CENTUM

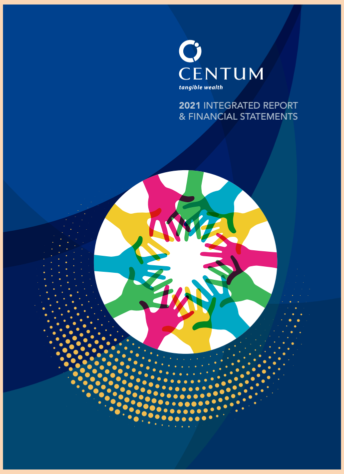
tangible wealth

2021 INTEGRATED REPORT & FINANCIAL STATEMENTS

Inside this Report

As Covid-19 continues to pose a health and economic crisis around the globe, particularly among thousands who have lost their livelihoods and living hand to mouth, Centum engaged **The Zero Contact Food Distribution**, an initiative-based application that was designed and developed entirely by young African developers in response to the skyrocketing demand for food relief amidst government-imposed lockdowns and restrictions to control the spread of the virus. We are joining hands as **We Win Together** in business and against the Covid-19 pandemic

About this Report



The scope of this report relates to Centum as an investment company, and material matters arising from its investment activities through growth portfolio (Private Equity and Real Estate) and Marketable Securities.

This report therefore provides a complete analysis of our business to satisfy the information needs of key stakeholders that use the Integrated Report. The information presented aims to provide our various stakeholders with a clear understanding of the financial, human, social, environmental and economic impact of Centum to enable them to evaluate our ability to create sustainable value for all parties.

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Framework

Our Integrated Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting Framework, adhering to the fundamental concepts. Additionally, we continue to align to the Kenya Companies Act, 2015, guidelines issued by the Capital Markets Authority and the listing requirements of the Nairobi Securities Exchange as we have done over the years.

The Financial Statements set out on **pages 94 to 229** have been prepared in accordance with International Financial Reporting Standards (IFRS).

Scope and Boundary

This report outlines who we are, what we do and how we create value in the short, medium and long-term. It provides insights into our structure, strategy, objectives, performance, governance and future viability.

The report provides an overview of the operations and performance of all businesses in which Centum is invested.

These businesses have been depicted in a simplified ownership and legal structure diagram on **page 5**.

The scope of this report relates to Centum as an investment company, and material matters arising from its investment activities through Growth Portfolio and Marketable Securities.

References made within this report refer to Centum Investment Company Plc and all references to the Group denotes the Company and its investments in underlying portfolio companies. Material developments beyond the reporting period up to the date of publishing of this report have been included.

Materiality

This report provides information on all those matters that we believe could substantively affect value creation at Centum. Written primarily for current and prospective investors, the report is of interest to any stakeholder who wishes to make an informed assessment of Centum's ability to create value over time.

This report presents the identified material information through a clearly structured narrative. Additional information not material for this report, but of interest for other purposes, are provided on our website.

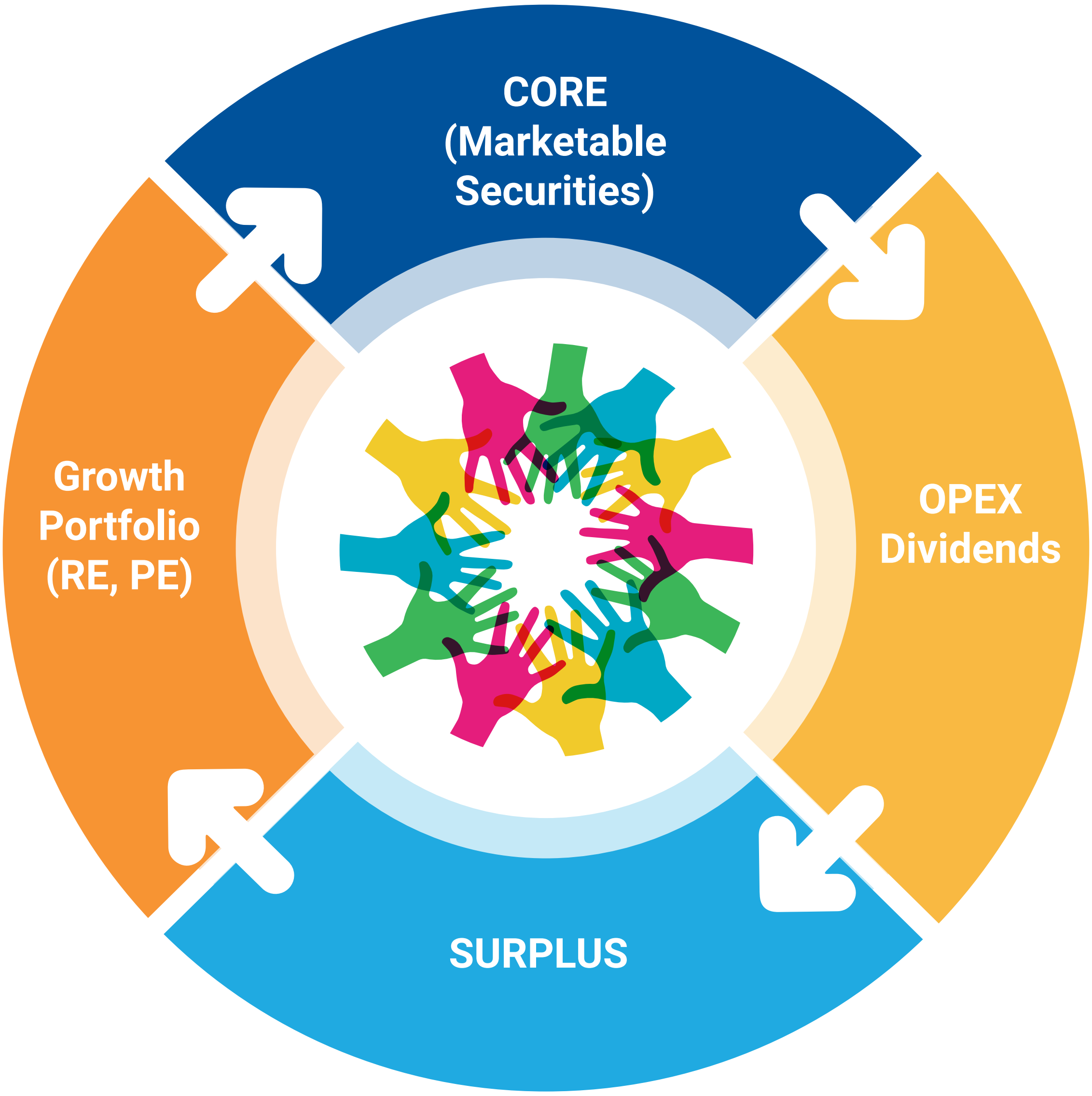
ASSURANCE

To enhance the integrity of our report, the financial statements were audited by PricewaterhouseCoopers LLP in accordance with International Standards on Auditing (ISAs).
The Centum Board Audit Committee verified the independence of the assurance provided.

*The External Auditor's report in relation to the financial statements of the Group and the Company is set out on **pages 99 to 104** of this report.*

About Us

Our operating model as set out below:



Our Vision

Africa's foremost investment channel.

Our Mission

Create real, tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa.

Our Core Values

- Deliver to promise
- Invest responsibly
- Value our people
- Learn and innovate
- Exceed customer aspirations

We position ourselves as a channel through which our primary market will access a well-diversified portfolio and investment management expertise.

Additionally, we are an investment partner of choice for our secondary market.

Our target market broadly divided into two categories:

01

Primary:

These are the providers of debt and equity capital.

02

Secondary:

These are consumers of our capital, our current and potential investees, co-investors and off-takers of our investments.

Our Investments

Centum Investment Company Plc has invested in carefully-researched sectors. The Company holds stakes directly in the following portfolio companies:

Sector: Financial Services

Sector: Financial Services

SidianBank 82.20%

NABO Capital 100%

ZOHARI Leasing 100%

Sector: Education

Longhorn Publishers PLC 60.20%

Sector: Manufacturing

ISUZU East Africa 17.82%

Sector: Real Estate

Centum re 100%

Two Rivers 58.33%

Sector: Catering & Hospitality Services

NAS Servair 15.00%

Sector: Security Services

Tribus 80%

Sector: Agriculture

Greenblade Growers Ltd 100%

Sector: Power

Akiira Geothermal Limited 38%

Sector: Information Technology

Tierdata 100%

Marketable Securities

Centum Exotics Limited 100%

Our Business Model and Capital

INPUTS

Financial Capital

All shareholder funds & debt capital:

Short term Debt:
KES 4,122 million

Shareholder Funds:
KES 41,822 million

Read more on our financial capital management under the CEO review on **page 64**

Human & Intellectual Capital

Our people, possessing specialist investment skills in Private Equity and Marketable Securities and vertically integrated skillset within Real Estate.

BUSINESS ACTIVITIES

Centum's Business Model is an integrator of financial capital, human and intellectual knowledge to invest in key sectors within our strategic focus.

Read more on the investment models in the Business Review section on **pages 86 - 88**

OUTPUTS

Growth Portfolio

- Capital Appreciation
- Cash Returns
- Social Development

See more information on our Private Equity portfolio on **page 86**

OUTCOMES

Debt and Equity Investors

Through value investing, we deliver continued Net Asset Value growth year on year while complying with debt covenants.

Employees

We offer our employees a diversified work experience, career growth opportunities and an attractive reward proposition to secure a skilled and motivated work force.

Our staff bonus policy, as set out under Note 2.3.2 to the financial statements, aligns staff reward and retention to value creation and cash returns.

Total Assets:
KES 47,515 million

Dividends paid in the year to our shareholders:
KES 799 million

Receipts from shareholder loan repayment:
KES 3,579 million

Interest paid to debt providers:
KES 582 million

Direct employment

888 employees across the portfolio companies

<1.0% voluntary staff turnover

Social & Relationship Capital

Our relationships within Centum and between the Company and its external stakeholders essential to delivering on our strategic plan.

Read more on how we create value in the communities we operate in and for other non-investor stakeholders on **pages 10 to 18**

Natural Capital

Natural resources that we seek to use sustainably. Key inputs under this heading are land banks under our portfolio company, Centum Real Estate Limited ie Vipingo, Two Rivers and Pearl Marina and the underlying activities which impact on the environment.

Read more on how we create value in the communities we operate in and for other non-investor stakeholders on **pages 12,13 & 18**

Central to this **Strategy** is our ability to source capital and to efficiently deploy it profitably in the right investments.

Marketable Securities Portfolio

Contribution to Company's returns and liquidity management through investment in listed securities and fixed income instruments

See more information on our Marketable Securities portfolio on **page 89**

Government and Regulatory bodies

We seek to fully comply with all government and regulatory institutions in all our business activities.

Compliance

No compliance issues during the year

Communities

We make economic and social contributions in communities that we operate in.

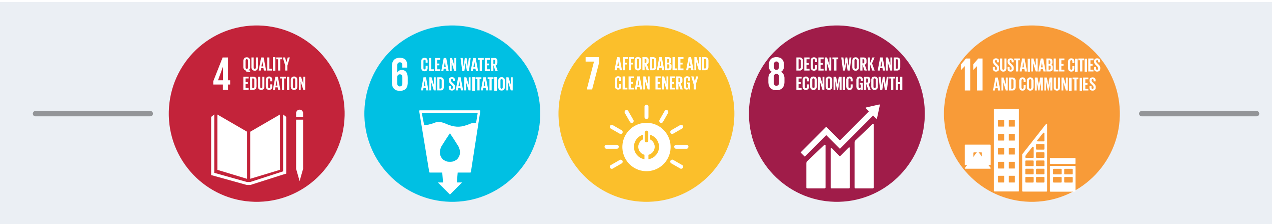
4x - Increase in classrooms in Mathari School
250 - Scholarships awarded to date in Vipingo
250 - Graduates from vocational training program to date in Vipingo
7,534 - New job connections through Ajiry
30% green areas - Land dedicated to green spaces across all land banks
Preservation of indigenous trees in our developments

Our economic and social contributions are detailed in our Sustainable Investing section on **pages 11 & 14**

Sustainable Investing

Alignment with the United Nations Sustainable Development Goals

Centum's contribution to the Sustainable Development Goals (SDGs) is based on a thorough assessment of the business risks and opportunities arising from the goals. Our aim is to ensure that our SDGs activities are well planned and both relevant to, and aligned with, our business strategy. We have identified 5 of the 17 SDGs as most relevant to our business and stakeholders, and on which we can have the most impact. These include:



SDG Nº4 Status

GOAL

4 QUALITY EDUCATION

TARGETS

4.1
Free primary and secondary education

4.3
Equal access to affordable technical, vocational and higher education

4.
Build and upgrade inclusive and safe schools

POTENTIAL IMPACT

Positive

Our support to increased access to education in the communities we operate in and the upgrading of schools in those communities.

Upgrading of learning infrastructure in Vipingo and Mathari, Nairobi

Through our wholly owned subsidiary, Centum Real Estate Limited, we have committed to upgrading learning facilities within primary schools in Vipingo, Kilifi County. To date, we have put up new classrooms for four schools: Makonde, Timboni, Kadzinuni and Mukwajuni Primary schools.

In 2017, Two Rivers Development Limited in collaboration with Nairobi City County and others completed a CSI project to rebuild Old Mathari Primary School at a cost of over KES 180 million. The project increased the capacity of the school from 8 to 32 classrooms resulting in an increased capacity from 845 students to 1,156 students. It also created employment opportunities for 18 new teachers due to the increased number of students.

Provision of over 250 annual scholarships

In Vipingo, we provide at least 50 full scholarships every year to bright but needy students in Kilifi County. To date, we have awarded a total of 250 scholarships. We aim to maintain a scholarship level of at least 200 students annually on a rolling basis.

Establishment of a Vocational Training Centre

We have established a Vocational Training Centre in Kilifi County to equip the local community with relevant skills in order to benefit from the employment opportunities in our Vipingo Development and in the wider market-place.

The Old Mathari Primary School CSI project increased the capacity of the school from ***8 to 32 classrooms*** *resulting in an increased capacity from* ***845 to 1,156 students.***

70%

GOAL RELEVANCE

Sustainable Investing

3 Million litres per day

capacity of the newly installed reverse osmosis desalination plant

SDG Nº6 Status

GOAL

6 CLEAN WATER AND SANITATION

RELEVANCE

100%

TARGETS

6.3 Improve water quality, wastewater treatment and safe reuse

6.4 Increase water-use efficiency and ensure freshwater supply

POTENTIAL IMPACT

Positive

Ensure the sustainable use and management of water resources

Negative

Exert an indirect impact on the water resources in local communities.

Wastewater Management at Two Rivers

At Two Rivers, we have the region's largest reverse osmosis water treatment plant with a capacity to treat 2 million litres of water per day. This reduces the daily raw water consumption by 70% and allows for 80% of grey water to be recycled and treated to World Health Organisation standards.

Sea water desalination plant at Vipingo

The Coast region in Kenya has an acute water shortage with a projected demand of 186,000 m3/day against a supply of 42,000 m3/day. At Vipingo, we completed installation of a 3 million litres per day reverse osmosis desalination plant which is the largest sea water desalination plant in Sub-Saharan Africa. The desalination plant will provide a sustainable solution to water scarcity within the development and the community.

Vipingo Development has also installed a 1MW solar farm to power the desalination plant. In addition, the system has energy recovery devices that will reduce the overall energy needs. The energy recovered is approximately 20-30% of the input energy. The solar power installation will support energy efficient, sustainable and cost-effective water generation and the benefits will be passed to the water consumers.

SDG N°7 Status

GOAL

7 AFFORDABLE AND CLEAN ENERGY

RELEVANCE

50%

TARGETS

7.1 Universal access to modern energy

7.2 Increase global percentage of renewable energy

POTENTIAL IMPACT

Positive

Increase energy-efficiency at our developments through green building technology

Negative

The environmental impact of coal energy.

KES 28 Million

Annual savings from the use of solar power within Two Rivers Development

Green Energy at Two Rivers

Sustainability has been a key consideration in the development of the Two Rivers precinct, with an installed solar energy capacity of 1.2 MW. This complements the grid supply that is distributed by Two Rivers Power Company, a licensed electricity distributor. Annual savings are approximated at KES 28 million from the use of solar power within Two Rivers Development. Additionally, the use of solar power reduces the amount of carbon dioxide emissions by 535 tonnes per annum.

Development of Geothermal Power

Through the project company, Akiira Geothermal Limited, we are undertaking feasibility studies for the development of a 140MW geothermal power plant in the Olkaria region of Nakuru County. The project will be undertaken in two phases, with the first phase involving the installation of 70MW. Upon completion, the Akiira geothermal power plant will be connected to the national grid, sustainably unlocking the vast geothermal potential within Kenya's Rift Valley.

Green Energy at Vipingo

Our water desalination plant at Vipingo will be powered by solar energy as outlined under SDG 6. The use of solar power is estimated to reduce the amount of carbon dioxide emissions by over 535 tonnes per annum.

Sustainable Investing

SDG N°8 Status

GOAL

8 DECENT WORK AND ECONOMIC GROWTH

RELEVANCE

100%

TARGETS

8.6 Promote youth employment, education and training

POTENTIAL IMPACT

Positive

Increase access to youth opportunities by using ICT – the Ajiry program

Negative

Human rights infringement and child/ forced labor in supply chain.

In 2019, Tribus Security Group (TSG), a subsidiary of Centum, entered into a Memorandum of Understanding ('MoU') with the National Youth Service (NYS) with a target of hiring 300 graduates annually.

Under the MoU, TSG works closely with NYS to ensure that the youth are deployed to its diverse job categories to ensure that opportunities are created to empower the youth.

Ajiry
we work

TSG continues to leverage its AJIRY platform to connect employees and employers directly.

AJIRY also offers workforce sourcing solution for contractual, short-term or one-off jobs to employers providing the youth free access to job opportunities.

The application is built around a progressive web application model which allows users to consume lesser mobile data and storage on their devices.

Additionally, TSG partnered with the Mastercard Foundation under Young Africa Works to invest $1.4 million (about KES144 million) to establish ten (10) Ajiry Centers. Young Africa Works in Kenya is a public-private partnership (PPP) between the Mastercard Foundation, the private sector, and the Government of Kenya with the goal of enabling five million young Kenyans to access dignified work. The program was successfuly implemented and the partners are engaging on phase II opportunities.

The Ajiry Centers will work with the national government, county governments, corporates, educational institutes, training providers, associations, and NGOs to create an open, free employment platform. Currently, we have opened Ajiry Centers in 14 counties out of the total strategic target of 47 counties.

The strategically located centers have been established with the aim of serving people from diverse backgrounds and are anchored on three pillars namely, Capacity Enhancement, Financing and Market Access:

1. Capacity Enhancement is targeted at equipping the youth with additional skills such as branding, digital marketing, and business skills.

2. Financing by offering easier access to microfinance, monetary and non-monetary aid as well as hiring of the tools and equipment needed to compete in a fast-changing market.

3. Market Access is focused on providing unfettered access to both local and international markets for products made within the respective counties through e-commerce while creating employment opportunities at the respective centers.

SDG Nº11 Status

GOAL

11 SUSTAINABLE CITIES AND COMMUNITIES

RELEVANCE

100%

Over 60% of all our current residential projects under construction fall within the affordable housing segment. In addition, growth into the wider Nairobi through joint ventures, as set out under the Real Estate section of Business Review, will focus primarily on affordable housing.

All our master planned developments are required to have at a minimum 30% of the spatial area dedicated to green and open spaces to support improved quality of life and improve environmental compliance in our developments.

TARGETS

11.1 Ensure access for all to adequate, safe and affordable housing.

11.3 Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management.

11.6 Reduce the adverse per capita environmental impact of cities. Paying special attention to air quality and waste management.

POTENTIAL IMPACT

Positive

- Investment in affordable housing projects.
- Enhancing the aesthetic value of the environment while incorporating green development initiatives.
- Sustainable and efficient use of resources when incorporating the use of renewable and clean sources of energy.

Negative

- Reduced underground water infiltration as a result of built environments.
- Increase in water stress as a result of water consumption during projects' cycle.

Sustainable Investing

SDG Nº11 Status (continued)

Future Action

Our future reporting on the SDGs will be using the 'SDGs Compass'. This reporting tool is developed by the Global Reporting Initiative (GRI), the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) and is widely recognized as a leading strategic tool to guide business action on the SDGs. We target to carry out a stakeholder engagement exercise to fully understand our positive and negative impacts on the SDGs. We plan to increase our positive impacts and reduce on the negatives by setting clear SDG-related performance goals for our business.

Responsible Investing

Material Environmental, Social and Governance (ESG) risks are monitored and assessed in the course of our business operations. These material ESG risks are defined as those issues that are or have the potential to have a direct substantial impact on our ability to preserve or erode environmental and social value, as well as economic value for our stakeholders. This policy is regularly updated, as necessary.

Minimum ESG Standards

Through this, we seek to invest in businesses committed to;

a. Taking necessary measures to ensure equitable distribution of value across the supply chain in all their operations;

b. A cautious and responsible approach to environmental management of their business operations (and those of their supply chain) by making efficient use of natural resources and mitigating environmental risks and damage;

c. Respecting the human rights of their workers and of the people working in their supply chain;

d. Maintaining safe and healthy working conditions for their employees and contractors and for the people working in their supply chain;

e. Treating their employees fairly;

f. Upholding the right to freedom of association and collective bargaining.

g. Treating their customers fairly and respecting the health, safety and wellbeing of those affected by their business activities;

h. Upholding high standards of business integrity, avoiding corruption in all its forms and complying with applicable sanctions and anti-bribery, anti-fraud, anti-tax evasion and anti-money laundering laws and regulations; and

i. Implementing a strong corporate governance and risk management culture and to complying in form and substance with established best practice in corporate governance

Centum Foundation

The Centum Foundation is a non-profit company limited by guarantee and is a fully owned subsidiary of Centum Investments Company plc. It was established in 2016 to mobilize and scale the Centum's existing corporate social investment (CSI) initiatives. The Centum Foundation's mission is "To facilitate Africa's most creative and sustainable solutions" and our vision is "To create sustainable programs that empower the community".

The Foundation centrally develops and manages CSI initiatives across Centum and receives funding from the various development projects subject to approval by each of their respective Boards.

CENTUM FOUNDATION

The Centum Foundation's mission is **"To facilitate Africa's most creative and sustainable solutions"** and our vision is **"To create sustainable programs that empower the community"**

75,000

Food Hampers distributed through the **Zero Contact Distribution System (ZCDS)** in 14 Counties

ZCDS is built on a USSD platform so that users do not require access to smart phone technology.

Our Covid Response

In the face of COVID-19 pandemic, Centum launched several initiatives to support our communities in these tough times.

Githogoro Water Project

Over 10,000 families now have access to clean water supplied from the Two Rivers Water Treatment Plant. This project continues to serve the community into the future.

In Kilifi County, Vipingo Water Desalination Plant supplies water to neighbouring communities.

Food Donation

Food donation to over 5,000 families so far in Nairobi and Kilifi county.

