh'000).

NOTES

NOTES

NOTES

NOTES

CPF
Fulfilling Lives

FINANCIAL
SERVICES

CPF HOUSE 7TH FLOOR, HAILE SELASSIE AVENUE, P.O BOX 28938 - 00200 NAIROBI
MOB: 0720 433 354, 0735 763 293, TEL: +254 2064 901-5 EMAIL: INFO@CPF.OR.KE

NAIROBI / MOMBASA / KISUMU / ELDORET / MERU / NAKURU / GARISSA / NYERI / BUNGOMA