ZERO Contact Distribution System (ZCDS)

The ZCDS developed by Tribus-TSG (a subsidiary of Centum) has been adopted by 14 counties and other groups in distribution of food hampers.

So far more than 75,000 food hampers have successfully been issued through the system.

Cash Donation of UGX 100 million Donation

Donated to the Uganda National COVID-19 task force.

In April 2020, our subsidiary, Tribus-TSG, launched a zero-contact distribution application in response to the COVID-19 pandemic. This is part of Tribus-TSG's wider partnership with Mastercard Foundation in Kenya, under its Young Africa Works initiative.

The Zero Contact Food Distribution application, designed and developed entirely by young African developers, is in response to the skyrocketing demand for food relief under the existing COVID-19 related restrictions.

The application intermediates between the need for relief and the need to avoid large crowds or the use of unsafe traditional paper vouchers or gift. It is built on a USSD platform so that users do not require access to smart phone technology. Through the application, a unique SMS is generated and sent to relief beneficiaries once the donating organization assigns a collection point. The beneficiary is then free to collect the food parcels using their unique verification code.

This chain allows for a safe, controlled distribution and full data capturing process.

Sustainable Investing

Sea water desalination plant at Vipingo






During the year, the Vipingo Development node, which is held by Centum Real Estate Limited, commissioned a 3 million litres daily capacity reverse osmosis desalination plant. This is the largest sea water desalination plant in Sub-Sahara African. This plant will provide green and sustainable solution to water scarcity within the development and the surrounding community.

Our Strategy & KPIs

Our Strategy & KPIs

Centum 4.0

The year ended 31 March 2021 marked the second year of our five-year (2019 – 2024) strategy period dubbed 'Centum 4.0'. The key pillars underpinning Centum 4.0 and performance progress as at 31 March 2021 are set out below.

Centum 4.0 Strategic pillars

PILLAR	TARGETS	PERFORMANCE AND PROGRESS
Capital Structure	Balance sheet strengthening through repayment of all long- term debt obligations at Centum level and enhancement of liquidity by FY24. Double the book-value of shareholders' funds to KES 100 billion by FY24.	The performance and progress against the pillars are set out under the CEO statement section on page 63 to 64
Return and Dividend Pay-out	Generate a minimum return on equity of 20% through value- creating activities. Dividend pay-out to the higher of 30% of cash annuity income (excluding capital gains) and the previous year's dividend pay-out.	
Operating Costs	Maintain a maximum operating cost-to-cash annuity income ratio of 30%.	
Organizational Effectiveness	Ensure optimisation of Centum's operating model to support effective and efficient execution of its strategy including governance, structure, people, processes, technology and culture.	
Portfolio Focus	Restructure portfolio to focus on three key business units, namely: Real Estate (Target asset allocation: 45-55%) Private Equity (Target asset allocation: 30-40%) Marketable Securities (Target asset allocation: 10-20%).	

Five-Year Company Performance Highlights

Return

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Total Return (KES Mn)	(4,819)	(4,362)	4,713	4,677	6,160
Return on Opening Equity (%)	(10%)	(8%)	10%	10%	16%
Outperformance relative to NSE 20 Share Index	(4.3%)	23%	35%	(14%)	38%

Financial Position

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Total Assets (KES Mn)	47,515	56,850	71,644	66,087	61,570
Net Asset Value (KES Mn)	41,822	47,439	52,600	48,686	44,808
NAV Per Share (KES)	62.9	71.3	79.0	73.2	67.3
Share Price (KES)	15.6	22.6	32.0	44.5	36.5
Market Capitalization (KES Mn)	10,381	15,006	21,294	29,612	24,289

Gearing

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Debt (KES Mn)	4,122	7,486	16,145	14,843	14,656
Net Debt (KES Mn)*	-	4,574	15,892	13,765	12,209
Net Debt to Equity (%)	-	10%	30%	28%	27%
Net Debt to Total Assets (%)	-	8%	22%	21%	20%

*Company is in a cash positive position

DECREASE

INCREASE

Our Operating Environment

Economy

As an investment firm, our performance is closely aligned to the economic performance of the East African region, where we operate.

The period under review was characterized by generally weak economic activity. Prevailing economic headwinds were exacerbated by the economic shocks arising from the Covid–19 pandemic. The direct impact of the Covid-19 related economic shock will however be seen subsequent to the year end.

Given the underlying operating environment, the drivers of performance across our three business units are set out on **pages 79 to 81** of the CFO's review.

Regulation

During the year, a number of regulatory changes that had an impact on the Company and its portfolio companies' operating environment were introduced:

- In April 2021 the Tax Appeals Tribunal, in a matter involving a property developer with similar business model to Vipingo Development/Vipingo Estates, also concluded that the applicable tax rate for entities involved in sales and development of land is the income tax rate of 30% and not the capital gains tax rate of 5%.
- IAS 12 - Income Taxes requires that recognition of deferred income tax should be based on the way an entity expects to realise or settle the underlying asset or liability. As a result of heightened economic activities by Centum Real Estate Limited during the year, the group assessed deferred tax liabilities on revaluation of its land bank at the corporate tax rate of 30%. Historically, deferred tax on revaluation of investment property had been d assessed at 5%. This increase in the deferred tax liability led to the restatement of the Group's deferred tax liability in the financial statements for the year ended 31 March 2020 as per IFRS requirements.
- The Finance Act, 2021 (the Act) was signed into law by the President on 29 June 2021 and thereafter gazetted on 1 July 2021. Some of the key areas of impact in the Group and Company's businesses are set out below:

1. **Effective 1 July 2021**, the Act removed the 10-year limit of carrying forward Tax losses. Various entities within the Group that are in tax losses will now be able to offset the tax losses against future profits until they are fully exhausted.
2. **Effective 1 January 2022**, the Act amended the computation of investment allowance from reducing balance basis to straight line basis. Amendment affords a relatively shorter utilization period for capital expenditure incurred, as opposed to the current reducing balance method.
3. **Effective 1 January 2022**, the Act introduced 100% Investment Deduction for investments outside Nairobi or Mombasa City County subject to some investment threshold. This is welcome relief to Centum RE as all the development projects outside the cities of Nairobi and Mombasa will be legible for 100% deduction. (As long as they meet the investment threshold).
4. **Effective 1 July 2021**, the Act granted a VAT exemption to Farm tractors. These are currently vatable at the standard rate of 16%. This development will favour Centum's investment in Greenblade as the company expands.
5. **Effective 1 January 2022**, The Act has replaced the previous thin capitalization rules and now limits interest deductions on all loans, to 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA). This amendment will have a far-reaching impact on highly

geared portfolio companies as interest expense will only be allowable to the extent of 30% of EBITDA, for tax purposes.

The interest restriction will accelerate the tax loss utilization rate for the various entities, as they will only be allowed to take an interest deduction up to a limit of 30% of EBITDA.

Competitive Landscape

Our competitive landscape continues to evolve with a number of Private Equity funds and Real Estate investors and developers intensifying their focus on the Kenyan and East Africa market as a whole.

Our current strategy, **Centum 4.0**, is underpinned by intensive research and competitor analysis to ensure that we focus on delivering value for our stakeholders.

Creating Stakeholder Value

Stakeholder Group	Our Value Proposition
Debt and Equity Instrument Holders Local and international institutional and individual investors as well as fund managers and analysts.	Delivery of sustainable return
Employees All full-time and part-time employees of Centum.	Attract, develop, and retain quality employees
Government & Regulatory Bodies Global and local public authorities and government agencies.	Compliance with all regulatory frameworks
Communities Local communities and organizations that impact or are impacted by the business.	Sustainable use of our capital

Engagement Rationale	Primary Engagement
Principal providers of **Financial Capital**	Results presentations and company announcements; periodic reporting, investor meetings and other updates.
Principal providers of **Intellectual Capital**	Flexitime, Staff townhalls, electronic staff communication, intranet and performance reviews driven by the HR department and business unit leaders
Govern the **Operating Environment** in which we leverage all our capitals	Submissions, meetings, and representation on various regulatory bodies
Directly impacted by our **Social and Natural Capitals**.	Direct engagement with local communities and CSI initiatives

Risk Management

Since the start of the Centum 4.0 strategy, the Company has been on a journey to achieve enterprise-wide risk management and a risk mature culture. The objective of adopting a risk management framework is to ensure that risks are identified, measured, managed and monitored in order to optimize the risk and return trade-off with an end goal of protecting and enhancing shareholder value, enhancing sustainability of the business and stakeholder inclusivity while reducing earnings volatility.

The integrated risk management approach focuses on operational excellence by creating a people first culture, keeping a close eye on operational costs and continued process improvement, enhancing returns and liquidity through management of the quality of assets and portfolio focus where risks are viewed from an enterprise-wide perspective rather than from siloed business units.

The Risk Management Framework

Calculated risk taking and management is at the heart of the Company's ability to generate and sustain stakeholder value.

The Company has adopted a set of rules that describe the risk steps that it is undertaking on its journey to achieving full risk maturity:

- Our risk appetite is a calculated trade-off between risk and return and takes into account the strategy and needs of all our stakeholders.
- Risk ownership – All our people will take ownership and exercise due care in risk taking and take action to protect our stakeholder interests.
- Transparency – Risk taking is within the delegated charts of authority. Outcomes are identified, monitored and reported to the relevant governance functions.
- Forward looking – Our risk approach is to identify risks beforehand in order to stress test our planned outcomes and work towards minimising the negative impact.

Risk Governance

The board of directors is responsible for establishing and authorising our risk appetite and ultimately for management of risk.

The Board Risk Committee (BRC) is a delegate of the Board that is charged with risk management oversight with regular reporting to the Board. The BRC comprises of 5 members all of whom are non-executive independent directors. The BRC is responsible for reviewing and recommending to the Board for approval, the risk appetite, effectiveness of the Company's risk management process and the relevant controls.

The BRC is responsible for oversight of all risk including those that are delegated to other Committees including the Board Audit Committee, the Nominations and Governance and the Finance and Investment Committees. The BRC leverages on the work of the Nominations and Governance Committee to manage people and governance risks and the Finance and Investment Committee to enhance its oversight of financial, investment and asset risks. The Board Committee is responsible for providing assurance to the Board on the effectiveness of risk management.

The Committee receives and considers risk reports covering various risks including asset risks, liquidity, return risk, capital structure, portfolio risk and organizational effectiveness quarterly. The Committee's charter authorises the Committee access to any information or personnel that it considers necessary in execution of its mandates.

The report includes an assessment of the key exposures to the Company as well as its subsidiaries against the risk appetite.

The **Executive Committee (EXCO)** which comprises of the Chief Executive Officer as well as senior executives is accountable to the BRC for management of risk.

Authority for risk taking is cascaded downwards to the various heads of the business units through delegated charts of authority. Any material risk information including adverse movement in risk metrics is communicated to the various subsidiary executive committees and ultimately to the BRC and the Board.

Under the integrated framework, responsibility for risk management is delegated through the three lines of defense model.

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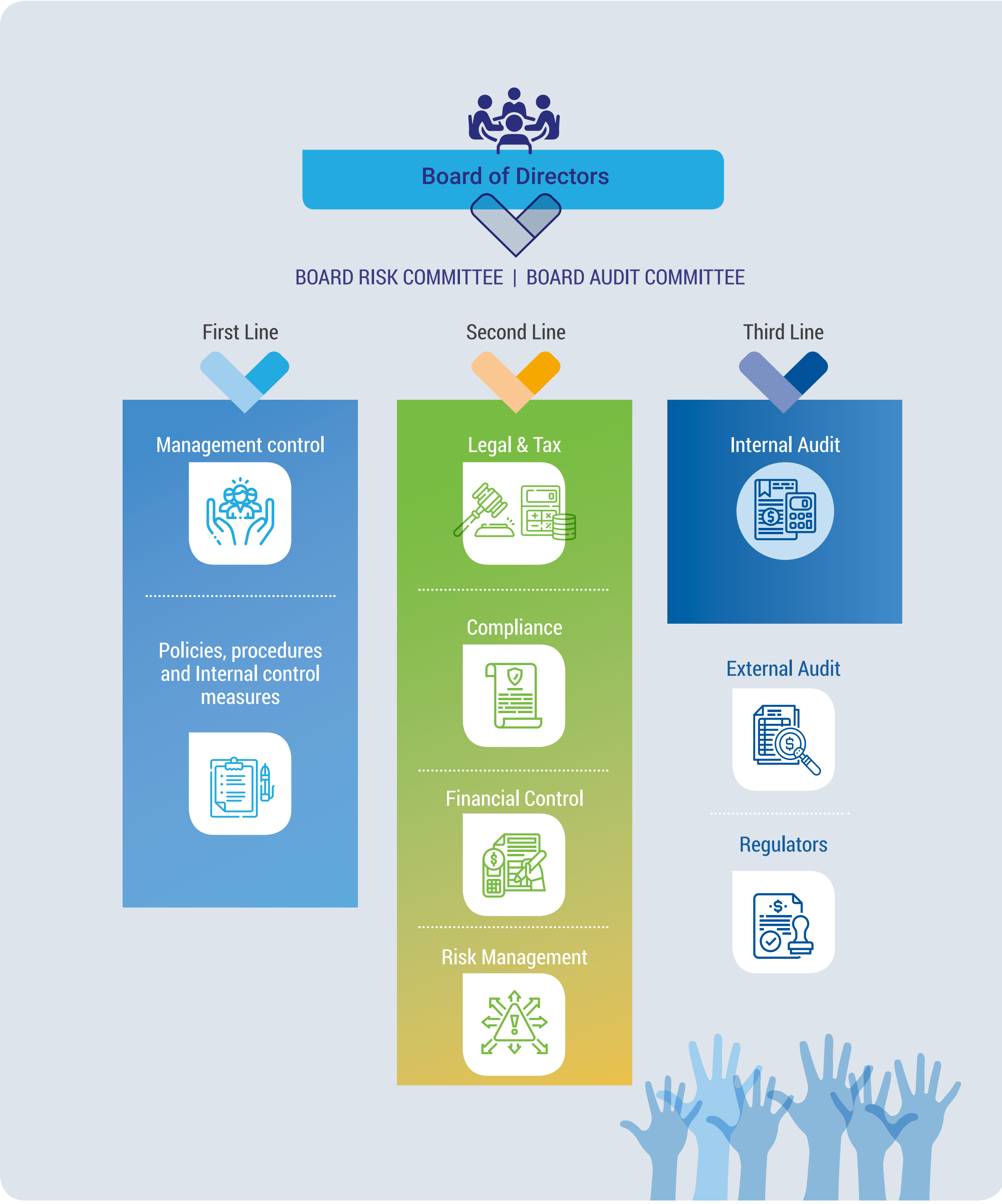


Risk Management

The first line of defense is all employees taking responsibility for management of risks in their day-to-day operations in all the areas that are within their direct control.

The second line of defense is made up of a number of players including the risk function and risk champions and the compliance section of the legal and tax department. The risk function supports the first line in risk identification, analysis, quantification, management and monitoring while the legal and tax compliance functions manage a number of risks including regulatory compliance risks, tax issues and the risks associated with legal contracts.

The Internal Audit function whose work is overseen by the Board Audit Committee is the third line of defense. The Board Audit Committee is made up of non-executive independent directors and at any given time, the chair of the committee will be a member of the Institute of Certified Public Accountants of Kenya with recent audit and financial experience. The Internal Audit function is responsible for assessing the effectiveness of governance, risk management and controls with its findings and corrective actions agreed with management and then reported to the Board Audit Committee and any other relevant second line of defense partners. The function therefore primarily gives assurance on the effectiveness with which the first line is using the tools at their disposal to manage risk and on whether the second line is effective in its dual role of monitoring and assisting the first line.

The Risk Function

The Risk function is headed by the Chief Risk Officer who has a direct reporting line to the Board Risk Committee and administratively to the Chief Executive Officer.

The mandate of the risk function includes:

- To monitor implementation of the risk management framework;
- To ensure that risks are properly assessed and managed and that decisions implemented are within the approved risk appetite;
- To ensure that all the key risks of each of the subsidiaries are reported at the subsidiary's board meetings; and
- To assess and report management of risk at the portfolio level which includes an aggregate view of risk, considering whether the risks are correlated while considering macro level risks such as interest rates, foreign exchange risk and growth of the economy.

The risk function is independent from the operations of the business in order to safeguard its objectivity in assessment, analysis, measurement, monitoring and reporting role.

Risk Appetite

Risk appetite is a measure of the aggregate amount of risk that we are prepared to take while working to achieve our strategic objectives. The risk appetite includes both quantitative measures as well as qualitative statements. The quantitative measures include tolerance limits on metrics measuring capital adequacy, cost ratio, staff attrition and liquidity. Qualitative risk appetite statements address reputational and regulatory risks.

Risk Culture

The risk culture is fostered through the internal initiatives conducted jointly by the Risk and Compliance and HR function. These initiatives involve but are not limited to staff sensitization on key risk areas, employee sign-off on key policies such as the Code of Ethics and Business Conduct, assessment of risk management initiatives carried out at individual employee level during quarterly performance appraisals and periodic compliance checks on adherence to policies and procedures.

The Centum and its portfolio companies whistleblowing policy is designed to enable management to detect at an early stage suspected fraudulent, unethical or malicious conduct and embed a positive risk-management culture among employees.

In the following sections, we outline how we control and manage the risks in our business. We highlight the principal risks to the business, their evolving profile during the year, our assessment of their potential impact to our business and how we responded to them.

PRINCIPAL RISKS

Principal risks are the key risks which have the potential to materially affect the achievement of the strategic objectives and impact our financial performance and brand reputation. These risks are under active and regular review by both management and the Board. The key risk categories that the Company is exposed to were identified and mapped to the Centum 4.0 strategic objectives for alignment. The Board-set risk appetite, which is outlined in the Company Risk Appetite Framework, took into consideration the unacceptable outcomes to the business from the occurrence of key risk events.

The Board has defined risk appetite as the aggregate level and type of risk that Centum, and its constituent business units, is willing to assume within its risk capacity to achieve its strategic objectives and business plan.

Risk Management

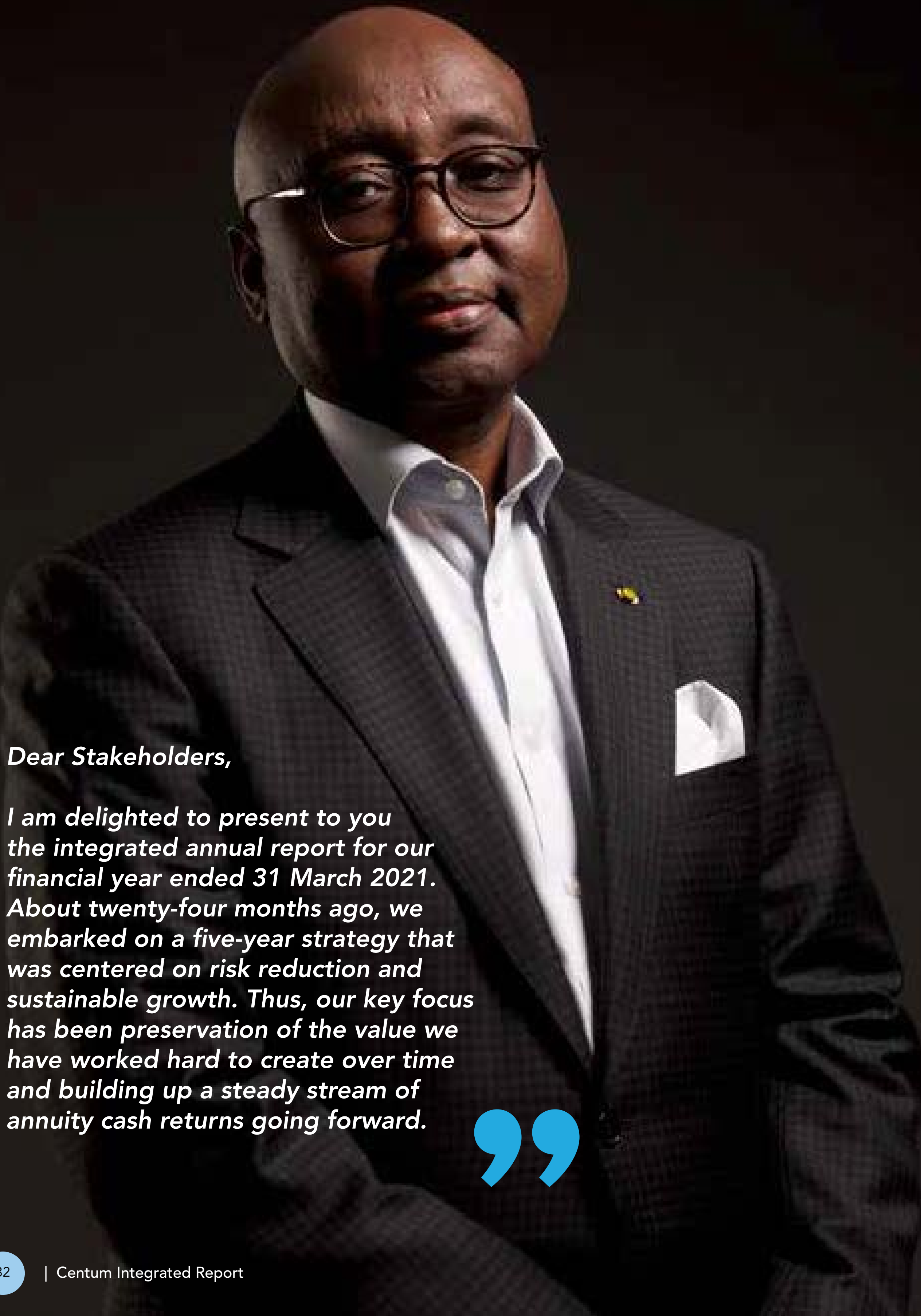
Outlined below are key risks that had a significant effect on the Company during the year under review and are projected to continue having an impact going forward;

KEY RISK TYPE	Risk Description	Link to Strategic Objective	Risk Management and Mitigation
Operational Risk	A failure of key processes, systems and/or people comes at additional operating costs to Centum reducing overall operational efficiency and effectiveness.	**Return**	This risk is managed through; • Embracing and fostering a culture of diversity and inclusivity which encourages staff to be innovative and be supportive of each other. • Establishment of clear policies and processes • Monitoring compliance with the policies and processes • Clear goal setting and performance management • A people driven approach to managing the enabling technology and ensuring that system support is available all the time. This includes technology allowing staff to work remotely as may be needed from time to time.
Investment Risk/ Asset Risk	This is the risk of incurring financial losses in Centum's portfolio in pursuit of returns. This risk would arise from; • Under-performance by investee companies • Investment concentration risk • Adverse political, social or economic change • Illiquidity – inability to sell investment assets without incurring a substantial loss in value because of a lack of willing investors.	**Return**	The portfolio focus approach includes business review meetings. The key agenda in each of these meetings is to assess the management of all the key risks that the asset is exposed to. The Company also seeks to as much as possible diversify its risks by investing in a diverse range of industries. While our approach is to hold and grow our assets until we are in a position to realise the investment through an exit, we also maintain an active pool of possible and willing investors that we try to engage with at the time of exit.
Liquidity and Capital Adequacy Risk	The risk that we do not have sufficient financial resources to meet our obligations when they fall due or can only meet these obligations at a high financial cost.	**Brand**	The Company runs liquidity stress tests and scenario analyses on a regular basis to ensure that robust and optimal funding and use plans exist for best, plausible and worst-case liquidity situations. Shifting Marketable Securities Portfolio from equities to Fixed Income instruments with good credit rating.
Financial Risk (Off Balance Sheet Risks)	This is the risk that guarantees that we have issued to the benefit of some our investee companies will be called up.	**Brand**	This risk is managed by close management of the investee companies in order to ensure that they continue generating adequate funds to meet their obligations.
Regulatory And Compliance Risk	This is the risk that our business may be adversely affected by: • New laws / regulations affecting our core business. • Ongoing litigation against us, our subsidiaries or associates.	**Brand**	Compliance checks for all entities conducted quarterly Proactive engagement with regulators on any changes in the business.

The top risk exposures at the Growth Portfolio over the year are captured in the table below:

	Key Risk Category	Risk Description	Potential Impact	Risk Management And Mitigation
Real Estate Portfolio	**Market Uptake Risk**	Risk of less than expected sale of houses under development and land development rights	**Return**	Ramp up in marketing efforts, market validation through pre-selling and development of affordable products
	Funding Risk	Risk that there will be inadequate project construction funds	**Return**	Market validation before start of projects and securing both equity and debt funding prior to or immediately after ground breaking.
	Liquidity	Risk of inability to meet obligations as they fall due or fulfilling obligations while incurring high finance costs	**Return**	Accelerating the pace of monetising the land bank through bulk sales and infill projects
Private Equity Portfolio	**Financial Risk**	Slow response by limited partners in committing to Fund II	**Delayed Acquisitions**	Targeting a large number of limited partners across Africa and Europe. Scanning for Capital-light investments
	Operational Risk	The possibility that there may not be many opportunities meeting the Fund II investment criteria	**Delayed Acquisitions**	Screening a larger number of target acquisitions and leveraging on our relationships within East Africa with a refreshed investment criteria.
	Exit Risk	The risk of lower realizations from exits due to unfavorable industry/private equity market dynamics or lack of credible investors.	**Lower cash proceeds redistributed to the Company**	Maintaining multiple potential exit relationships
Marketable Securities	**Return Risk**	The possibility that the MSP I and MSP II portfolios achieve less than expected returns	**Lower cash proceeds redistributed to the Company**	Disciplined portfolio construction guided by the Investment Policy statement, currently skewed towards Fixed Income Instruments with good credit ratings and liquidity profile

Chairman's Statement

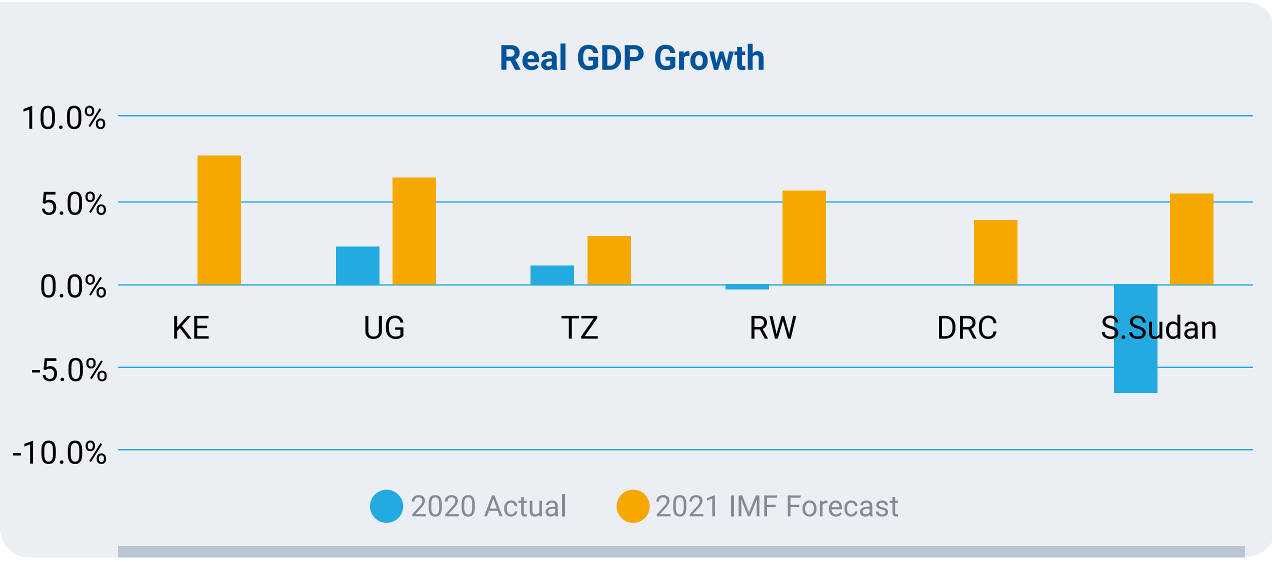


Dear Stakeholders,

I am delighted to present to you the integrated annual report for our financial year ended 31 March 2021. About twenty-four months ago, we embarked on a five-year strategy that was centered on risk reduction and sustainable growth. Thus, our key focus has been preservation of the value we have worked hard to create over time and building up a steady stream of annuity cash returns going forward.

The Company achieved an operating cash profit of **KES 245 million** largely buoyed by a 67% reduction in finance costs.

The 12 months period of our financial year ended 31 March 2021 coincided with the first full year prevalence of the Covid-19 pandemic which has ravaged the world, causing a major economic slowdown across the globe.



Business Performance

Despite the challenging business environment, I am proud of the initiatives management took to mitigate against portfolio value erosion and build resilience in the business.

Particularly, we significantly reduced debt and finance costs in the period, a move that helped to mitigate against financial risks that would otherwise have materialized in the prevailing economic conditions.

Whereas income from the portfolio declined and valuations dipped, the Company achieved an operating cash profit of KES 245 million largely buoyed by a 67% reduction in finance costs and cash return from the marketable securities portfolio.

The real estate subsidiary was a key cash generator in the period. The business paid back KES 4.5 billion of capital earlier invested by Centum, as its management stepped up the sale of residential units and development rights across its underlying assets.

Dividend Payment

The Board of Directors has recommended the payment of a dividend equivalent to KES 0.33 per share for the financial year ended 31 March 2021 (FY2020: KES 1.20).

This will translate to a payout of KES 219.5 million against last year's KES 798.5 million. This reduction reflects the decline in the Company's profitability and cash generated on the backdrop of Covid 19 impact on our underlying portfolio.

The Company temporarily deviated from its stated dividend policy owing to the tough Covid-19 operating environment in order to preserve liquidity.

Chairman's Statement

Corporate Governance and controls

Centum is committed to the highest governance standards, in line with the requirements of the Capital Markets Authority (CMA)'s Code of Corporate Governance for Issuers of Securities to the Public.

The Company's board of directors is structured in a manner that optimizes the delivery of its mandate and is well diversified with members that are experienced and skilled in various fields that are of value to Centum's business.

As has been our custom, we undertook a robust governance and legal audit to evaluate our corporate governance practices. I am proud to report that our governance structures and internal control systems once again passed the quality test. The Legal Auditors issued an unqualified opinion for the year ended 31 March 2021, feedback that has been consistent over the years.

Board Changes

In June 2021, we sadly lost Dr. C J Kirubi who was a long serving member of the board and chair of the Finance and Investment Committee at the time of his demise. The late Dr. Kirubi will be remembered as a revered industrialist whose entrepreneurial spirit, commitment to good leadership and governance was unmatched. His sheer hard work was an inspiration to all of us and will remain embedded in Centum's core values as his legacy lives on.

Andrew Musangi was appointed to the board in July 2021 to fill the casual vacancy. Andrew has actively engaged in legal practice over the last 26 years and brings a wealth of experience in corporate and commercial law spanning the areas of Mergers and Acquisitions, Debt Recovery and Restructuring, Securities, Insurance litigation, Employment and Labour Law, Commercial Arbitration, Intellectual Property (with emphasis on Anti-counterfeit matters), Public Procurement, Public Private Partnerships and Conveyancing. Mr. Musangi has extensive corporate experience, currently serving as chairperson of the boards of GenAfrica Asset Managers Limited and the Public Procurement Regulatory Board.

The board created a vice chairperson's role and appointed Dr. Laila Macharia as the first holder. This was informed by the need to ensure that the board continues to function effectively and always deliver its mandate within the established workplan.

Having served your Company as chairman of the board for the past five years, I will opt to retire during the current financial year upon attaining the age of 70 years.

The board has a robust succession plan, and I am confident that the next chairperson who will be appointed to take over the Board leadership mantle will successfully steer the Company towards achieving its strategic priorities.

Corporate Social Responsibility and Sustainability Impact

As a responsible corporate citizen, Centum remains conscious of the environmental and social impact of its business activities. We also enhance and promote good governance practices across businesses that we invest in as one of the ways to enhance sustainable performance and contribute to long term economic growth.

Through the Centum Foundation and Centum's affiliates, we partner with the communities around us to promote their living and economic standards. To this end, Centum Foundation is guided by the desire to make an impact and build cohesion through CSR initiatives that are aligned to our business strategy and ESG policies. Therefore, our broad focus areas with respect to CSR are:

CSR Pillar	Description	UN SDG Alignment
1. Education	Creating opportunities for young people to access quality secondary and tertiary education and acquire requisite skills to break the poverty cycle.	
2. Infrastructure	Improving the infrastructure in the communities such as schools, hospitals, water & sanitation for better living and learning environment.	 

CSR Pillar	Description	UN SDG Alignment
3. Entrepreneurship	Empowering young entrepreneurs by equipping them with relevant business skills to build successful enterprises.	8 DECENT WORK AND ECONOMIC GROWTH
4. Healthcare	Delivering quality and affordable healthcare to communities through mobile clinics, free medical camps, health walks/runs, healthcare education.	3 GOOD HEALTH AND WELL-BEING

Strategic Focus and Outlook

As the board of Centum, we shall remain focused and hold management accountable as well as support them in their pursuit to deliver the Centum 4.0 strategic objectives and build a resilient and sustainable business.

The team has put in extraordinary effort in the past 24 months of the strategy period to lay a strong foundation for the remaining phase. This is despite unprecedented odds of Covid 19 pandemic and I, on behalf of the board, remain confident that we are on the path to achieving our core strategic objectives.

Over the remainder of the strategy period to FY2024, our focus will be on growing a sustainable stream of annuity cash flows and monetizing mature assets to unlock capital for the next round of investments. To this end, we carried out a mid-term strategy review in July 2021 to assess the progress we have made in delivering Centum 4.0 Strategic targets and the outlook for the remainder of the strategy period considering the Covid-19 pandemic that continues to prevail.

From the mid-term strategy review we have refined some of the objectives under Centum 4.0 Strategic pillars to guide our focus over the remaining three years to FY2024 as follows:

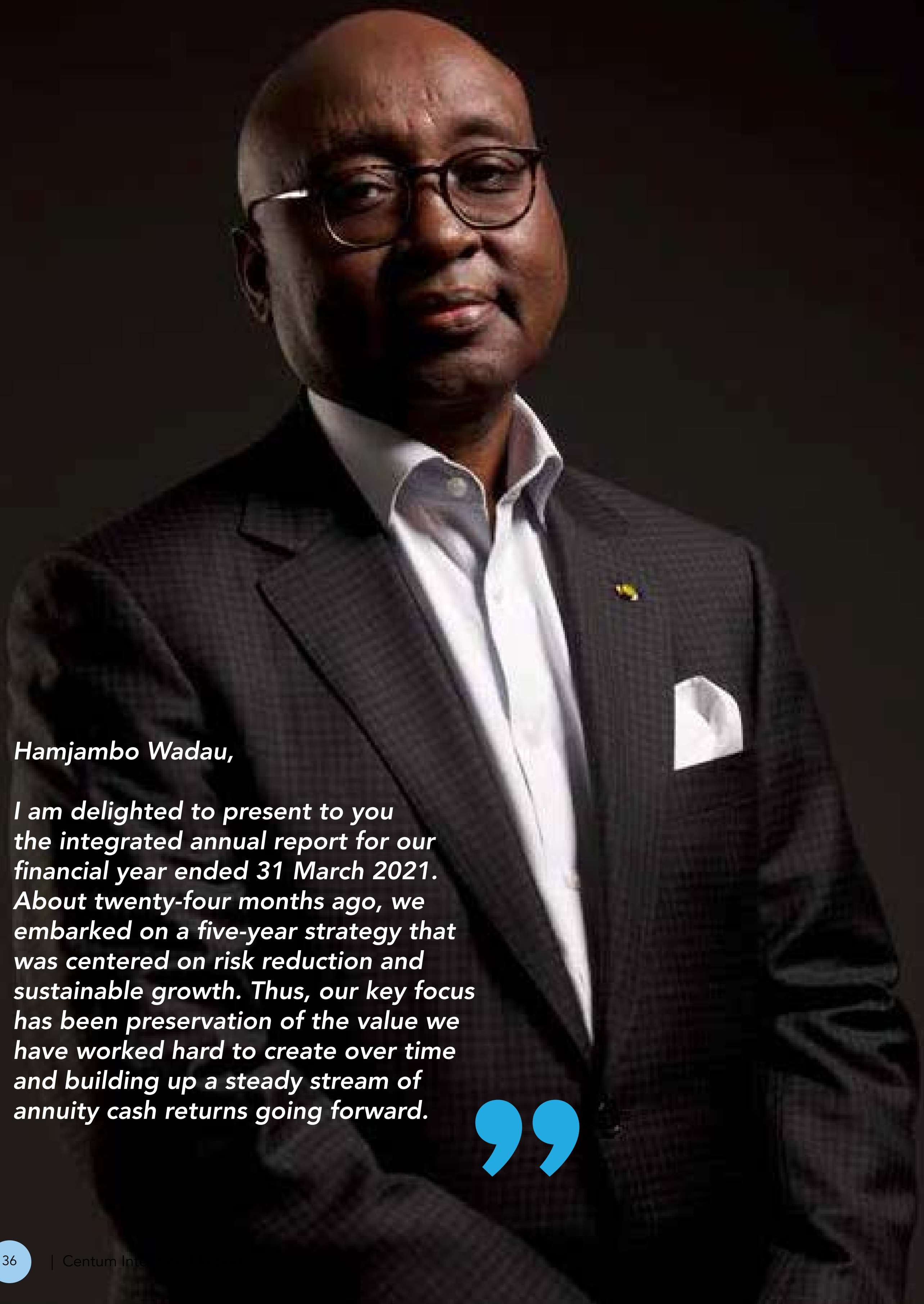
Key Pillars	Strategic Objectives (FY2022 – FY2024)
1. **Capital Structure & Liquidity**	▪ Pay down the balance of Kes 3 billion long term debt. ▪ To generate annuity cash return sufficient to cover operating costs, finance costs, dividend payments and retain a surplus for reinvestment in growth portfolio.
2. **Return and Dividend Pay-out**	▪ Generate 20% annualized return and grow Net Asset Value to Kes 70 billion by FY2024. ▪ Distribute to shareholders a minimum of 30% of annuity cash income.
3. **Operating Costs**	▪ Maintain operating costs at below 30% of annuity income earned.
4. **Organizational effectiveness**	▪ Fully adopt a supervisory approach to portfolio management which will ensure all portfolio companies attain operational independence and are well prepared for exit.
5. **Portfolio Focus**	▪ Rebalance portfolio to achieve the following sectoral allocations: • Real Estate portfolio (30-35%) • Private Equity portfolio (35-45%) • Marketable Securities portfolio (20-30%)

Conclusion

My sincere gratitude goes to shareholders, fellow board members, the management team and staff who continue to remain committed in supporting the realization of the ambitions of Centum Investment Company Plc.

Dr. Donald Kaberuka
Chairman, Board of Directors

Taarfifa ya Mwenyekiti

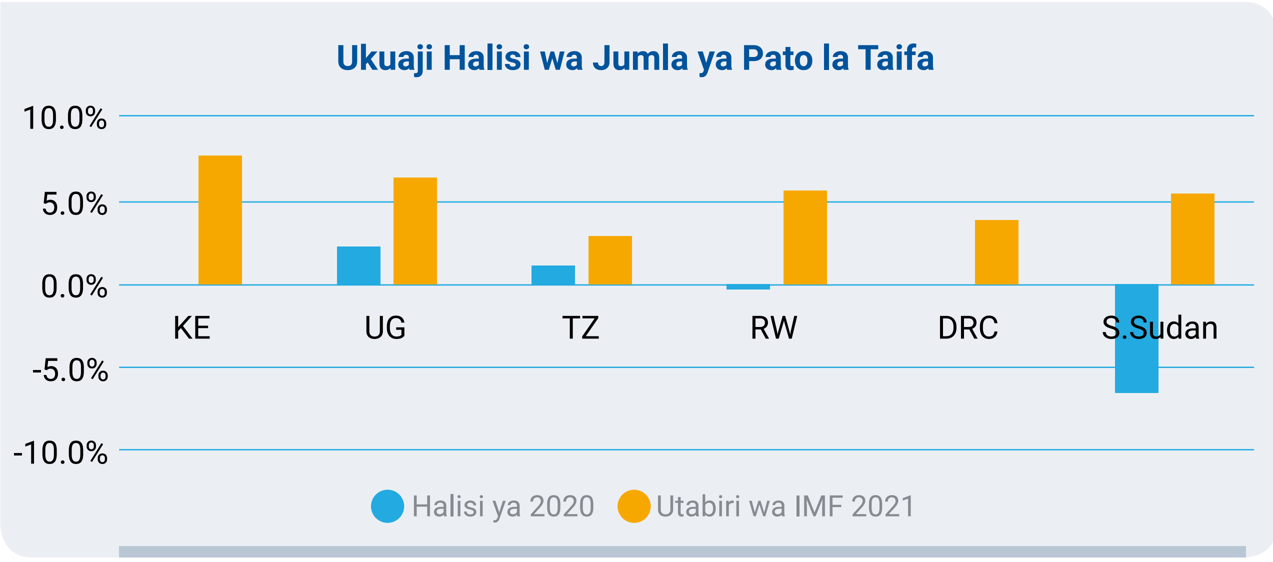


Hamjambo Wadau,

I am delighted to present to you the integrated annual report for our financial year ended 31 March 2021. About twenty-four months ago, we embarked on a five-year strategy that was centered on risk reduction and sustainable growth. Thus, our key focus has been preservation of the value we have worked hard to create over time and building up a steady stream of annuity cash returns going forward.

Kampuni ilipata faida ya pesa za utendaji ya **shilingi Milioni 245** ambayo kwa kiasi kikubwa ilichangiwa na kupungua katika gharama za kifedha kwa asilimia 67% na mapato ya pesa kutoka kwa uwekezaji katika hisa zinazoweza kuuzika

Kipindi cha miezi 12 cha mwaka wetu wa kifedha uliokamilika tarehe 31 Machi, 2021 kililingana na mwaka mzima wa kwanza wa kuwepo kwa janga la virusi vya Korona ambalo limeathiri ulimwengu na kusababisha changamoto kuu za kiuchumi kote ulimwenguni.



Utendaji wa Biashara

Licha ya mazingira ya kibiashara yenye changamoto, najivunia juhudi ambazo usimamizi ulifanya ili kukabili athari hasi kwa thamani ya uwekezaji na kuimarisha uthabiti katika biashara. Hasa, tulipunguza deni na gharama za kifedha kwa kiwango kikubwa katika kipindi hiki, jambo ambalo lilitusaidia katika kupunguza athari hasa kwa thamani za kifedha ambazo vinginevyo zingepatikana katika hali iliyopo ya kiuchumi.

Kwa kuwa mapato kutoka kwa uwekezaji yalipungua na thamani kushuka, Kampuni ilipata faida ya pesa za utendaji ya shilingi Milioni 245 ambayo kwa kiasi kikubwa ilichangiwa na kupungua katika gharama za kifedha kwa asilimia 67% na mapato ya pesa kutoka kwa uwekezaji katika hisa zinazoweza kuuzika.

Utanzu wa mashamba na nyumba ulikuwa muhimu katika kuzalisha pesa katika kipindi hiki. Biashara hii ililipa shilingi bilioni 4.5 za mtaji ambao awali uliwekezwa na Centum, kadri usimamizi ulivyozidisha mauzo ya nyumba za kuishi na haki za kujenga kwenye mali zake za msingi.

Malipo ya Mgawo

Bodi ya Wakurugenzi imependekeza malipo ya mgawo sawa na shilingi 0.33 za Kenya kwa kila hisa kwa kipindi cha mwaka wa kifedha uliokamilika tarehe 31 Machi, 2021 (Mwaka wa kifedha wa 2020: shilingi 1.20 za Kenya). Hii itamaanisha malipo ya shilingi milioni 219 ikilinganishwa

na shilingi milioni 799 mwaka jana. Upunguaji huu unaashiria kupungua kwa faida ya Kampuni na pesa zilizozalishwa tukizingatia athari za Covid-19 kwa uwekezaji wetu wa msingi.

Kampuni ilikengeuka kwa muda kutoka kwa sera ya mgawo iliyobainishwa kutokana na mazingira magumu ya utendaji ya Covid-19 ili kudumisha ukwasi.

Taarifa ya Mwenyekiti

Usimamizi wa Shirika na udhibiti

Centum imejitolea kuzingatia viwango vya juu zaidi vya utawala, kwa mujibu wa mahitaji ya Kanuni za Usimamizi wa Shirika kwa Wanaotoa Dhamana kwa Umma ya Mamlaka ya Masoko ya Mitaji.

Bodi ya Wakurugenzi wa Kampuni imeundwa kwa njia ambayo inaboresha utendaji wake na ina wakurugenzi tofauti ambao wana tajriba na stadi katika nyanja mbalimbali ambazo ni muhimu kwa biashara ya Centum.

Kama ilivyo desturi yetu, tuliendesha ukaguzi wa dhati wa utawala na wa kisheria kutathmini mienendo yetu ya Usimamizi wa Shirika. Najivunia kuripoti kwamba miundo yetu ya utawala na mifumo yetu ya udhibiti wa ndani kwa mara nyingine ilipita vipimo vya ubora. Wakaguzi wa Kisheria walitoa maoni chanya kuhusu mwaka uliokamilika tarehe 31 Machi, 2021, maoni ambayo yamekuwa na upatano miaka yote.

Mabadiliko katika Bodi

Mnamo Juni 2021, tulimpoteza Dkt. C. J. Kirubi ambaye alikuwa mwanachama wa muda mrefu katika bodi na alikuwa mwenyekiti wa Kamati ya Fedha na Uwekezaji wakati wa kifo chake. Marehemu Dr. Kirubi atakumbukwa kama mfanyabiashara aliyeheshimika ambaye moyo wa ujasiriamili, na kujitolea katika uongozi na utawala bora haukuwa na kifani. Bidii yake ilikuwa msukumo kwetu sote na itabaki kuwa sehemu ya maadili ya kimsingi ya Centum na urithi wake utazidi kuishi.

Andrew Musangi aliteuliwa kujiunga na bodi mnamo Julai 2021 kujaza nafasi hii. Andrew amehusika katika uanasheria katika miaka 26 iliyopita na analeta tajriba pevu katika sheria ya mashirika na ya kibiashara hasa katika maeneo ya Uunganishaji na Ununuzi, Kudai Mikopo na Kuipanga Upya, Dhamana, Kesi za Bima, Sheria ya Ajira na Kazi, Kesi za kibiashara, Haki Miliki (akisisitiza masuala ya kuzuia kughushi), Ununuzi wa Umma, Ushirikiano wa sekta Binafsi na Serikali pamoja na Kuhawilisha.

Bw. Musangi ana tajriba pevu katika mashirika, kwa sasa akihudumu kama mwenyekiti wa bodi za GenAfrica Asset Managers limited na Public Procurement Regulatory Board.

Bodi ilibuni nafasi ya naibu mwenyekiti na kumteua Dkt. Laila Macharia kuwa naibu mwekiti wa kwanza. Hii ilitokana na haja ya kuhakikisha kwamba bodi inaendelea kutekeleza majukumu yake ipasavyo na kila mara inatimiza wajibu wake katika mpango wa kazi uliobainishwa.

Baada ya kuhudumia Kampuni yenu kama mwenyekiti wa bodi kwa miaka mitano iliyopita, nitapendelea kustaafu katika mwaka huu wa kifedha baada ya kufikia umri wa miaka 70.

Bodi ina mpango imara wa urithi, na nina imani kwamba mwenyekiti atakayefuata baada ya kutuliwa kuchukua hatamu ya kuiongoza Bodi atafanikiwa kuelekeza Kampuni ili iweze kufikia vipaumbele vyake vya kimkakati.

Wajibu wa Shirika kwa Jamii na Athari ya Uendelevu

Kama shirika linalowajibika nchini, Centum inatambua athari za kimazingira na kijamii za shughuli zake za kibiashara. Pia, tunaimarisha na kuhimiza mienendo mizuri katika utawala kwenye biashara ambazo tunawekeza kama njia mojawapo ya kuimarisha utendaji endelevu na kuchangia ukuaji wa uchumi kwa kipindi kirefu.

Kupitia kwa Wakfu wa Centum na washirika wa Centum, tunashirikiana na jamii zinazotuzingira kuimarisha viwango vyake vya maisha na vya kiuchumi. Kwa ajili hii, Wakfu wa Centum unaongozwa na hamu ya kuwa na athari na kujenga mshikamano kupitia kwa shughuli za Wajibu wa Shirika kwa Jamii (CSR) ambazo zinafungamana na mkakati wetu wa biashara na sera zetu kuhusu Mazingira, Jamii na Utawala. Hivyo basi, maeneo yanayolengwa kwa upana na Wajibu wa Shirika kwa Jamii ni:

Nguzo ya CSR	Maelezo	Mfungamano na Malengo Endelevu ya Umoja wa Mataifa
1. Elimu	Kubuni nafasi kwa vijana kufikia elimu bora ya upili na ya juu na kupata stadi zinazohitajika kuvunja mnyororo wa umasikini.	4 ELIMU BORA
2. Miundombinu	Kuimarisha miundombinu katika jamii kama vile shule, hospitali, maji na usafi wa mazingira kuhakikisha mazingira bora ya kuishi na kusomea.	6 MAJI SAFI NA USAFI WA MAZINGIRA; 11 MIJI NA JAMII ENDELEVU

Nguzo ya CSR	Maelezo	Mfungamano na Malengo Endelevu ya Umoja wa Mataifa
3. Ujasiriamali	Kuwawezesha wajasirimali wachanga kwa kuwapa stadi zinazofaa za kibiashara ili wafanikiwe katika biashara zao.	8 KAZI NZURI NA UKUAJI WA UCHUMI
4. Huduma za Afya	Kutoa huduma bora za afya na za gharama nafuu kwa jamii kupitia kliniki za kutembea, matibabu ya bila malipo, mbio na matembezi kwa ajili ya afya, elimu kuhusu huduma za afya.	3 AFYA NJEMA NA USTAWI

Lengo la Kimkakati na Matarajio

Kama bodi ya Centum, tutazidi kuwa makini na kuwajibisha usimamizi pamoja na kuwasaidia katika juhudi zeo za kutimiza malengo ya kimkakati ya Centum 4.0 na kujenga biashara thabiti na endelevu.

Kikosi kimetia bidii sana katika miezi 24 iliyopita ya kipindi cha mkakati ili kuweka msingi imara kwa awamu iliyosalia. Hii ni licha ya changamoto za janga la Covid 19 ambazo hazikutazamiwa na mimi kwa niaba ya bodi nina imani kwamba tupo njiani kufikia malengo yetu ya kimsingi.

Katika kipindi kilichosalia cha mkakati hadi mwaka wa kifedha wa 2024, lengo letu litakuwa kuimarisha mtiririko thabiti wa mapato ya kifedha kila mwaka na kuchuma mapato kutoka kwa raslimali zilizokomaa ili kufungua mtaji utakaotumika katik awamu inayofuata ya uwekezaji. Kwa ajili hii, tulifanya uhakiki wa mkakati wa katikati ya kipindi mnamo Juali 2021 ili kutathmini hatua tulizopiga katika kutimiza malengo ya Mkakati wa Centum 4.0 na matarajio kwa kipindi kilichosalia cha mkakati tukizingatia janga la Covid-19 ambalo bado lingalipo.

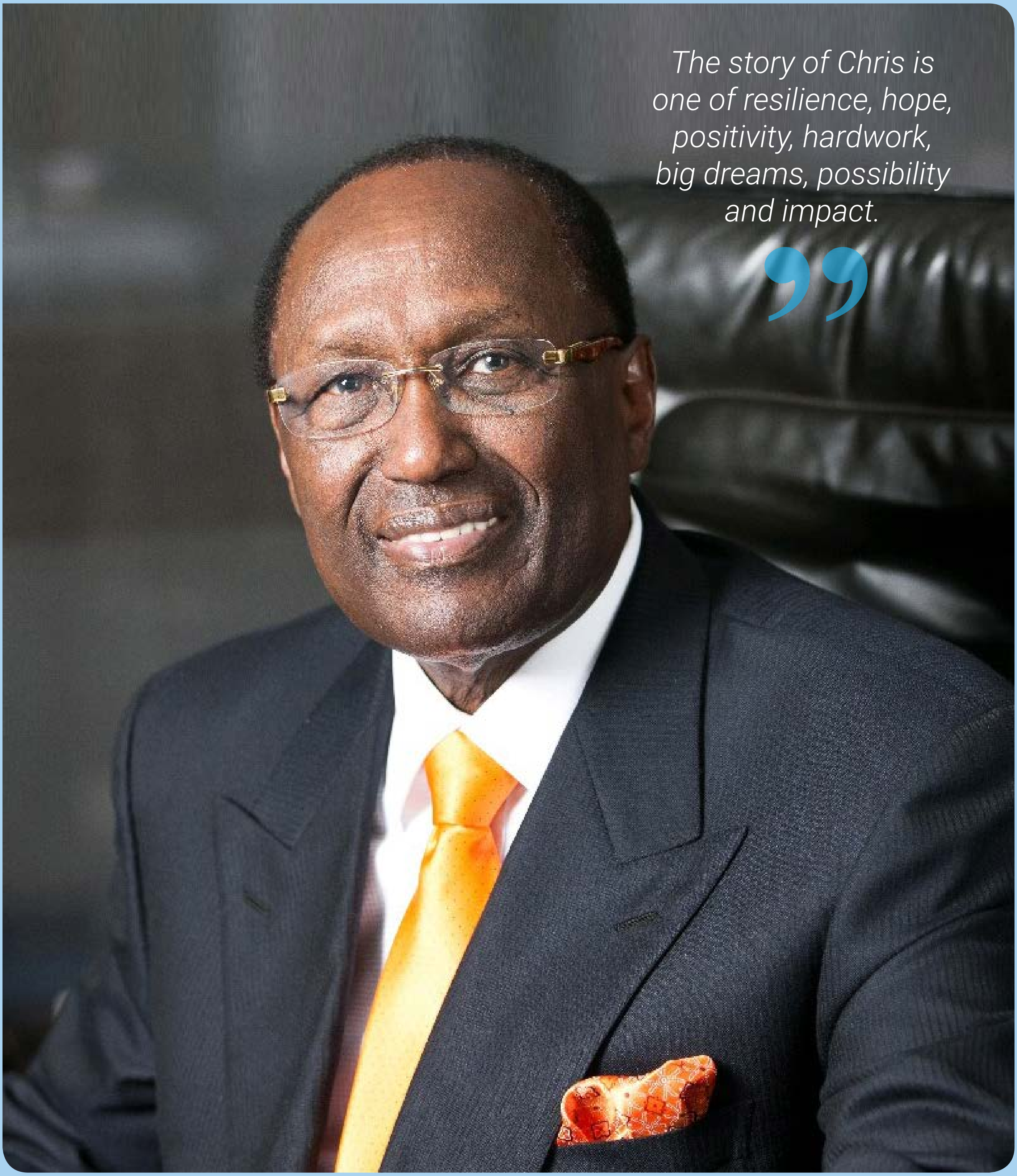
Kutokana na uhakiki wa mkakati wa katikati ya kipindi tumeweza kupiga msasa baadhi ya malengo chini ya nguzo za Mkakati wa Centum 4.0 ili kuelekeza makini yetu katika miaka mitatu iliyosalia hadi mwaka wa kifedha wa 2024 ifuatavyo:

Nguzo Muhimu	Malengo ya Kimkakati (Mwaka wa Kifedha wa 2022- mwaka wa kifedha wa 2024)
1. Muundo wa Mtaji na Ukwasi	▪ Kulipa salio la deni la muda mrefu la shilingi bilioni 3. ▪ Kuzalisha fedha kwa mwaka, mapato yatakayotosha kushughulikia gharama za utendaji, gharama za kifedha, malipo ya mgawo na kuhifadhi ziada kwa ajili ya uwekezaji upya katika uwekezaji unaokua.
2. Mpato na Malipo ya Mgawo	▪ Kuzalisha asilimia 20 ya mapato ya kila mwaka na kukuza Thamani Halisi ya Mali hadi shilingi bilioni 70 kufikia mwaka wa kifedha wa 2024. ▪ Kusambaza kwa wanahisa angalau asilimia 30% ya mapato ya fedha kwa mwaka.
3. Gharama za Utendaji	▪ Kudumisha gharama za utendaji kuwa chini ya asilimia 30% ya mapato ya fedha kwa mwaka unaopatikana.
4. Ufanisi wa Shirika	▪ Kutumia kikamilifu mwelekeo wa usimamizi kwa utawala wa uwekezaji ambao utahakikisha kwamba kampuni tulizowekeza zinapata kujisimamia kiutendaji na zimejiandaa kwa ajili ya kujiondoa.
5. Lengo la Uwekezaji	▪ Kusawazisha upya uwekezaji ili kufikia migao ifuatayo ya vitengo: • Mashamba na Nyumba (30-35%) • Mtaji wa Kibinafsi (35-45%) • Hisa zinazoweka kuuzika (20 -30%)

Hitimisho

Natoa shukrani za dhati kwa wanahisa, wenzangu katika bodi, kikosi cha usimamizi na wafanyakazi ambao wanazidi kujitolea katika kuunga mkono ufikiaji wa matamanio ya Kampuni ya Uwekezaji ya Centum Plc.

Dkt. Donald Kaberuka
Mwenyekiti, Bodi ya Wakurugenzi


The story of Chris is one of resilience, hope, positivity, hardwork, big dreams, possibility and impact.

1941 - 2021

Corporate Governance

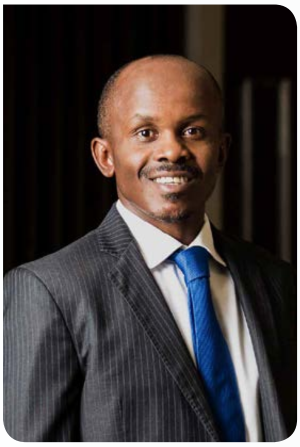
Corporate Governance

Board of Directors

Dr. Donald Kaberuka
Chairman
Age: 69
Appointment Date: October 2016

The Late Dr. Christopher J. Kirubi
Director
with Significant Shareholding
Aged: 80
Appointment Date: December 1997
Passed away on 14 June 2021

Dr. Laila Macharia
Vice Chairperson
Age: 50
Appointment Date: October 2013



Dr. James Mworia
Chief Executive Officer
Age: 43
Appointment Date: October 2008

Mrs. Susan Wakhungu-Githuku
Age: 60
Appointment Date: September 2017

Mr. Andrew Mukite Musangi
Age: 50
Alternate to Dr. Chris Kirubi
Appointment Date: May 2021

Mrs. Mary Ngige
Age: 49
Appointment Date: September 2016

Dr. Moses Ikiara
Age: 55
Appointment Date: November 2017

Mrs. Catherine Igathe
Age: 47
Appointment Date: September 2016

Executive Non-Executive Independent

Mr. William Haggai
REPRESENTATIVE OF ICDC
Age: 50
Appointment Date: June 2018

Hon. William Byaruhanga
Age: 60
Appointment Date: October 2016

Mr. Andrew Kasirye, SC
ALTERNATE TO HON. WILLIAM BYARUHANGA
Age: 60
Appointment Date: June 2019

Corporate Governance

Executive Committee

Dr. James Mworia
CFA, Chief
Executive Officer

Mr. Samuel Kariuki
Managing Director,
Centum Real Estate

Mr. Fred Murimi
Managing Partner,
Centum Capital Partners

Mr. Mwangi J. Mbogo
Chief Legal Officer and Company
Secretary

Mr. Wambua Kimeu
Finance Director

Mr. Thomas Omondi-Achola
Partner, Portfolio Operations,
Centum Capital Partners

Mr. Pius Muchiri
Managing Director,
Nabo Capital

At Centum, people are the primary asset. We therefore recruit and invest in the best talent in the market. Our success has been and will continue to be highly dependent on the performance and accountability of our youthful team. Our culture of entrepreneurship, initiative & high performance is enhanced by a relatively flat organizational structure that promotes a free flow of ideas and communication between all levels.

Corporate Governance

Leadership and Culture

The Board of Directors is committed to sound corporate governance and the management of environmental and social issues. Towards the achievement of this commitment, the Board has continued to put in place appropriate governance policies.

In July each year, which is four months after the financial year end, the Company issues a comprehensive report to the Capital Markets Authority on the status of application of the corporate governance standards and practices outlined in the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. These disclosures are available on the Company's website.

The Company Secretary is charged with the mandate of supporting the Board's commitment to corporate governance and sustainability.

The Company has a compliance function which monitors compliance with the applicable governance standards and reports to the Board through the Risk Committee. In addition, the Company has an independent internal audit function, which reports to the Audit Committee on internal control matters.

Structure and Functioning of the Board

The Board is comprised of ten (10) directors, nine (9) who are non-executive directors.

Hon William Byaruhanga, a non-executive director, appointed Mr. Andrew Kasirye SC as his alternate with effect from 11th June 2019 in accordance with the Company's Articles of Association and the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

50% of the Board members are independent non-executive directors.

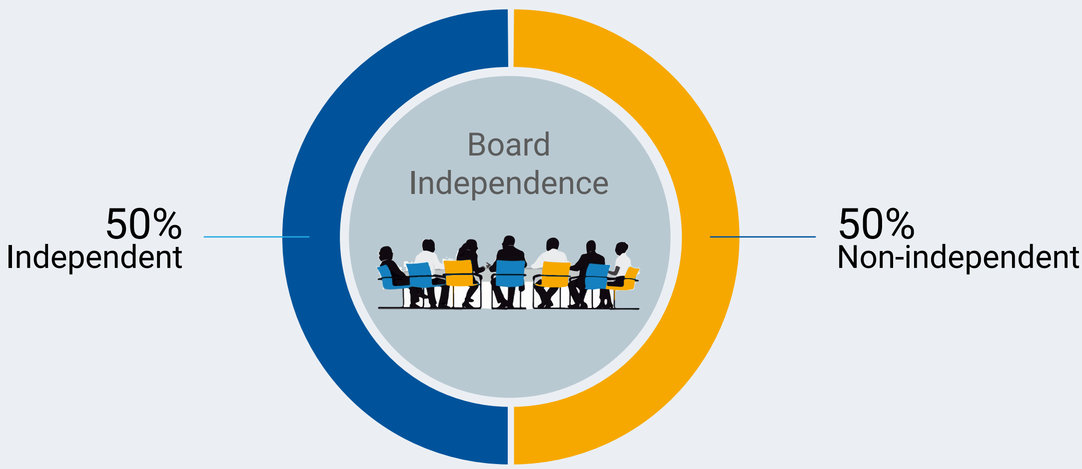
There are four (4) Board-level committees:

1. **The Audit Committee**
2. **The Nomination and Governance Committee**
3. **The Risk Committee**
4. **The Finance and Investment Committee**

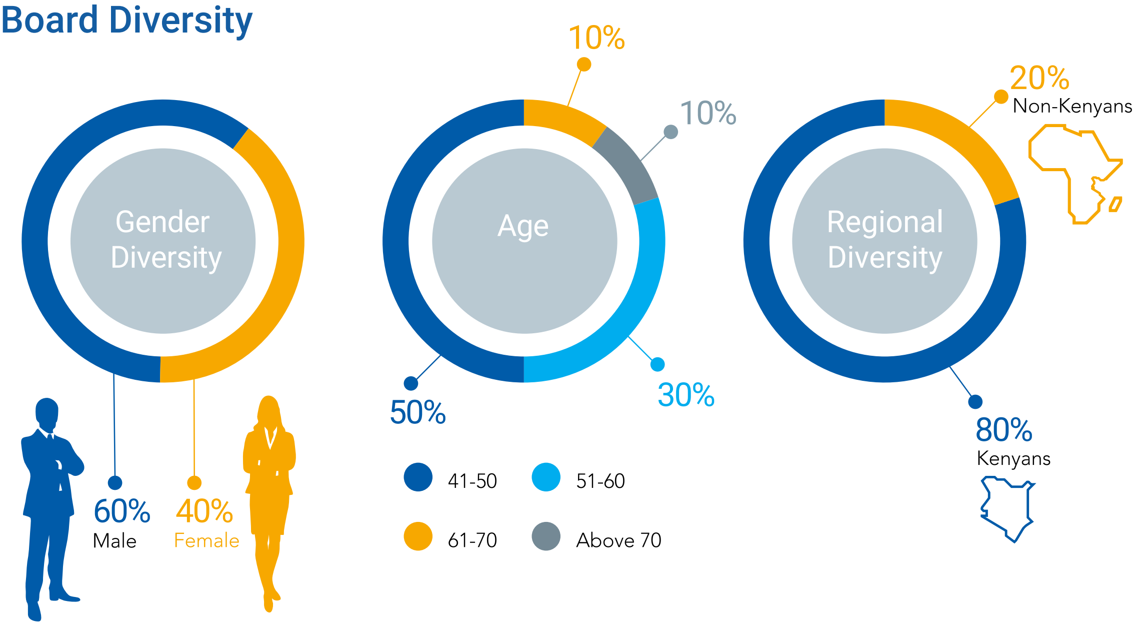
The chairpersons and a majority of members of the Audit Committee and the Nomination and Governance Committee are independent non-executive directors.

The Board comprises a balance of knowledge, skills, experience, diversity and independence.

Independence of the Board Members



Board Diversity



Board Skills

Experience and Qualifications of Board Members

Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworia (CEO)	The Late Dr. C. Kirubi	Dr. L. Macharia	C. Igathe	M. Ngige	W. Haggai (KDCL Representative)	Hon. W. Byaruhanga	Andrew Kasirye, SC (alternate to Hon. Byaruhanga)	Dr. M. Ikiara	S. Wakhungu - Githuku
ACADEMIA/EDUCATION brings perspective regarding organisational management and academic research relevant to the Company's business and strategy.	●			●						●	
BUSINESS HEAD/ADMINISTRATION experience brings strong leadership qualities and ability to develop and guide other directors and senior management.	●	●		●	●	●	●	●	●	●	●
ENTREPRENEURSHIP skills and experience contribute a great deal to development of the Company's strategy, capital allocation, risk management and oversight of the Company's business.	●	●	●	●	●	●	●	●	●	●	●
CORPORATE GOVERNANCE experience contributes to a strong Board to ensure management accountability, responsible investing, transparency and protection of shareholders' interests.	●	●	●	●	●	●	●	●	●	●	●
CAPITAL BUDGETING AND/ CAPITAL ALLOCATION expertise is key in the Company's strategy and business as it ensures there is a balance in allocating the Company's resources in investments that will continuously bring attractive returns to investors while ensuring the ESG standards are met and maintained.	●	●		●		●	●				
FINANCIAL EXPERTISE is key in driving the Company's strategy as it ensures the Board understands the Company's financial reporting and internal controls and provides oversight over these aspects.	●	●	●	●	●	●	●	●		●	●

Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworia (CEO)	The Late Dr. C. Kirubi	Dr. L. Macharia	C. Igathe	M. Ngige	W. Haggai (KDCL Representative)	Hon. W. Byaruhanga	Andrew Kasirye, SC (alternate to Hon. Byaruhanga)	Dr. M. Ikiara	S. Wakhungu - Githuku
FINANCIAL SERVICES INDUSTRY experience is key in providing oversight in the Company's investments in the financial services industry as well as approving and understanding the implications of financing of the Company's investments.	●	●		●	●	●					
DIRECTORSHIP IN OTHER LISTED COMPANIES enables the Board to leverage on experience gained by Board members in other listed companies.		●	●	●							●
PUBLIC SERVICE/ PUBLIC POLICY is essential as the government is a key stakeholder in the Company's business and government actions and public policy impact the Company's business substantively.	●						●	●	●	●	
REGIONAL/ INTERNATIONAL EXPOSURE is useful in benchmarking the Company against global industry players and attracting foreign investments.	●			●	●			●	●	●	●
INVESTMENT is the core business of the Company and skills are key in evaluating the Company's investment strategy.		●	●	●		●	●			●	
MARKETING/ CORPORATE COMMUNICATIONS expertise is crucial in providing oversight to matters affecting the Company's brand and managing related risks.					●						●
REAL ESTATE experience is vital in providing oversight to the Company's real estate investments.		●	●	●				●	●		

Corporate Governance

Experience and Qualifications of Board Members

Summary of Directors' Qualifications and Experience	Dr. D. Kaberuka	Dr. J. Mworia (CEO)	The Late Dr. C. Kirubi	Dr. L. Macharia	C. Igathe	M. Ngige	W. Haggai (KDCL Representative)	Hon. W. Byaruhanga	Andrew Kasirye, SC (alternate to Hon. Byaruhanga)	Dr. M. Ikiara	S. Wakhungu - Githuku
PRIVATE EQUITY experience is fundamental in providing oversight to the Company's private equity investments.		●	●	●		●	●				
TALENT MANAGEMENT is valuable as it helps the Company to attract, motivate, develop and retain top talent and to ensure that there is an appropriate succession plan for the Company's critical roles.											●
INTERNAL CONTROLS experience is critical in ensuring that the Company operates within the approved governance framework.					●	●	●				
RISK MANAGEMENT expertise enables the Board to identify the key risks facing the Company's investment and provide oversight in continually monitoring those risks.				●	●	●	●				
LEGAL skills are key in the Board as the Board has overall responsibility for compliance with the laws and regulations applicable to the Company.		●		●			●		●		

Procedure for Board Appointment

The Nomination and Governance Committee is responsible for scouting and assessing viability of Board candidates. The committee recommends to the Board qualified candidates for Board positions before they can be recommended for election by shareholders (or appointed by the Board in the case of filling a casual vacancy). Any appointment of a director by the Board to fill a casual vacancy is ratified by the shareholders at the next Annual General Meeting.

The Control Environment

The Board has put in place a robust system of internal control as well as risk management structure and processes to provide a reasonable assurance that the Company can deliver on its strategic objectives and is operating efficiently and effectively. To this end, the internal audit function and the risk & compliance function, which are two separate functions, work closely with the management of the Company to ensure the integrity and reliability of financial and non-financial reporting as well as compliance with the applicable laws, regulations, internal standards and policies for the Company and subsidiaries.

The internal audit function reports to the Audit Committee and administratively to the CEO. The function is led by the Head of Internal Audit who provides quality assessment of internal controls.
The risk and compliance function support the Company's strategy by assessing and managing risks and opportunities and continuous monitoring. The risk function reports to the Risk Committee, with a dotted line to the CEO. The Board approves the risk appetite framework and routinely monitors management and compliance with policies and procedures. This incorporates environmental and sustainability risk management practices.
The Audit Committee agrees with the external auditor on their scope and fees.

Treatment of Minority Shareholders

All shareholders have equal voting, subscription and transfer rights for the shares they hold. To ensure a proper understanding of the notice and motions to be voted at the meetings of shareholders, the Company provides English and Kiswahili versions to cater for all shareholders. All shareholders receive notices of shareholders' meetings and other communications concurrently, and payment of dividends is done simultaneously and at the same rate for all shareholders. To ensure a wide reach of notices to shareholders, the Company also sends the notice of the Annual General Meetings via mobile SMS. In addition, the Company facilitates the attendance of minority shareholders for shareholders' meetings by providing transport from Nairobi CBD to the meeting venue.

Special resolutions require a supermajority of

75%

of the total number of votes cast to be passed. The Company has put in place an Investor Relations function which is the primary contact between all shareholders, including minority shareholders, and the Company.

Any **appointment of a director by the Board** to fill a casual vacancy is ratified by the shareholders at the next **AGM**.

To ensure a wide reach of notices to shareholders, the Company sends the notice of the **Annual General Meetings** via **Mobile SMS**

Shareholder Mapping – Top 10 shareholders

Below is a list of the top ten (10) shareholders as at 31 March 2021.

	31 March 2021		
Name	**Total Shares**	**%**	**Rank**
Dr. Christopher John Kirubi*	205,908,205	30.94%	1
Industrial & Commercial Development Corporation (ICDC)**	152,847,897	22.97%	2
Standard Chartered Nominees Non-Red A/C 9827	11,699,037	1.76%	3
Stanbic Nominees Ltd A/C NR1031141	9,057,400	1.36%	4
John Kibunga Kimani	8,264,421	1.24%	5
Standard Chartered Kenya Nominees Ltd A/C Ke003534	8,017,169	1.20%	6
Standard Chartered Kenya Nominees Ltd A/C KE002367	6,212,956	0.93%	7
Uganda Securities Exchange	5,805,306	0.87%	8
Mwirigi James Mworia	5,674,594	0.85%	9
Stanbic Nominees Limited A/C NR 1031313	5,574,800	0.84%	10

*Dr. Christopher John Kirubi passed away on 14th June 2021. Consequently the shareholding is held by the Estate of Dr. Christopher John Kirubi.

**On 2 July 2021, through Legal Notice No.113, the Cabinet Secretary for National Treasury and Planning effected the transfer of its shareholding in Centum Investments from ICDC to Kenya Development Corporation Limited (KDCL).

Shareholding by Directors:

Director	**Total Shares**
Dr. Christopher John Kirubi	**205,908,205**
Industrial & Commercial Development Corporation (ICDC) (Alternate - William Haggai) *	**152,847,897**
James M. Mworia	**5,674,594**
Dr. Laila Macharia	-
Mary Ngige	-
Catherine Igathe	-
Hon. William Byaruhanga	-
Dr. Donald Kaberuka	-
Mrs. Susan Wakhungu-Githuku	-
Dr. Moses Ikiara	**18,150**

*William Haggai is an alternate director and does not own shares in the Company.

Shareholding by Staff Members of the Company and portfolio companies:

Staff Member	Employer	Total Shares
James M. Mworia	Centum Investments Co Plc	**5,674,594**
Fredrick Murimi Ngari	Centum Capital Partners Limited	**690,700**
Samuel Kariuki	Centum Real Estate Limited	**250,000**
Thomas Omondi	Centum Capital Partners Limited	**117,500**
Suki Muia	Nabo Capital Limited	**14,600**
Caroline Orao	Centum Real Estate Limited	**1000**
Eric Ndirangu	Centum Business Solutions Limted	**500**
Ira Kaviti	Centum Investments Co Plc	**33**

Shareholder Analysis by Volume:

	31 March 2021			31 March 2020		
Volume	**Shares**	**%**	**Holders**	**Shares**	**%**	**Holders**
1 - 500	2,462,705	0.37%	14,503	2,413,501	0.36%	14,343
501 - 5,000	33,621,265	5.05%	16,325	33,052,818	4.97%	16,108
5,001 - 10,000	21,216,533	3.19%	2,937	20,711,886	3.11%	2,874
10,001 - 100,000	78,552,355	11.80%	3,127	74,869,838	11.25%	3,012
100,001 - 1,000,000	58,707,464	8.82%	221	57,407,725	8.63%	214
>1,000,000	470,881,392	70.76%	36	476,985,946	71.68%	37
TOTALS	**665,441,714**	**100%**	**37,149**	**665,441,714**	**100%**	**36,588**

Shareholder Analysis by Domicile

	31 March 2021			31 March 2020		
Domicile	**Shares**	**%**	**Holders**	**Shares**	**%**	**Holders**
Foreign Companies	57,996,958	8.72%	24	73,501,927	11.05%	30
Foreign Individuals	4,313,461	0.65%	201	2,024,521	0.30%	196
Local Companies	209,598,398	31.50%	1,686	212,970,127	32.00%	1,692
Local Individuals	393,532,897	59.14%	35,238	376,945,139	56.65%	34,670
TOTALS	**665,441,714**	**100.00%**	**37,149**	**665,441,714**	**100.00%**	**36,588**

Board and Committees' Activities

CHAIRPERSONS' REPORT ON BOARD ACTIVITIES

The Board receives reports from the various committees and considers recommendations of the committees before approving them. The Board has exclusive mandate to approve the strategy of the Company and to set the Company's risk appetite. In the year ended 31 March 2021, the Board undertook the following activities:

a) Received and considered updates from the activities of its Committees throughout the year;

b) Received and approved the Audited Company and Consolidated financial statements for full year ended 31 March 2021;

c) Received and approved the unaudited Company and Consolidated half year financial statements for the half year ended 30 September 2020;

d) Received and approved the Board workplan for the financial year 2021/22; and

e) Received and approved the Company and Consolidated budgets for financial year 2021/22.

On behalf of the Centum Board of Directors,

Dr. Donald Kaberuka
Chairman, Board of Directors

Risk Committee

Dear Shareholder,

I am pleased to present to you the Risk Committee report for the year ended 31 March 2021. The report details the activities of the Committee in the year. The Board has overall responsibility for risk management and internal control, including the determination of the nature and extent of the key risks it is willing to take to achieve its strategic objectives and ensuring that an appropriate culture has been embedded throughout the portfolio companies. In line with its mandate, the Risk Committee:

a) Discussed and approved the Committee workplan for the year 2021/22;

b) Reviewed and recommended to the Board a re-alignment of the Company corporate structure;

c) Considered a progress update on the execution of the Centum 4.0 Strategy;

d) Received a Compliance status update on the Companies based in Mauritius;

e) Received updates with risks associated with Private Equity and Real Estate portfolios;

f) Considered COVID-19 Impact analysis on Private Equity and Real Estate Portfolios; and

g) Received a Risk & Compliance update on the various portfolio companies.

On behalf of the Risk Committee,

Catherine Igathe
Chairperson, Risk Committee

Corporate Governance

Board and Committees' Activities

Audit Committee

Dear Shareholder,

As Chair of the Audit Committee, I am pleased to present the Audit Committee's report to date.

During the year ended 31 March 2021, the Committee discharged its mandate as set out in its charter as follows:

a) Considered and approved the Audit Committee workplan for the year;
b) Reviewed the interim financial statements for the six-month period ended 30 September 2020 and recommended to the Board for the approval and publication;
c) Reviewed the independence and competence of PwC, the external auditors;
d) Discussed with the external auditor the nature and scope of the external audit for the year ended 31 March 2021, prior to the commencement of the audit;
e) Reviewed the external auditor's report on the financial statements for the year ended 31 March 2021 taking into account changes in accounting policies, significant adjustments arising from the audit, the going concern assumption and compliance with International Financial Reporting Standards;
f) Discussed and challenged the judgements made by management during preparation of financial statements, and the assumptions and estimates on which they are based;
g) Reviewed transactions between related parties within the portfolio companies;
h) Reviewed the Financial Statements and Integrated Report for the year ended 31 March 2021 and recommended the report to the Board for approval and publication;
i) Reviewed the performance and independence of the Internal Audit function;
j) Reviewed the adequacy, scope, capacity and resourcing of the Internal Audit function;
k) Reviewed and approved the Internal Audit function and audit plan for the year ended 31 March 2021;
l) Reviewed the results of the internal audit process, the adequacy and effectiveness of the risk management, governance and the internal control environment and where necessary ensured that appropriate action is taken on the recommendations of the internal audit function; and
m) Reviewed and recommended to the Board for approval of the annual budget of the Company and fot the portfolio companies for the financial year ending 31 March 2022.

On behalf of the Audit Committee,

Mary Ngige
Chairperson, Audit Committee

ROLE AND FUNCTION

The Committee has a Charter that specifies the responsibilities and procedures of the Committee including conduct of special investigations. The Committee's role is to review, on behalf of the Board, the Company's internal financial controls. It is also responsible for oversight and advice to the Board on matters relating to financial reporting and has exercised oversight of the work undertaken by Head of Internal Audit and the statutory auditor. The Committee reports to the Board on its key areas of focus following each Committee meeting. The key responsibilities of the Committee are:

Financial Reporting

The Committee reviews the integrity of the Company and consolidated financial statements and recommends the statements for approval to the Board. The Committee considers Management estimates and areas of significant judgement.

Oversight of Internal Controls

The Committee regularly reviews and reports to the Board on the effectiveness of the Company's system of internal control. The Committee discusses the root causes of the issues reported by the Internal Audit function, and reviews Management's responses and remedial actions.

Internal and External Audit Reports

The Committee receives reports on the findings of the internal and external audits and tracks the actions on audit findings. The Committee also reviews the proposed work plans for the Internal Audit function at the beginning of each year and guides on the areas of focus. The Committee receives regular reports from the Head-Internal Audit on internal audits and on the assurance framework. The Chief Finance Officer, the Head, Internal Audit and the external auditors and the Business Heads are regularly invited to the meetings to provide reports or respond to issues as required.

The independent non-executive directors hold meetings with the Head, Internal Audit and External Auditors without management to freely discuss issues arising from the audits and monitor progress on the audit plan for the year.

The Committee held 6 (six) meetings in the year. Areas of focus in the year were:

- approval of the audit and compliance monitoring plans;
- review of the integrated report;
- review of audit reports; and
- review of the Company and consolidated financial statements.

Board and Committees' Activities

Nomination and Governance Committee

Dear Shareholder,

It is with pleasure that I present to you the report on the Nomination and Governance Committee for the year ended 31 March 2021. The Committee is mandated with oversight of governance and human resource matters. During the year ended 31 March 2021, the Committee:

a) Received an update from Management on HR & Governance matters;

b) Received and considered a Legal Audit Report for the Company and key subsidiaries;

c) Received and approved a succession planning policy for senior management and recommended the same for approval to the Board; and

d) Received and approved the Committee workplan for 2021.

On behalf of the Nominations and Governance Committee,

Dr. Laila Macharia
Chairperson, Nomination and Governance Committee

Finance and Investment Committee

Dear Shareholder,

The Finance and Investment Committee is charged with the responsibility of making investment, divestment and capital budgeting decisions, subject to approved limits. In the course of the year ended 31 March 2021, the committee's activities included:

a) Received and deliberated updates of the various investments by the Company, including risks associated with each investment;

b) Received updates on the Company's private equity, marketable securities, including risks associated with each portfolio;

c) Approved divestment from certain subsidiary companies; and

d) Received and approved the Committee workplan for 2021.

On behalf of the Finance and Investment Committee,

Andrew Musangi
Chairperson, Finance and Investment Committee

Directors' Participation in Meetings

NAME	Executive/ Non-Executive	Role		Board	Audit	Risk	Nomination and Governance	Finance and Investment
Dr. Donald Kaberuka	Non- Executive	Chairman	Membership	Y	N	N	N	N
			Attendance	1/4	-	-	-	-
James Mworia	Executive	Group CEO	Membership	Y	N	N	N	Y
			Attendance	5/5	6/6	5/5	4/4	4/4
The Late Dr. Christopher Kirubi	Non-Executive	Chair-FIC	Membership	Y	N	N	Y	Y
			Attendance	4/4	-	-	4/4	4/4
Dr. Laila Macharia	Non-Executive	Chair- Nomination and Governance	Membership	Y	Y	Y	Y	Y
			Attendance	3/4	4/6	5/5	4/4	4/4
Andrew Kasirye - alternate to Hon. William Byaruhanga	Non-Executive	Board member	Membership	Y	N	N	N	N
			Attendance	0/4	-	-	-	-
Susan Wakhungu Githuku	Non-Executive	Board member	Membership	Y	N	N	Y	Y
			Attendance	4/4	-	-	3/4	3/4
Catherine Igathe	Non-Executive	Chair-Risk	Membership	Y	Y	Y	Y	Y
			Attendance	3/4	4/6	5/5	4/4	3/4
Mary Ngige	Non-Executive	Chair- Audit	Membership	Y	Y	Y	N	N
			Attendance	4/4	6/6	4/5	-	4/4*
Dr. Moses Ikiara	Non-Executive	Board member	Membership	Y	Y	Y	Y	Y
			Attendance	4/4	6/6	5/5	4/4	4/4
William Haggai (alternate to Industrial and Commercial Development Corporation)	Non-Executive	Board member	Membership	Y	Y	Y	N	Y
			Attendance	4/4	4/6	2/5	-	2/4

Succession Planning

The Board, on the recommendation of the Nomination and Governance Committee, has put in place a succession plan for key management roles.

Remuneration Policies

There is no direct link between non-executive directors' remuneration and the performance of the Company. The Board remuneration policy is structured in a way that ensures that the remuneration is sufficient to attract and retain directors to run the Company effectively. In revising the remuneration policy, the Company benchmarks against comparable listed companies, taking into account factors such as requirements for time allocation by the Board members to the Company. The Board remuneration policy is available on the Company's website.

Item	31 March 2021	31 March 2020
	KES'000	KES'000
Executive Director's Fees	-	-
Executive Director's Emoluments	46,241	45,428
Non-executive director's Fees	24,276	22,375
Non-executive director's Emoluments	-	-

See more information on the individual directors' remuneration on **pages 96 & 97**

Status of Compliance with the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015

The Company has adopted the Code of Corporate Governance for Issuers of Securities to the Public, 2015. A detailed report on the compliance status as at 31 March 2021 is available on the website.

CEO's Statement

Dear Stakeholders,

I am pleased to present to you the Integrated Annual Report for our financial year ended 31 March 2021. This period is the second financial year into our Centum 4.0 Strategy spanning FY2020 – FY2024.

Excluding the impairment provisions, the Company made a cash operating profit of **KES 245 million.**

A recap of our business model

As an investment company, Centum seeks to generate superior returns for its stakeholders by deploying capital to opportunities that are capable of being scaled up through value creation initiatives. We drive value creation through enhancing and institutionalizing robust governance structures, growing products and markets, resolving operational challenges, and optimizing capital structures.

These active portfolio management efforts lead to growth in value which is realized in form of annuity income or capital gains. Annuity income comprises dividends, fees or interest income earned on the portfolio and is a smaller chunk of the total value realized. Over the past decade, approximately 90% of value created has been realized at the point of disposal of the assets we have exited thus underscoring our track record and importance of exits to completing our value creation and realization cycle.

Company	Industry	% of the company acquired	Cost of investment (Kes bn)	% of investment sold	Holding Period (months)	Dividends since inception (KES bn)	Exit proceeds (KES bn)	Total realized proceeds (KES bn)	Multiple on Cost (MOC)	Gross KES IRR
KWAL Kenya Wine Agencies Ltd	Consumer	26.40%	0.3	100%	96	0.04	1.1	1.1	3.2	20.76%
Rift Valley Railways	Transport	10.00%	0.06	100%	14	-	0.08	0.08	1.3	4.40%
CO_2 Carbacid (CO_2) Limited	Manufacture	22.80%	0.4	100%	23	-	1.2	1.2	2.7	66.90%
Platinum Credit Ltd	Financial Services	36.00%	0.8	100%	63	0.4	2.7	3.2	3	38.90%
UAP	Insurance	24.20%	0.9	100%	69	0.3	5.5	5.8	5.2	39.90%
AON	Insurance	21.50%	0.2	100%	85	0.5	1	1.5	4.9	52.40%
GenAfrica	Asset Management	73.40%	1.1	100%	53	0.4	1.8	2.1	1.9	24.40%
CCS Coca-Cola Sabco Nairobi Bottlers Ltd.	Consumer	53.94%	1.8	100%	126	0.9	9.9	10.8	3.8	25.90%
ALMASI Beverages Limited	Consumer	27.62%	0.7	100%	126	1.4	10.1	11.5	1	34.29%
	Total realisations		**6.3**			**3.8**	**33.4**	**37.2**	**4.35**	**25.8%**

Over the past decade, we have achieved considerable asset growth funded by borrowed capital. We issued two public bonds and took various term loans in the period, and at the commencement of the Centum 4.0 Strategy on 1 April 2019, we reported KES 16 billion of borrowed funds on our balance sheet. In the current strategy period, we set out to repay the debt using proceeds from the disposal of some of our assets. We had cumulatively paid down KES 13 billion net by 31 March 2021, thereby reducing our finance costs significantly.

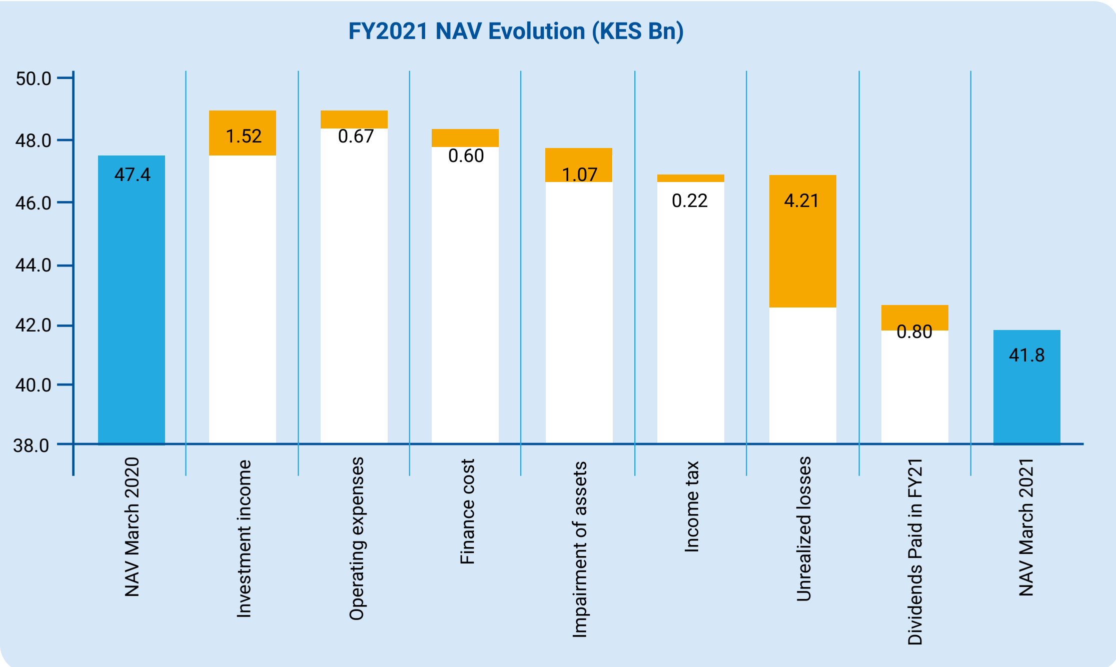
We also made a decision to increase our investment in marketable securities which is a pool of cash-yielding portfolio that generates recurrent income. This recurrent income is what is intended to be used to cover operating costs, pay dividends, and finance new investments in the growth portfolio. We have enhanced the cash yielding portfolio from KES 4.1 billion as of 1 April 2019 to KES 7.5 billion on 31 March 2021. The Company has made a strategic shift to fund the next phase of growth from internally generated capital as opposed to borrowed capital as was previously the case.

Since we resumed dividend payment in FY2016, we have cumulatively paid out KES 4.1 billion. Having accomplished the foregoing objectives of debt repayment and enhancement of recurrent cash income, I believe that the Company is well-positioned the generate sufficient free cash flows into the future that will help improve distributions to shareholders.

FY2020/2021 Business Performance

The Company's profit after-tax improved from a loss of Kes 3.4 billion to a loss of KES 607 million. The bulk of the loss was on account of impairment provisions on fair valuation of the investment portfolio, in line with our conservative asset valuation policy and the prevailing economic conditions. Excluding these impairment provisions, the company made a cash operating profit of KES 245 million. In the year ended 31 March 2021, the company did not dispose any of its assets. In contrast, the Company had recorded a gain on disposal of KES 2.2 billion in the prior period.

The book value of shareholder funds declined by KES 5.6 billion to KES 41.8 billion in the period. This was largely on account of dividends paid, impairment of assets and unrealized losses on revaluation of assets. KES 4.2 billion in unrealized losses and KES 1.1 billion asset impairments were booked following dampened portfolio earnings and depressed multiples arising from the economic impact of Covid 19 pandemic. Additionally, an increase in deferred tax liabilities of the subsidiaries of Centum Real Estate Limited (Centum RE) which impacted the valuations of the real estate portfolio company also significantly contributed to the revaluation losses.



Asset Allocation

The company's portfolio allocation by asset class was as follows as on 31 March:

Table 1: Our portfolio composition

Investments*	31-Mar-2021 KES Millions	31-Mar-2020 KES Millions	31-Mar-2019 KES Millions
Growth Portfolio			
Private Equity Portfolio	9,212	10,234	30,850
Real Estate Portfolio	30,217	36,880	35,854
Total Growth Portfolio	**39,429**	**47,114**	**66,704**
Marketable Securities and Cash	7,534	8,965	4,087
	46,964	**56,079**	**70,791**
Other Assets	552	771	853
Total Assets	**47,515**	**56,850**	**71,644**
Borrowings	(4,122)	(7,486)	(16,145)
Other Liabilities	(1,571)	(1,926)	(2,899)
Shareholder Funds	**41,822**	**47,438**	**52,600**

** This classification is from the perspective of an investment company and may slightly differ from the financial statements, which are presented strictly in accordance with the IFRS requirements*

The significant weight of the real estate portfolio is due to value accretion over time as opposed to actual cash investment by Centum in the segment. We first ventured into the real estate asset class back in 2010/2011 and have since acquired bare parcels of land in Two Rivers (Nairobi, Kenya), Vipingo (Kilifi, Kenya) and Pearl Marina (Entebbe, Uganda). In line with our business model explained earlier, the vision was to embark on value creation out of these assets to build and grow cash generating assets that could be sold off to strategic investors at a significant value uplift on our initial investment.

These assets have gained value over time and attracted third party capital as we master planned them, secured development approvals, and put in best-in-class infrastructure.

Our real estate portfolio today comprises investment grade assets that are cash generating, are credit rated and well positioned for full or partial exits to unlock capital for redeployment. As we monetize, the total portfolio will be naturally rebalanced towards our strategic allocation targets.

Closing the Price to NAV Gap

As stated in my last year's letter, we are working to implement various strategies that seek to narrow the price to value gap that exists between Centum's share price and net asset value per share. Based on the market feedback we have received, the gap arises from factors such as information gap and higher risk perceptions.

To address the information gaps, our investor relations team will be enhancing the Company's stakeholder engagement for a better understanding of our business model and core values drivers. We are also reviewing our financial reporting framework in line with current developments in the IFRS to simplify reports and enable the market better track and forecast the metrics that are relevant to Centum as an investment holding company.

On risk perceptions, the market assessed higher portfolio liquidity risks and financial risks on the Company. We have effectively mitigated both risks under the Centum 4.0 strategy.

Over the last two years, we have improved the overall liquidity profile of the Company by increasing the allocation to marketable securities from KES 4.1 billion to KES 7.5 billion, with 90% of the portfolio invested in fixed-income securities. This has a dual impact:

1) It enhances the annuity cash returns which fully cover operating costs and finance costs. Thus, in FY2021 the Company reported KES 245 million surplus cash operating profits, part of which has been proposed for dividend payment

2) It provides a sufficient liquidity buffer which leaves the company well-positioned to take up any attractive opportunities that may emerge.

To address the financial risk concerns, Centum embarked on debt reduction at the onset of Centum 4.0 and has since paid down long-term debt from Kes 16 billion at the beginning of the strategy period to Kes 3 billion at the close of FY2021. Consequently, we have seen finance costs reduce by 67% in FY2021.

We expect that the lower finance costs should result in increased operating profits that would be available for distribution to shareholders going forward.

CEO's Statement

Table 2: Performance against the 4.0 strategic pillars

<table>
<tr><th>Centum 4.0 Objective</th><th>Actual Performance in the 2020/2021 Financial Year</th></tr>
<tr><td>Return and Dividend payout:
1. Generate a minimum return on equity of 20%.
2. Optimize dividend payout to the higher of 30% of the cash annuity income and the previous year's dividend income.</td><td>1. We achieved an average gross return on equity of -6% in FY2020/2021 as detailed below. This was against the backdrop of Covid 19 pandemic which curtailed business activity and dampened portfolio performance.
<table>
<tr><th>Portfolio Class</th><th>Mar-21</th><th>Mar-20</th></tr>
<tr><td>Private Equity Portfolio</td><td>(6%)</td><td>13%</td></tr>
<tr><td>Real Estate Portfolio</td><td>(9%)</td><td>(2%)</td></tr>
<tr><td>Marketable Securities</td><td>12%</td><td>8%</td></tr>
<tr><td>Gross portfolio weighted return</td><td>(6%)</td><td>5%</td></tr>
</table>
2. We have paid KES 1.6 billion in dividends over the past two years and the board has recommended an additional payment of KES 219 million.</td></tr>
<tr><td>Capital structure and liquidity:
1. Repayment of all long-term borrowings.
2. Enhance of high yield portfolio to generate sustainable annuity cash income that covers fixed obligations</td><td>1. We began the year with a KES 6.6 billion public bond that matured in June 2020 and we fully redeemed the debt. Thus we have reduced long term debt from KES 16 billion in March 2019 to KES 3 billion in March 2021.
2. We have increased the Marketable Securities Portfolio values from KES 4.1 billion in March 2019 to KES 7.5 billion in March 2021 in line with our strategic objectives.
3. Going forward, we shall liquidate mature businesses in our Private Equity portfolio and redeploy the proceeds to the Marketable Securities Portfolio in order to enhance a stable stream of cash returns that fully cover operating expenses, dividend distributions and reinvestments in the Growth portfolio.
4. We are also seeking new investment opportunities for our growth portfolio that meet our relative profitability targets measured by Internal Rate of Return and the Absolute return targets measure by the Net Present Value.
5. We are also working on rebalancing the portfolio and will seek to reduce our holdings in the real estate portfolio so as to reduce concentration risk.</td></tr>
<tr><td>Operating costs
1. Maintain an average operating cost to cash annuity income ratio at a maximum of 30%.</td><td>1. In the period to March 2021, we achieved 44% Cost-to-income ratio (vs 50% in FY2020). With enhanced income and cost rationalization, we are on course to achieving less than 30% cost to income ratio.</td></tr>
<tr><td>Portfolio focus
1. Maintain focus on two portfolios with target asset allocations as follows:
✓ Growth Portfolio 80 - 90% split as:
• Real estate: 45%-55%
• Private equity: 30%-40%
✓ Marketable securities: 10%-20%</td><td>1. At close of March 2021, our portfolio allocation was:
✓ Growth Portfolio 84% split as:
• Real estate: 63.5%
• Private equity: 20.5%
✓ Marketable securities: 16%

We are actively seeking to rebalance the portfolio through monetization of mature assets and redeployment of proceeds. Thus, our 24 months outlook on the portfolio composition is:
✓ Growth Portfolio 85% split as:
• Real estate: 55%
• Private equity: 30%
✓ Marketable securities: 15%</td></tr>
</table>

Portfolio review

In FY2021, our portfolio companies suffered reduced business activity on the back of the economic impact of the Covid 19 pandemic. Thus, dividend income to Centum from the portfolio was reduced by 70% in FY2021 compared to the previous period. This was occasioned by the need to preserve liquidity within the businesses to weather the tough economic environment. The businesses remained resilient with half of the portfolio companies recording profits and none of them made any capital calls to Centum during the year.

The decline in business performance coupled with depressed market multiples adversely affected valuations of the portfolio companies leading to revaluation losses being booked. Additionally, the poor valuations and low transaction activity in the private capital markets led us to put on hold some planned exits and we, therefore, did not make any disposal in the financial year ended March 2021. This contrasts with the year before when we made exits worth Kes 19.5 billion. Our growth portfolio companies remain well-diversified with exposure to education, publishing, agribusiness, financial services, automotive, airline catering, power, and real estate sectors. Some of the key assets in our pool of growth portfolio include Sidian Bank, Zohari Leasing, Nabo Capital, Isuzu East Africa, NAS Servair, Longhorn Publishers, SABIS International School, Akiira Geothermal, Greenblade Growers, and Centum Real Estate.

Whereas the above pool of assets generates to Centum some cash yield in form of a dividend, interest, and fee income, our key strategy for them is to grow their value and realise a significant capital uplift when we eventually exit them at valuations that are many times higher than the capital initially deployed to them. The envisioned growth is to be achieved through active portfolio management and engagement with portfolio company management teams to implement various value creation levers. During the financial year ended March 2021, we successfully executed certain value creation initiatives in the various portfolio companies as highlighted below:

Sidian Bank: We completed a business transformation initiative led by Centum Capital Partners Transformation Office. This entailed a review of strategy, improvement of business process and delivery channels as well as culture shift to a more customer-oriented business. I am pleased to note the turnaround in performance that these efforts have yielded, with the bank posting Kes 251 million profit after tax for the six months to 30 June 2021 compared to a loss after tax of Kes 105 million the bank booked in a similar prior period.

Greenblade Growers:
The business is involved in horticulture and farms exotics herbs at Ol Kalou in Nyandarua County in Kenya, for export to European markets. We recruited an experienced agronomist for Greenblade at the beginning of FY2021 and during the financial year, the business recorded a significant improvement in production efficiency thereby doubling crop yield per square meter. We further reviewed its processes and worked with management to enhance efficiencies across its farm-to-market logistics chain. The business recorded better profit margins and is now focused on scaling up and strengthening its systems to grow its market share.

Isuzu East Africa: In the last three years, Isuzu has completed Kes 2 billion capacity expansion. The business now has an installed capacity of 11,000 units per year which puts it in a pole position to meet the growing demand across East Africa. The company has maintained market leadership and consistently increased its market share from 23% in 2011 to 46% in 2021. Despite the tough business environment in FY2021, Isuzu is one of the portfolio companies that maintained a dividend payout owing to a resilient performance.

Longhorn Publishers: This business was impacted by school closures in its various markets as part of governments efforts to curb the spread of Covid-19. However, the publisher's fundamentals remained strong with a 24.5% market share in Kenya and continued geographical expansion to increase its African footprint. The business also continues to capitalize on digital delivery channels to diversify its product offerings and grow new revenue streams.

Centum Real Estate: Our real estate entities were fully consolidated under a single holding company called Centum Real Estate Limited. This entity is 100% owned by Centum Investment Company Plc and it, in turn, owns Vipingo Development Limited (100%), Centum Development Kenya Limited (100%), and Pearl Marina Estates Limited (100%).

Centum Real Estate's carrying value stood at Kes 22.6 billion on 31 March 2021. This reflects the embedded value we have created over the past decade as we developed the assets into independent cash-generating businesses of significant scale. In that period, we invested Kes 7.8 billion to drive the various value creation efforts. In FY2021, Centum RE paid down part of this capital to the tune of Kes 4.5 billion from its operating cash flows and third-party capital raise, therefore reducing our net investment to Kshs 3.3 billion. During the financial year ended March 2021, Centum RE completed and handed over to clients about 400 units thereby cementing its track record of delivering to promise.
In its pipeline, Centum Real Estate had several residential projects under construction with a revenue potential of Kes 19 billion of which 63% of the units had been sold.

These projects present a total profit potential of Kes 6.2 billion of which Kes 4.5 billion is potentially distributable to Centum.
Centum RE also continues to sell development rights and had closed Kes 2 billion worth of such sales as of 31 March 2021 out of which Kes 1 billion would be available for distribution once the development rights are fully paid for. The sale of development rights is a unique approach to land monetization whereby rather than selling serviced land parcels, Centum Real Estate de-risks the assets by master planning, securing development approvals, and putting in place basic utility infrastructure to provide shovel ready sites to third party developers.

CEO's Statement

This model significantly reduces infrastructure costs, saves time, and reduces risks to the buyer of development rights.

During the financial year 2020/2021, Centum Real Estate secured an investment-grade credit rating by Global Credit Ratings (GCR). As part of rebalancing Centum's overall portfolio, we shall be seeking to partially exit Centum Real Estate to a strategic investor over the remainder of Centum 4.0 strategy period.

Two Rivers Development Limited (TRDL): Centum holds a 58% stake in TRDL which in turn holds 50% in Two Rivers Lifestyle Centre Limited (Two Rivers Mall) and fully owns the rest of Two Rivers mixed-use development. The TRDL group made a consolidated loss of Kes 1.9 billion which negatively impacted Centum's consolidated performance. This loss arose from the heavy finance costs due to the capital structure of the Two Rivers entities and the management has embarked on a review of the capital structure to rebalance debt and equity that suits the underlying business.

We expect the balance sheet restructure to be completed by the end of the current financial year which will lead to a significant improvement in the performance of the TRDL Group.

Marketable Securities Portfolio ("MSP"): This is our pool of cash-yielding liquid securities. The portfolio was valued at Kes 7.5 billion at the close of FY2021 representing 16% of Centum's total portfolio in line with the Centum 4.0 Strategy target. The primary rationale of this portfolio is to generate recurrent cash income which counterbalances the growth portfolio where the significant source of return is in the form of capital uplifts that we monetize either through exits or repayment of shareholder loans.

The recurrent cash income will be used to finance dividend payments, operating costs and the balance will be used to finance new investments.

The portfolio is managed by Nabo Capital – a 100% owned subsidiary of Centum that also offers fund management services to third parties.

In FY2021, the portfolio made an average annualized net return of 12% per annum. Since this is a liquidity portfolio, we have made a strategic allocation of over 90% to fixed income and cash equivalents.

Marketable Securities Portfolio Allocation – 31 March 2021	%
Equities	1%
Fixed Income: Government	43%
Fixed Income: Corporate	30%
Cash	21%
Mutual Funds	6%
Total	100%

Business Outlook

We are cautiously optimistic about the new financial year (FY2022), having witnessed a strong recovery in performance across our portfolio companies and we hope that this recovery will not be interrupted by any unforeseen external economic shocks.

We are 24 months into the Centum 4.0, the last 12 months of which have been plagued by the coronavirus global pandemic which has made the business environment quite challenging. Nonetheless, we have made major strides towards achieving our objectives for the strategy period as highlighted below.

We had targeted to pay down the entire long-term debt of Kes 16 billion that was outstanding as of 31 March 2019. As of the end of the current financial year, we had paid down Kes 13 billion and reduced our long-term debt to Kes 3 billion representing 81% achievement of the target.

In Centum 4.0, we had targeted to enhance the Marketable Securities Portfolio to KES 7.5 billion by March 2021. We are pleased that we achieved the target with a closing portfolio value of KES 7.5 billion. The objective of this portfolio is to generate a consistent cash income to cover dividends to shareholders, operating costs, and the balance to meet reinvestment requirements.

Following the completed reorganization of our real estate assets (excluding our 58% stake in TRDL) under Centum RE, the business is now an independent portfolio company with an independent board and management team. Centum RE in the period distributed to the Centum Investment Plc Kes 4.5 billion in the form of interest and shareholder loan repayments. This distribution represents 58% of the KES 7.8 billion we have invested in Centum RE. This business is on track to making additional distributions in the year to March 2022 on the back of a robust sales pipeline for both residential projects and development rights and is well-positioned for a possible exit.

Growing the existing portfolio: We have developed value creation plans for each of our existing assets to position them for growth over the remaining strategy period. These comprise initiatives that will enable the businesses to optimize operations and capitalize on market opportunities that emerge post-covid 19 and beyond.

Sustainability and Social Responsibility

Our business strategy embeds social responsibility with due regard for environmental, social and governance issues as we go about our commercial pursuits. We have undertaken various corporate social responsibility initiatives aligned to the UN sustainable development goals.

Table 4: Our CSR initiatives in FY2021

UN SDGs addressed	Our Initiatives	Impact
4 QUALITY EDUCATION	1. Vipingo Scholarships: Additional 50 bright and needy students from the Vipingo community awarded scholarships bringing the total number of beneficiaries to date to 250 students. 2. Scholarships awarded to students at Alliance High School. 3. We furnished Mathari Primary's Library with 700 books, 8 tables, 16 benches and a cupboard.	✓ Supporting needy students to transition into secondary education through scholarship programs. All our sponsored students scored B+ and above and will be joining top universities to further their education. ✓ Improved school infrastructure for better quality learning environment for thousands of students.
6 CLEAN WATER AND SANITATION	1. Completed Phase 1 of KES 467 million Vipingo sea water desalination plant with a capacity of 1.5 million liters per day. 2. We run the Two Rivers water treatment plant with an installed capacity of 2 million liters per day. In FY2021, we donated approximately 15 million litres of pottable water to the nearby Githogoro informal settlement.	✓ Millions of visitors and thousands of residents of Two Rivers and Vipingo are assured of safe clean water and highest standards of sanitation. ✓ Enhancing access to safe clean water for domestic use and sanitation.
8 DECENT WORK AND ECONOMIC GROWTH	1. At Vipingo, we run fully sponsored vocational technical training programs which are aimed at equipping youth from the neighboring community with technical skills to gain access to employment opportunities. 2. Ajiry platform developed by Tribus-TSG (a Centum subsidiary) with objective of addressing the youth unemployment challenge and has rolled out: ▪ Ajiry App launched in May 2019 provides a platform where skilled and semi-skilled job seekers easily connect to potential employers. ▪ Ajiry Centres set up in 13 counties to provide self-employed youth with training in business, financial literacy, and access to markets for their products and services.	✓ Over 100 beneficiaries have graduated from our Vipingo Technical Training program and secured gainful employment within and beyond Vipingo Development. ✓ Ajiry App has enlisted over 30,000 skills, advertised more than 10,000 jobs, and connected over 8,000 job seekers to opportunities. ✓ Leading fields of interest on the platform have been Technology and Engineering which are key drivers for economic growth.

Conclusion

I am also very grateful to the staff and management team who have worked tirelessly to achieve these results and kept us on track with respect to our Centum 4.0 objectives despite the difficult times.

Jmworia.

Dr. James Mworia
Chief Executive Officer

Taarifa ya Afisa Mkuu Mtendaji

Hamjambo Wadau,

Nina furaha kuwasilisha kwenu Ripoti Jumuishi ya kila Mwaka ya mwaka wetu wa kifedha uliokamilika tarehe 31 Machi, 2021. Kipindi hiki kilikuwa mwaka wa pili wa kifedha ndani ya Mkakati wetu wa Centum 4.0 ambao utadumu baina ya Mwaka wa kifedha wa 2020 - Mwaka wa Kifedha wa 2024.

Tukiondoa kiasi hiki cha kudhoofika, kampuni ilipata faida ya fedha za utendaji ya **shilingi milioni 245**.

Muhtasari wa mfumo wetu wa biashara

Kama kampuni ya uwekezaji, tunalenga kuzalisha mapato ya juu kwa wadau wetu kwa kuweka mtaji katika fursa ambazo zina uwezo wa kuimarishwa kupitia mipango ya kuunda thamani. Tunakuza uundaji wa thamani kwa kuzidisha na kuweka katika taasisi miundo thabiti ya utawala, kukuza bidhaa na masoko, kutatua changamoto za kiutendaji, na kuboresha miundo ya mtaji. Juhudi hizi za usimamizi wa uwekezaji huchangia ukuaji katika thamani ambayo tunaitambua awali kuwa uhamishaji wa haki wa thamani kupitia kwa mapato mengine kamili na yanabainika kama mapato ya fedha kwa mwaka au faida ya mtaji baada ya kuuza mgao wetu au kampuni tuliyowekeza kulipa mikopo ya wanahisa ambayo ilikuwa imekopeshwa na Centum.

Mapato ya mwaka yanajumuisha mgawo, ada au mapato ya riba kutokana na uwekezaji na ni sehemu ndogo ya thamani ya jumla inayopatikana. Katika mwongo uliopita, takriban asilimia 90% ya thamani iliyoundwa imebainika katika hatua ya uuzaji wa mali kwa bei ambayo ni ya juu kwa mara kadhaa kuliko gharama ya mwanzo. Hii inashadidia rekodi yetu na umuhimu wa mauzo ili kukamilisha uundaji wetu wa thamani na mzunguko wa utambuzi.

Kampuni	Uwanja	% inayomilikiwa ya kampuni	Gharama ya uwekezaji (Bilioni Shilingi za Kenya)	% ya uwekezaji iliyouzwa	Muda wa umiliki (miezi)	Migawo tangu kuanzishwa (Bilioni Shilingi za Kenya)	Mapato kutokana na mauzo (Bilioni Shilingi za Kenya)	Jumla ya mapato yaliyopatikana (Bilioni Shilingi za Kenya)	Uzidishaji wa Gharama (MOC)	Jumla ya Kiwango cha Ndani cha Mapato (Shilingi za Kenya)
KWAL Kenya Wine Agencies Ltd	Matumizi	26.40%	0.3	100%	96	0.04	1.1	1.1	3.2	20.76%
Rift Valley Railways	Usafirishaji	10.00%	0.06	100%	14	-	0.08	0.08	1.3	4.40%
CO_2 Carbacid (CO_2) Limited	Utengenezaji	22.80%	0.4	100%	23	-	1.2	1.2	2.7	66.90%
Platinum Credit Ltd	Huduma za kifedha	36.00%	0.8	100%	63	0.4	2.7	3.2	3	38.90%
UAP	Bima	24.20%	0.9	100%	69	0.3	5.5	5.8	5.2	39.90%
AON	Bima	21.50%	0.2	100%	85	0.5	1	1.5	4.9	52.40%
GenAfrica	Usimamizi wa Mali	73.40%	1.1	100%	53	0.4	1.8	2.1	1.9	24.40%
CCS Coca-Cola Sabco Nairobi Bottlers Ltd.	Matumizi	53.94%	1.8	100%	126	0.9	9.9	10.8	3.8	25.90%
Almasi Beverages Limited	Matumizi	27.62%	0.7	100%	126	1.4	10.1	11.5	1	34.29%
	Jumla ya Mapato		**6.3**			**3.8**	**33.4**	**37.2**	**4.35**	**25.8%**

Katika mwongo mmoja uliopita, tulikuwa tumefikia ukuaji mzuri wa mali uliolipiwa na mtaji wa kukopwa. Tulitoa dhamana mbili za umma na kuchukua mikopo kadhaa katika kipindi hiki na mwanzoni mwa Mkakati wa Centum 4.0 mnamo tarehe 1 Aprili 2019, tuliripoti kuwa tumekopa shilingi bilioni 16 kwenye taarifa yetu ya hali ya fedha. Katika kipindi cha sasa cha mkakati, tulilenga kulipa deni hili kwa kutumia mapato kutoka kwa uuzaji wa baadhi ya mali zetu. Kwa pamoja tulikuwa tumelipa shilingi bilioni 13 kufikia tarehe 31 Machi 2021, jambo lililopunguza gharama zetu za kifedha kwa kiasi kikubwa.

Aidha, tulifanya uamuzi wa kuongeza hisa zinazoweza kuuzika ambazo ni hazina ya uwekezaji unaozaa fedha na ambazo huzalisha mapato ya kujirudia. Mapato haya ya kujirudia ndiyo tunalenga kutumia kushughulikia gharama za utendaji, kulipa mgawo, na kufadhili uwekezaji mpya katika uwekezaji unaokua. Tumeongeza uwekezaji unaozaa fedha kutoka shilingi bilioni 4.1 kufikia tarehe 1 Aprili 2019 hadi shilingi bilioni 7.5 kufikia tarehe 31 Machi 2021. Kampuni ilifanya mabadiliko ya kimkakati ili kufadhili awamu inayofuata ya ukuaji kutokana na mtaji uliozalishwa ndani kwa ndani kinyume na mtaji wa kukopwa kama hali ilivyokuwa hapo awali. Tangu turejelee kulipa mgawo katika mwaka wa kifedha wa 2016, tumelipa jumla ya shilingi bilioni 4.1. Kwa kuwa tumetimiza malengo yaliyotajwa ya kulipa deni na kuzidisha mapato ya fedha yanayojirudia, naamini kwamba Kampuni ipo katika nafasi nzuri ya kuzalisha mtiririko wa fedha za kutosha kwenda mbele ambao utatusaidia kuimarisha mgawo kwa wanahisa.

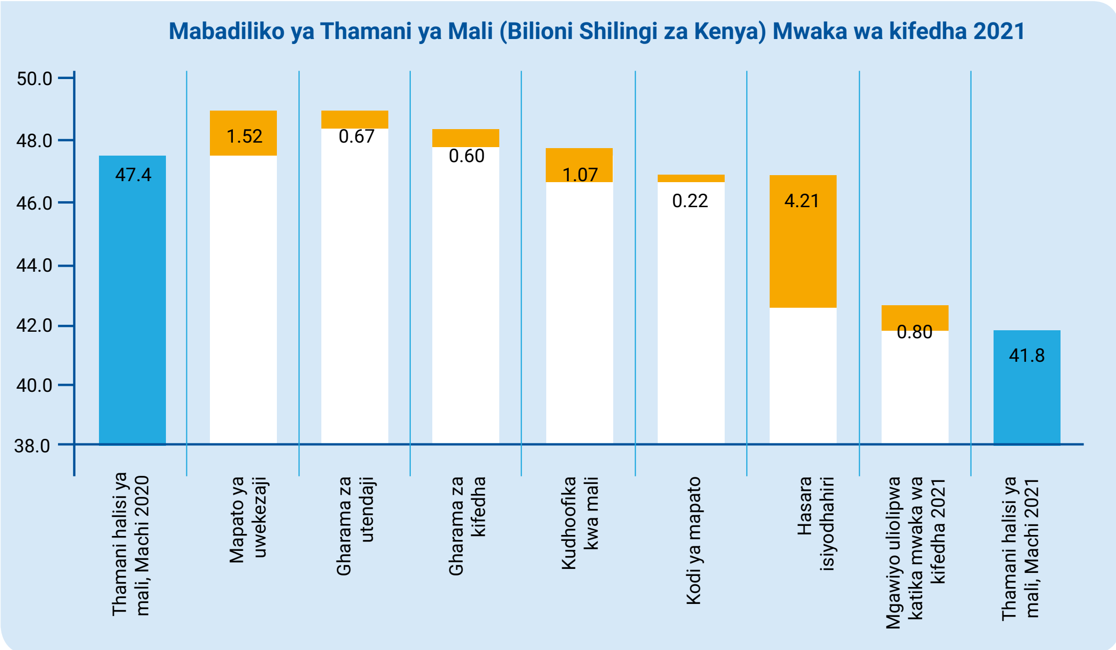
Utendaji wa Biashara katika Mwaka wa Kifedha wa 2020/2021

Faida ya Kampuni baada ya kulipa kodi iliimarika kutoka hasara ya shilingi bilioni 3.4 hadi hasara ya shilingi milioni 607. Hasara kuu ilitokana na kiasi cha kudhoofika kwa thamani faafu ya uwekezaji, kwa mujibu wa sera yetu ya tahadhari

Taarifa ya Afisa Mkuu Mtendaji

katika kuweka thamani ya mali na hali za kiuchumi zilizopo. Tukiondoa kiasi hiki cha kudhoofika, kampuni ilipata faida ya fedha za utendaji ya shilingi milioni 245. Katika mwaka uliokamilika tarehe 31 Machi, 2021 kampuni haikuuza mali yoyote. Kinyume chake, kampuni ilirekodi mapato ya shilingi bilioni 2.2 kutokana na uuzaji katika kipindi kilichotangulia.

Thamani katika vitabu ya fedha za wanahisa ilipungua kwa shilingi bilioni 5.6 hadi shilingi bilioni 41.8 katika mwaka uliokamilika tarehe 31 Machi 2021. Hii pakubwa ni kutokana na mgawo uliolipwa, kudhoofika kwa rasilimali na hasara zisizodhahiri kutokana na tathmini mpya ya thamani ya mali. Tuliandikisha hasara isiyodhahiri ya shilingi bilioni 4.2 na kudhoofika kwa mali kwa shilingi bilioni 1.1 kutokana na kupungua kwa mapato ya uwekezaji na shinikizo zilizotokana na athari za kiuchumi za janga la Covid 19. Zaidi ya hayo, ongezeko katika dhima ya kodi iliyoahirishwa ya tawi la Centum Real Estate Limited (Centum RE) ambalo liliathiri thamani ya uwekezaji katika kampuni ya mashamba na nyumba pia lilichangia hasara za tathmini mpya ya thamani.



Mgao wa Mali

Mgao wa uwekezaji wa Kampuni kwa kiwango cha mali ulikuwa kama ifuatavyo kufikia tarehe 31 Machi:

Jedwali 1: Vijenzi vya Uwekezaji Wetu

Uwekezaji*	**31-Machi-2021 KES Millions**	**31-Machi-2020 KES Millions**	**31-Machi-2019 KES Millions**
Uwekezaji Unaokua			
Mtaji wa Kibinafsi	9,212	10,234	30,850
Mashamba na Nyumba	30,217	36,880	35,854
Jumla ya Uwekezaji Unaokua	**39,429**	**47,114**	**66,704**
Hisa zinazouzika na fedha	**7,534**	**8,965**	**4,087**
	46,964	**56,079**	**70,791**
Jumla ya Uwekezaji	552	771	853
Jumla ya Mali	**47,515**	**56,850**	**71,644**
Mikopo	(4,122)	(7,486)	(16,145)
Dhima Nyinginezo	(1,571)	(1,926)	(2,899)
Fedha za Wanahisa	**41,822**	**47,438**	**52,600**

** Maelezo haya ni kwa mtazamo wa kampuni ya uwekezaji na huenda yanatofautiana kidogo na ripoti za Kifedha, zinawasilishwa mahususi kwa mujibu wa mahitaji ya IFRS*

Uzito uliopo katika uwekezaji wa mashamba na nyumba ni kutokana na kuongezeka kwa thamani kadri muda unavyopita ila sio uwekezaji halisi wa fedha na Centum katika kitengo hiki. Tulijiingiza katika mali ya mashamba na nyumba mnamo 2010/2011 tuliponunua mashamba ambayo hayajalimwa au kujengwa pale Two Rivers (Nairobi, Kenya), Vipingo (kilifi, Kenya) na Pearl Marina (Entebbe, Uganda). Kuambatana na mfumo wetu wa biashara ulioelezwa hapo awali, maono yalikuwa kuanza kuongeza thamani katika mali hizi ili kujenga na kukuza mali zinazozalisha fedha ambazo zingeuzwa kwa wawekezaji maalum kwa thamani ya juu kuliko uwekezaji wetu wa mwanzo. Mali hizi zimeimarika kithamani kadri muda unavyopita na zimevutia mtaji kutoka kwa washiriki wa nje kama tulivyokuwa tumepanga, tumepata idhini ya kuziendeleza, na kuweka miundombinu bora zaidi ya kisasa. Uwekezaji wetu katika mashamba na nyumba leo hii unajumuisha mali za daraja ya uwekezaji ambazo zinazalisha fedha, zimechanganuliwa na zimewekwa tayari kwa uuzaji kamili au wa sehemu yake ili kupata mtaji wa kuelekezwa upya. Kadri tunavyougeuza kuwa fedha, uwekezaji wa jumla utasawazika upya kuelekea kwa viwango vya kimkakati vya mgao.

Kupunguza pengo baina ya Bei na Thamani halisi ya Mali

Kama ilivyotajwa katika barua ya mwaka jana, tunafanya bidii kutekeleza mikakati mbalimbali ambayo inalenga kupunguza pengo baina ya bei na thamani halisi ya mali ambalo lipo baina ya bei ya hisa ya Centum na thamani halisi ya mali kwa kila hisa. Kwa mujibu wa mwitikio tuliopokea kutoka kwa soko; pengo linatokana na masuala kama vile pengo la taarifa na utambuzi wa juu wa hatari.

Ili kushughulikia pengo hili la taarifa, kikosi chetu cha mahusiano ya wawekezaji kitazidisha ushiriki wa wadau wa Kampuni ili waelewe vyema zaidi mfumo wetu wa biashara na maadili ya kimsingi yanayotuongoza. Aidha, tunahakiki mfumo wetu wa kutoa ripoti za kifedha kuambatana na maendeleo ya sasa katika IFRS ili kusahilisha ripoti na kuwezesha soko kufuatilia na kutabiri vyema vipimo ambavyo ni muhimu kwa Centum kama kampuni ya uwekezaji. Kuhusu ufahamu wa hatari, soko limetathmini hatari za ukwasi wa uwekezaji wa juu na hatari za kifedha kwa Kampuni.

Tumefanikiwa katika kupunguza hatari zote mbili kupitia kwa mkakati wa Centum 4.0.

Katika miaka miwili iliyopita, tumeimarisha hali ya jumla ya ukwasi wa Kampuni kwa kuongeza mgao wa hisa inayoweza kuuzika haraka kutoka shilingi bilioni 4.1 hadi shilingi bilioni 7.5, huku asilimia 90 ya uwekezaji ikiwa katika dhamana za mapato yasiyohamishika. Hii ina athari mbili:

1) Imeongeza mapato ya fedha za mwaka ambazo zinashughulikia kikamilifu gharama za utendaji na gharama za fedha. Hivyo basi, katika mwaka wa kifedha wa 2021, Kampuni iliripoti shilingi milioni 245 kama ziada ya faida ya fedha za utendaji, sehemu yake ikiwa ndiyo imependekezwa kulipa mgawo.

2) Inatoa kinga ya kutosha ya ukwasi ambayo inaiacha kampuni katika nafasi nzuri ya kutumia fursa zozote nzuri ambazo huenda zikatokea.

Ili kushughulikia shauku za hatari za kifedha, Centum ilianza kupunguza deni mwanzoni mwa Centum 4.0 na tangu wakati huo imelipa madeni ya muda mrefu kutoka shilingi bilioni 16 mwanzoni mwa kipindi cha mkakati hadi shilingi bilioni 3 kufikia mwishoni mwa mwaka wa kifedha wa 2021. Kwa sababu hiyo, tumeshuhudia kupungua kwa gharama za kifedha kwa asilimia 67 katika mwaka wa kifedha wa 2021.

Tunatarajia kwamba gharama za chini za kifedha zitazalisha nyongeza katika faida ya utendaji ambayo itapatikana kwa utoaji kwa wenye hisa kwenda mbele.

Taarifa ya Afisa Mkuu Mtendaji

Jedwali 2: Utendaji dhidi ya nguzo za kimkakati za 4.0

<table>
<tr><th>Lengo la Centum 4.0</th><th>Utendaji halisi katika mwaka wa kifedha wa 2020/2021</th></tr>
<tr><td>Mapato na malipo ya mgawo:
1. Kuzalisha angalau asilimia 20% ya mapato kwa mtaji.
2. Kuboresha malipo ya mgawo kwa kiwango cha juu hadi asilimiia 30% ya mapato ya fedha kwa mwaka na mapato ya mgawo katika mwaka uliopita.</td><td>1. Tulifikia jumla ya mapato kwa mtaji ya -6% katika mwaka wa kifedha wa 2020/2021 kama ilivyoelezewa hapa chini. Hii ilichangiwa na janga la Covid-19 ambalo lilikatiza shughuli za biashara na kudhoofisha utendaji wa uwekezaji.
<table>
<tr><th>Daraja la uwekezaji</th><th>Machi-21</th><th>Machi-20</th></tr>
<tr><td>Mtaji wa Kibinafsi</td><td>(6%)</td><td>13%</td></tr>
<tr><td>Mashamba na Nyumba</td><td>(9%)</td><td>(2%)</td></tr>
<tr><td>Hisa zinazoweza kuuzika:</td><td>12%</td><td>8%</td></tr>
<tr><td>Mapato ya Jumla ya Uwekezaji</td><td>(6%)</td><td>5%</td></tr>
</table>
2. Tumelipa mgawo wa shilingi bilioni 1.6 katika miaka miwili iliyopita na bodi imependekeza malipo ya ziada ya shilingi milioni 219.</td></tr>
<tr><td>Muundo wa Mtaji na ukwasi:
1. Kulipa madeni yote ya muda mrefu inavyohitajika.
2. Ukuzaji wa Uwekezaji wa Hisa zinazoweza kuuzika ili kuzalisha mapato endelevu ya fedha kwa mwaka ambayo yatashughulikia majukumu ya kudumu.</td><td>1. Tulianza mwaka kwa dhamana ya umma ya shilingi bilioni 6.6 ambayo ilikomaa mnamo Juni 2020 na tumeweza kulipa deni lote. Hivyo basi tumepunguza deni letu la muda mrefu kutoka shilingi bilioni 16 mnamo Machi 2019 hadi Shilingi bilioni 3 mnamo Machi 2021.
2. Tumeongeza thamani ya Uwekezaji wa Hisa zinazoweza Kuuzika kutoka shilingi bilioni 4.1 mnamo Machi 2019 hadi shilingi bilioni 7.5 kufikia Machi 2021 kuambatana na malengo yetu ya kimkakati.
3. Kwenda mbele, tutauza biashara zilizokomaa katika uwekezaji unaokua na kuelekeza upya mapato tutakayopata kwa Uwekezaji wa Hisa Zinazoweza Kuuzika ili kuimarisha mtiririko thabiti wa matapo ya fedha ambayo yataweza kushughulikia gharama za utendaji, usambazaji wa mgawo na kuweka upya katika uwekezaji unaokua.
4. Aidha, tunasaka fursa mpya za uwekezaji kwa ajili ya uwekezaji unaokua ambao utafikia malengo yetu ya faida yaliyopimwa na Kiwango cha ndani cha Mapato na malengo ya mapato Kamili yaliyopimwa na Thamani halisi ya Sasa.
5. Tunajitahidi pia kusawazisha upya uwekezaji na tutalenga kupunguza umiliki wetu katika uwekezaji wa mashamba na nyumba ili kupunguza urundikaji wa hatari.</td></tr>
<tr><td>Gharama za Utendaji
1. Kudumisha wastani wa gharama za utendaji dhidi ya mapato ya fedha kwa mwaka kwa kiwango cha uwiano kisichozidi asilimia 30%.</td><td>1. Katika kipindi kufikia Machi 2021, tulifikia asilimia 44% ya kiwango cha uwiano wa gharama dhidi ya mapato (ikilinganishwa na asilimia 50% katika mwaka wa kifedha wa 2020). Kwa kuzidisha mapato na kurekebisha gharama, tupo katika hali nzuri ya kufikia kiwango cha uwiano wa chini ya asilimia 30% wa gharama dhidi ya mapato.</td></tr>
<tr><td>Lengo la Uwekezaji
1. Kukazia uangalifu kwa viwango vitatu vya kibiashara tukilenga viwango vya mgao wa mali ifuatavyo:
✓ Mashamba na Nyumba: asilimia 45%-55%
✓ Mtaji wa Kibinafsi: asilimia 30%-40%
✓ Hisa zinazoweza kuuzika: asilimia 10%-20%
✓ Uwekezaji wa Maendeleo asilimia 0%</td><td>1. Kufikia mwishoni mwa Machi 2021, mgao wa uwekezaji wetu ulikuwa ifuatavyo:
✓ Mashamba na Nyumba: asilimia 63.5%
✓ Mtaji wa Kibinafsi (Uwekezaji wa Ukuaji na Maendeleo): asilimia 20.5%
✓ Hisa zinazoweza kuuzika: asilimia 16%
1. Tunalenga kwa makusudi kusawazisha upya uwekezaji kupitia kwa uuzaji wa mali zilizokomaa na kuweka upya mapato hayo. Hivyo basi, matarajio yetu kwa miezi ishirini na minne inayofuata kuhusu vijezi vya uwekezaji wetu ni:
✓ Mashamba na Nyumba: asilimia 55%
✓ Mtaji wa Kibinafsi: asilimia 30%
✓ Hisa zinazoweza kuuzika: asilimia 15%</td></tr>
</table>

Muhtasari wa Uwekezaji

Katika mwaka wa kifedha wa 2021, kampuni tulizowekeza zilipungukiwa na shughuli za biashara kutokana na athari za kiuchumi za janga la Covid-19. Hivyo basi, mapato ya mgawo kwa Centum kutokana na uwekezaji yalipungua kwa asilimia 70% katika mwaka wa kifedha wa 2021 ikilinganishwa na kipindi kilichotangulia. Hali hii ilitokana na haja ya kuhifadhi ukwasi ndani ya biashara ili kukabiliana na mazingira magumu ya kiuchumi. Biashara zilibaki imara huku nusu ya kampuni tulizowekeza zikirekodi faida na hakuna hata moja iliyoomba mtaji kutoka kwa Centum katika mwaka huu.

Kushuka kwa utendaji wa biashara pamoja na soko lenye shinikizo mbalimbali kuliathiri thamani za kampuni tulizowekeza kwa njia hasi na kusababisha kuandikishwa kwa hasara za tathmini mpya ya thamani. Isitoshe, tathmini duni za thamani na shughuli chache za ununuzi katika soko la mtaji wa kibinafsi zilitufanya kusitisha uuzaji na kwa jinsi hiyo hakuna uuzaji uliofanywa katika mwaka wa kifedha uliokamilika Machi 2021. Hii ni kinyume na mwaka uliotangulia ambapo tulifanya uuzaji wa kujiondoa wenye thamani ya shilingi bilioni 19.5.

Kampuni zetu za uwekezaji unaokua bado zimesambazwa ipasavyo kukiwa na uwekezaji katika elimu, uchapishaji, biashara za kilimo, huduma za kifedha, magari, huduma za upishi katika ndege na sekta ya kawi. Baadhi ya mali muhimu ambayo ni sehemu ya uwekezaji unaokua ni pamoja na Benki ya Sidian, Zohari Leasing, Nabo Capital, Isuzu East Africa, NAS Servair, Longhorn Publishers, SABIS International School, Akiira Geothermal, Greenblade Growers na Centum Real Estate.

Licha ya kuwa mkusanyiko wa mali ulio hapo juu unazalishia Centum mapato ya fedha kwa njia ya mgawo, riba, na mapato ya ada, mkakati wetu kwa mali hizi ni kukuza thamani yake na kupata mwinuko wa mtaji wakati tunapojiondoa wakati thamani yake ipo juu mara kadhaa kuliko mtaji ambao uliwekezwa mwanzoni. Ukuaji unaotazamiwa utafikiwa kupitia kwa usimamizi mzuri wa uwekezaji na kushauriana na vikundi vya usimamizi wa uwekezaji wa kampuni ili kutekeleza mipago mbalimbali ya kuunda thamani. Katika mwaka wa kifedha uliokamilika Machi 2021, tulifanikiwa kutekeleza mipango fulani ya kuunda thamani katika kampuni mbalimbali tulikowekeza kama ilivyobainishwa hapa chini:

Benki ya Sidian: Tulikamilisha mpango wa mabadiliko ya biashara ulioongozwa na Ofisi ya Mabadiliko ya Centum Capital Partners. Mabadiliko haya yalijumuisha uhakiki wa mkakati, kuimarisha mchakato wa biashara na njia za utoaji pamoja na kubadili utamaduni ili ujikite zaidi kwa wateja. Ninafuraha kutambua mabadiliko katika utendaji ambayo yametokana na juhudi hizi, huku benki hii ikiandikisha faida ya shilingi milioni 251 baada ya kulipa kodi katika kipindi cha miezi sita kufikia tarehe 30 Juni 2021 ikilinganishwa na hasara baada ya kulipa kodi ya shilingi milioni 105 ambayo ilikuwa imeandikishwa na benki hi katika kipindi sawa.

Greenblade Growers: Biashara hii inahusika na kilimo cha bustani na hulima mimea ya kigeni kule Ol Kalou katika Kaunti ya Nyandarua nchini Kenya, kwa ajili ya uuzaji katika masoko ya Ulaya. Tuliajiri mtaalamu wa kilimo biashara mwenye tajriba pale Greenblade mwanzoni mwa mwaka wa kifedha wa 2021 na wakati wa mwaka huu wa kifedha, biashara hii iliimarika pakubwa katika ufanisi wa uzalishaji ambao uliongeza mavuno kwa kila mita mraba maradufu. Aidha, tulihakiki michakato yake na kushirikiana na usimamizi ili kuzidisha ufanisi kote katika utaratibu wa usafirishaji kuanzia shambani hadi sokoni. Biashara hii iliandikisha viwango vya faida na sasa inalenga kuzidisha na kuimarisha mifumo yake ili kukuza mgao wake wa soko.

Isuzu East Africa: Katika miaka mitatu iliyopita, Isuzu imekamilisha upanuzi wa uwezo kwa gharama ya shilingi bilioni 2. Kwa sasa, biashara hii ina uwezo wa kutengeneza magari 11,000 kila mwaka jambo linaloiweka katika nafasi nzuri sana ya kukidhi mahitaji kote Afrika Mashariki. Kampuni imezidi kuongoza katika soko na imeongeza mgao wake wa soko kutoka asilimia 23% mnamo 2011 hadi asilimia 46% mnamo 2021. Licha ya mazingira magumu ya biashara katika mwaka wa kifedha wa 2021, Isuzu ni mojawapo ya kampuni tulizowekeza ambazo zimeshikilia ulipaji wa mgawo kutokana na uthabiti wa utendaji.

Longhorn Publishers: Biashara hii iliathiriwa na kufungwa kwa shule katika masoko mbalimbali kama sehemu ya juhudi za serikali kudhibiti kusambaa kwa Covid-19. Hata hivyo, msingi wa kampuni hii ya uchapishaji ulisalia kuwa imara ukiwa na mgao wa asilimia 24.5% ya soko nchini Kenya na ukizidi kupanuka kijiografia ili kuongeza uwepo wake barani Afrika. Biashara hii aidha inazidi kutumia uwasilishaji kwa mifumo ya kidijitali ili kupanua bidhaa zake na kukuza vyanzo vipya vya mapato.

Centum Real Estate: Uwekezaji wetu katika ardhi na nyumba umeunganishwa kikamilifu chini ya Kampuni moja ya umiliki inayoitwa Centum Real Estate Limited. Kampuni hii inamilikiwa asilimia 100% na Centum Investment Company Plc kisha nayo inamiliki Vipingo Development Plc (100%), Centum Development Kenya Limited (100%) na Pearl Marina Estates Limited (100%).

Thamani ya Centum Real Estate ilikuwa shilingi bilioni 22.6 kufikia tarehe 31 Machi, 2021. Hii inaashiria thamani kunjiano ambayo tumeunda katika mwongo mmoja uliopita kadri tunavyoendeleza mali kuwa biashara zinazojisimamia na kuzalisha fedha kwa kiwango kikubwa Katika kipindi hiki, tuliwekeza shilingi bilioni 7.8 ili kukuza juhudi mbalimbali za kuongeza thamani. Katika mwaka wa kifedha wa 2021, Centum RE ililipa sehemu ya mtaji kufikia shilingi bilioni 4.5 kutoka kwa mtiririko wake wa fedha za utendaji na mtaji kutoka kwa washiriki wa nje na kwa hivyo kupunguza uwekezaji wetu hadi shilingi bilioni 3.3 Katika mwaka wa kifedha uliokamilika Machi 2021, Centum RE ilifanikiwa kukamilisha na kuwakabidhi wateja takriban vitengo 400 na hivyo kuonyesha uthabiti wa rekodi yake katika kutimiza ahadi.

Katika mpango wake, Centum Real Estate ilikuwa na miradi kadhaa ya makazi iliyokuwa ikijengwa yenye uwezo wa mapato kufikia shilingi bilioni 19 ambapo asilimia 63% ya vitengo ilikuwa imeuzwa.

Taarifa ya Afisa Mkuu Mtendaji

Miradi hii inawasilisha jumla ya uwezekano wa faida ya shilingi bilioni 6.2 ambapo kuna uwezekano wa kusambaza shilingi bilioni 4.5 kati ya hizi kwa wanahisa. Centum RE pia inaendelea kuuza haki za ujenzi na ilikuwa imefanya mauzo kama hayo yenye thamani ya shilingi bilioni 2 kufikia tarehe 31 Machi 2021 ambapo shilingi bilioni moja kati ya hizi zingetolewa kwa usambazaji pindi haki za ujenzi zikilipiwa kikamilifu. Uuzaji wa haki za ujenzi ni mweleko wa kipekee wa uuzaji wa ardhi ambapo badala ya kuuza ardhi iliyowekewa huduma, Centum Real Estate kupunguza hadhari kwa mali kwa kufanya mpango mkuu, kupata idhini za kuziendeleza na kuweka miundombinu ya huduma za msingi ili kutoa maeneo yaliyo tayari kufanyiwa kazi kwa washiriki wa nje. Mfumo huu unapunguza pakubwa gharama za miundombinu, huokoa muda, na kupunguza hatari kwa wanunuzi wa haki za ujenzi.

Katika mwaka wa kifedha wa 2020/2021, Centum Real Estate ilipata uchanganuzi wa mkopo wenye kiwango cha uwekezaji kutoka kwa Global Credit Ratings (GCR). Kama sehemu ya usawazishaji upya wa Jumla ya uwekezaji wa Centum, tutalenga kuuza sehemu ya Centum Real Estate kwa mwekezaji wa kimkakati katika kipindi kilichosalia cha mkakati wa Centum 4.0

Two Rivers Development Limited (TRDL): Centum inamiliki asilimia 58% ya TRDL ambayo nayo inamiliki asilimia 50% katika Two Rivers Lifestyle centre Limited (Two Rivers Mall) na inamiliki kikamilifu sehemu yote iliyosalia ya Two Rivers ya matumizi mseto ya maendeleo. Kampuni ya TRDL ilikuwa na hasara iliyounganishwa ya shilingi bilioni 1.9 ambayo iliathiri utendaji wa jumla wa Centum kwa njia hasi. Hasara hii ilitokana na gharama za juu za kifedha kutokana na muundo wa mtaji wa miliki za Two Rivers na usimamizi umeanza kuchunguza muundo wa mtaji ili kusawazisha upya deni na mtaji kwa njia inayofaa biashara ya msingi. Tunatarajia kuwa uundaji upya wa taarifa ya hali ya fedha utakuwa umekamilika kufikia mwishoni mwa mwaka huu wa kifedha jambo litakalochangia kuimarika kwa kiwango kikubwa kwa utendaji wa kampuni ya TRDL.

Hisa Zinazoweza Kuuzika ("MSP"): Huu ni mkusanyiko wetu wa dhamana zinazozaa fedha. Uwekezaji huu ulikuwa na thamani ya shilingi bilioni 7.5 kufikia mwishoni mwa mwaka wa kifedha wa 2021 ikiwakilisha asilimia 16% ya jumla ya uwekezaji wa Centum kuambatana na malengo ya Mkakati wa Centum 4.0 Mantiki ya kimsingi kwa uwekezaji huu ni kuzalisha mapato ya fedha yanayojirudia ambayo yatasawazisha uwekezaji unaokua ambapo kiwango kikubwa cha mapato kinatokana na uinuaji wa mtaji ambao tunageuza kuwa pesa ama kupitia uuzaji au ulipaji wa mikopo ya wanahisa. Mapato ya fedha yanayojirudia yatatumiwa kufadhili malipo ya mgawo, gharama za utendaji na salio litatumia kufadhili uwekezaji mpya.

Uwekezaji huu umesimamiwa na Nabo Capital - Kampuni tanzu inayomilikiwa asilimia 100% na Centum ambayo pia inatoa huduma za usimamizi wa hazina kwa washiriki wa nje. Katika mwaka wa kifedha wa 2021 uwekezaji huu ulikuwa na mapato ya fedha kwa mwaka kwa wastani wa asilimia 12% kila mwaka. Kwa kuwa huu ni uwekezaji wa ukwasi, tumeweka mgao wa kimkakati wa zaidi ya asilimia 90% ya mapato ya kudumu na usawa wa fedha.

ao wa Uwekezaji wa Hisa Zinazoweza Kuuzika - tarehe 31 Machi 2021	%
Mtaji	1%
Mapato ya Kudumu: Serikali	43%
Mapato ya Kudumu: Mashirika	30%
Fedha	21%
Hazina ya Pamoja	6%
Jumla	100%

Matarajio ya Biashara

Tuna matumaini, japo kwa uangalifu, kuhusu mwaka mpya wa kifedha (mwaka wa kifedha wa 2022) baada ya kushuhudia upataji nafuu katika utendaji katika kampuni zote tulizowekeza na tunatumai kwamba nafuu hii haitachachawizwa na misukosuko ya kiuchumi ambayo haijapangiwa.

Kwa sasa tuko miezi 24 ndani ya Centum 4.0 ambapo miezi 12 ya mwisho imekumbwa na janga la virusi vya korona kote ulimwenguni ambalo limefanya mazingira ya biashara kuwa na changamoto. Ingawa hivyo, tumepiga hatua kubwa katika kutimiza malengo yetu kwa kipindi cha mkakati kama ilivyobainishwa hapa chini. Tulikuwa tumelenga kulipa deni lote la muda mrefu la shilingi bilioni 16 ambazo zilikuwa zimesalia kufikia tarehe 31 Machi 2019. Kufikia mwishoni mwa mwaka huu wa kifedha, tulikuwa tumelipa shilingi bilioni 13 na tukapunguza deni letu la muda mrefu hadi shilingi bilioni 3 ikiwa kiwakilishi cha mafanikio ya lengo letu kwa asilimia 81%.

Katika Centum 4.0, tulikuwa tumelenga kuzidisha Uwekezaji wa Hisa Zinazoweza Kuuzika hadi shilingi bilioni 7.5 kufikia Machi 2021. Tuna furaha kwamba tulitimiza lengo hili tukiwa na thamani ya uwekezaji ya shilingi bilioni 7.5. Lengo la uwekezaji huu ni kuzalisha mapato thabiti ya fedha ili kushughulikia mgawo kwa wanahisa, gharama za utendaji, na salio likitumiwa kukidhi mahitaji ya uwekezaji upya.

Kufuatia upangaji upya uliokamilika wa mali zetu za mashamba na nyumba (bila kujumuisha miliki yetu ya asilimia 58% katika TRDL) chini ya Centum RE, biashara hii sasa ni kampuni ya uwekezaji iliyo na bodi inayojisimamia na kikosi chake cha usimamizi. Centum RE katika kipindi hiki ilisambazia Centum Investment Plc shilingi bilioni 4.5 ikiwa ni riba na malipo ya mikopo ya wanahisa. Usambazaji huu unawakilisha asilimia 58% ya shilingi bilioni 7.8 ambazo tumewekeza katika Centum RE.

Biashara hii ipo katika hali nzuri ya kufanya usambazaji wa ziada katika mwaka utakaokamilika Machi 2022 kutokana na mfumo bora wa mazao ya miradi ya makazi na haki za ujenzi na ipo katika hali nzuri ya uuzaji wa kujiondoa.

Kukuza uwekezaji uliopo: Tumeunda mipango ya kuunda thamani kwa mali zetu zilizopo ili kuziweka katika hali nzuri ya kukua katika kipindi kilichosalia cha mkakati. Hii inajumuisha mipango ambayo itawezesha biashara kuboresha shughuli na kutumia fursa za soko zitakazojitokeza baada ya covid-19 na kuendelea.

Uendelevu na Wajibu kwa Jamii

Mkakati wetu wa biashara unejumuisha wajibu kwa jamii kwa kuzingatia masuala ya kimazingira, kijamii na kiutawala kadri tunavyotekeleza shughuli zetu za kibiashara. Tumetekeleza shughuli mbalimbali za wajibu wa shirika kwa jamii kuambatana na malengo ya maendeleo endelevu ya Umoja wa Mataifa.

Jedwali 4: Shughuli zetu za Wajibu kwa Jamii

Malengo ya Malengo endelevu ya Umoja wa Mataifa yaliongazwa	Mipango yetu	Athari
4 ELIMU BORA	1. Ufadhili wa Masomo wa Vipingo: Wanafunzi 50 zaidi walio werevu na wanaohitaji usaidizi kutoka jamii ya Vipingo walipewa ufadhili wa masomo na hivyo kufikisha jumla ya walionufaika kufikia sasa kuwa wanafunzi 250. 2. Ufadhili wa masomo kwa wanafunzi katika Shule ya Upili ya Alliance. 3. Tulinunulia maktaba ya Shule ya Msingi ya Mathari vitabu 700, meza 8, benchi 16 pamoja na kabati.	✓ Kuwasaidia wanafunzi wanaohitaji msaada kujiunga na elimu ya upili kupitia kwa mipango ya ufadhili. Wanafunzi wote waliofadhiliwa walipata alama ya B+ kwenda juu na watajiunga na vyuo vikuu vilivyo bora zaidi ili kuendeleza masomo yao. ✓ Kuimarisha miundombinu ya shule ili kuwa na mazingira bora ya kusoma kwa maelfu ya wanafunzi.
6 MAJI SAFI NA USAFI WA MAZINGIRA	1. Tulikamilisha awamu ya 1 ya shilingi milioni 467 ya kiwanda cha kuondoa chumvi katika maji ya bahari chenye uwezo wa kuzalisha lita milioni 1.5 kila siku. 2. Tunasimamia kiwanda cha kusafisha maji cha Two Rivers ambacho kina uwezo wa kusafisha lita milioni 2 za maji kila siku. Katika mwaka wa kifedha wa 2021, tulitoa takriban lita milioni 15 za maji kwa mtaa wa mabanda wa Githogoro.	✓ Mamilioni wa wageni na maelfu ya wakaazi wa Two Rivers na Vipingo wamehakikishiwa maji safi na salama pamoja na viwango vya juu zaidi vya usafi wa mazingira. ✓ Kuimarisha upataji wa maji safi na salama kwa ajili ya matumizi ya nyumbani na usafi.
8 KAZI NZURI NA UKUAJI WA UCHUMI	1. Pale Vipingo, tuna masomo ya kiufundi yaliyofadhiliwa kikamilifu ambayo yanalenga kuwapa vijana wa jamii jirani stadi za kiufundi ili wapate nafasi za ajira. 2. Jukwaa la Ajiry lililobuniwa na Tribus-TSG (Utanzu wa Centum) ili kushughulikia changamoto ya ukosefu wa ajira kwa vijana imeanza kutumika: ▪ Programu ya Ajiry ilizinduliwa mnamo Mei 2019 na inatoa jukwaa ambapo watu wanaotafuta kazi zinazohitaji stadi maalum au zisizohitaji stadi maalum wanaweza kuunganika na waajiri watarajiwa. ▪ Vituo vya AJiry vilivyoanzishwa katika kaunti 13 kuwapa vijana waliojiajiri mafunzo ya kibiashara, mafunzo ya fedha, na kuwasaidia kufikia soko kwa bidhaa na huduma zao.	✓ Zaidi ya watu 100 wamenufaika na kufuzu kutoka kwa Mpango wetu wa Ukufunzi wa kiufundi wa Vipingo na kupata ajira ndani na nje ya Vipingo Development. ✓ Programu ya Ajiry imesajili zaidi ya stadi 30,000, imetangaza zaidi ya kazi 10,000, na kuwaunganisha zaidi ya watu 8,000 wanaosaka nafasi za ajira. ✓ Fani zinazoongoza katika jukwaa hili yamekuwa ya Yeknolojia na Uhandisi ambazo ni muhimu katika ukuzaji wa uchumi.

Hitimisho

Aidha natoa shukrani za dhati kwa wafanyakazi na timu ya usimamizi ambayo imefanya kazi kwa kujitolea ili kufikia matokeo ya mwaka 2021 na kusalia kwenye mpango kuhusiana na malengo yetu ya Centum 4.0 licha ya hali ngumu.

Dkt. James Mworia
Afisa Mktendaji Mkuu

CFO's Review

As an investment Company that acquires, creates value during the holding period and exits investments once they mature, the company's total return statement is useful in evaluating the performance of the investment portfolio.

As an investment company that acquires, creates value during the holding period and exits investments once they mature, the Company's total return statement is useful in evaluating the performance of the investment portfolio. The total return statement incorporates the income statement for the period and the revaluation movements of our investments during the period. Therefore, the Company's income statement sets out the return generated by the Company in the period and how this return is applied to cover operating costs, finance costs, and dividends. The total return statement hence aggregates the total value created during the reporting period and hence growth or decline in the shareholder funds. Unrealized value movements are important to the extent that these estimates the realizable value upon exit or monetization and hence the total return statement is our focus.

Key decision makers rely on the total return statement in analysing business perfomance.

Consolidated performance gives the operating and financial performance of the underlying portfolio companies and the proportion of that performance that is attributable to our shareholders. The Company, as a majority shareholder in the subsidiaries, has control in the subsidiaries and is hence able to influence the timing of dividend payments, as well as the strategic direction of the investee companies. Earnings at the subsidiary are relevant to the Company only to the extent that dividends from these earnings are made to the Company. However, cumulative retained earnings are available for distribution in the future.

For purposes of understanding the performance of the Company, we have reviewed the performance of the growth portfolio and their impact on the Company's total return statement

The Company holds stakes in portfolio companies listed on page 7.

Total Return Statement

KES millions	FY21	FY20
Investment Income	1,517	3,695
Operating expenses	(669)	(895)
Finance costs	(603)	(1,815)
Operating profit	245	985
Provison for impairment of assets	(1,071)	(3,580)
Income tax expense	220	(797)
Loss after tax	**(607)**	**(3,392)**
Unrealized gains	(4,212)	(971)
Total return for the year	**(4,819)**	**(4,363)**

Excluding the impairment provisions, the Company made an operating profit of **KES 245 million**.

The Company's loss after-tax improved from a loss of KES 3.4 billion to a loss of KES 607 million. The bulk of the loss was on account of impairment provision on fair valuation of the investment portfolio, in line with our conservative asset valuation policy and the prevailing economic conditions. Excluding these impairment provisions, the Company made an operating profit of KES 245 million. The Company also booked revaluation losses of KES 4.2 billion through other comprehensive income which contributed to a total comprehensive loss of KES 4.8 billion. A significant contributor to the revaluation losses is the increase in deferred tax liabilities of the subsidiaries of Centum Real Estate Limited (Centum RE) which impacted the valuations of the real estate portfolio company. In the year ended 31 March 2021, the Company did not dispose any of its assets. In contrast, the Company had recorded a gain on disposal of KES 2.2 billion in the prior period.

GROWTH PORTFOLIO

1. Private Equity Portfolio

a) Trading Businesses

Sales from trading businesses dropped from KES 5.5 billion to KES 996 million on account of deconsolidation of Almasi Beverages Limited in the first half of FY20 and the Covid-19 impact on the trading business. These factors led to a drop in profitability from KES 24 million in FY20 to a loss of KES 529 million in FY21.

The impact of the businesses' operating environment as well as the decline in market multiples, resulted in the decrease on revaluation of the portfolio companies by KES 200 million (FY 2020: fair value loss KES 241 million) in the Return Statement.

The businesses included in the trading segment are Longhorn Publishers, Greenblade Growers Limited, Tier Data Limited and Tribus Security Group. Looking forward, we have seen improved performance by the trading companies especially Longhorn.

b) Financial Services

The performance of Financial Services grew from a profit of KES 171 million in FY20 to a profit of KES 330 million in FY21. This strong performance in the Financial Services segment was primarily driven by an increase in the funded and non-funded income lines of Sidian Bank, and improved performance by Nabo Capital and Zohari Leasing Limited.

Though the businesses operating performance improved significantly, the decline in market multiples resulted in lower revaluation of the portfolio, resulting in a marginal increase in the revaluation of portfolio companies by KES 28 million (FY 2020 fair value loss of KES 794 million) in the total Return Statement.

CFO's Review

Looking forward, we have seen the businesses build on the growth momentum and we expect them to perform better.

2. Real Estate Portfolio

a) Centum Real Estate Limited

During the year, the Centum Investment Company Plc consolidated its Real Estate businesses into Centum Real Estate Limited, which is the holding company of four hitherto directly owned subsidiaries, namely Vipingo Development Plc, Centum Development Kenya Limited, Uhuru Heights Limited, and Pearl Marina Estates Limited, domiciled in Uganda. Notably, Centum's 58% interest in Two Rivers Development Limited continues to be held directly.

The COVID-19 related challenges notwithstanding, Centum Real Estate completed the construction of two projects in Vipingo and Uganda in addition to launching three new projects in Nairobi. While the total number of residential units sold in the year reduced by 34% compared to the previous year, the cash collected as customer deposits increased by 20%, from KES 1.5 billion in the previous year to KES 1.8 billion. Our average monthly cash collections have increased by 73% compared to the pre-COVID period.

In our sales-led development model, we seek to pre-sell at least 30% of a project phase before ground-breaking. Under our payment terms, 20% of the sale value is collected as initial deposits while the balance is payable over the construction period. At 31 March 2021, we had cumulatively sold 1,281 residential units with a total sale value of KES 11.5 billion, representing 63% of the total units either completed, under construction or under market validation. KES 3.7 billion had been collected as cumulative deposits, with KES 7.8 billion being the cash due on the pre-sales.

We recognized profits of KES 124.4 million for the completed units that met our revenue recognition threshold of completed units that have been transferred to buyers and which have been paid for in full. Out of the 1,281 units sold to date, we have recognized profits on 27 units. The potential profit on the balance of the sold units that have not yet achieved the revenue recognition threshold is KES 2.2 billion. This profit will be recognized progressively from the financial year ending 31 March 2022.

During the year, Centum Real Estate Limited completed the sale of development rights worth KES 2.5 billion across our sites. The realised gain from these sales over the cost of land acquisition and development were KES 2.2 billion. Those gains had previously been booked as unrealised gains as required by IFRS.

an entity expects to realise or settle the underlying asset or liability. Our initial understanding was that for short term land sales, the applicable income tax rate was 30% which we applied for all the land sales that were completed in the current and prior years and the tax was settled, therefore no tax liability exists on these sales. For the land that we held to be sold in the distant future, we had taken a view that the applicable tax rate for computation of deferred tax was the CGT rate at 5%. As a result of the tribunal ruling, Centum RE has taken a conservative view by adopting the ruling to all the land held for sale, and has applied the higher income tax rate of 30% as opposed to the 5% CGT rate to the existing revaluation and moving forward will apply the 30% rate to any incremental revaluation. The deferred tax has no cash flow implication, but it reduces the book value of shareholder funds and transfers the capital to a deferred tax account which is in effect an early recognition of tax. At the point of conclusion of a sale of any portion of the land, this account will be reduced by the actual tax payments.

As a result of the application of the income tax rate of 30% as opposed to the 5% CGT rate, the Group increased its deferred tax liabilities by KES 3.2 billion which had to be reflected as a prior year adjustment to the group retained earnings and deferred tax liability. This increase in the deferred tax liability led to the restatement of the Group's deferred tax liability in the financial statements for the year ended 31 March 2020 as per IFRS requirements..

Despite the strong performance of Centum Real Estate Limited, the deferred tax adjustment explained above resulted in a decrease in Net Asset Value (NAV) of Centum Real Estate Limited. This adjustment yielded a fair value loss of KES 3 billion (FY20: fair value gain of KES 2.8 billion) in the total return statement.

Centum RE has adopted a capital efficient structure that includes growth into new nodes through joint ventures with third-party land owners and a customer-funded development program. To date, we have closed on two joint ventures.

b) Two Rivers Development Limited

Two Rivers Development Limited (TRDL) in which Centum Investment holds a 58% equity stake booked a loss of KES 1.9 billion and which we have consolidated fully in line with IFRS requirements. The loss at TRDL is driven by

As at the end of the current financial year, the Company has paid down KES 13 billion (including KES 6.6 billion corporate bond that was repaid in June 2020), & reducing our long-term debt to KES 3 billion.

high finance costs on account of the underlying capital structure. The boards of TRDL and TRLC have initiated steps to restructure the balance sheets to reduce the interest paying debt and significant progress towards this objective has been made. We expect the balance sheet restructure to be completed by the end of the current financial year which will lead to a significant improvement in the performance of the TRDL Group.

The impact of TRDL's business perfomance resulted in a decrease in its NAV yielding a fair value loss of KES 753 million (FY20: fair value loss of KES 3.9 billion) in the total return statement.

MARKETABLE SECURITIES PORTFOLIO AND CASH

As at 31 March 2021, the Group held KES 7.5 billion Marketable Securities portfolio and Cash. This portfolio is structured to minimize risk of capital loss while generating annuity cash flows which contribute to additional liquidity for the Group. To mitigate the risk of capital loss under Covid-19 operating environment, 93% of this portfolio is allocated to Fixed Income securities and Cash, generating 12% cash return or KES 603 million in FY21, up from KES 450 million in FY20.

FINANCIAL REVIEW

a) Gearing

Under Centum 4.0 strategy, one of the key pillars is on balance sheet resilience through deleveraging of the parent company balance sheet. Centum had targeted to pay down the entire long-term debt of KES 16 billion that was outstanding as of 31 March 2019.

As at the end of the current financial year, the Company has paid down KES 13 billion (including KES 6.6 billion corporate bond that was repaid in June 2020), and reducing our debt to KES 3 billion.

b) Net Asset Value and Total Assets

The Net Asset Value declined from KES 47.4 billion to KES 41.8 billion on account of KES 607 million loss for the period, unrealised fair value loss of KES 4.2 billion through other comprehensive income and KES 799 million being FY 2020 dividend paid during the year. Total assets declined by KES 9 billion driven by the KES 4.1 billion net debt repayment and the revaluation losses of KES 4.2 billion.

c) Funding and Cashflows

Centum achieved a significant milestone in 2021 following the reorganization of our real estate holdings (excluding our 58% stake in TRDL) under Centum RE. Centum RE is now an independent portfolio company with an independent board and management team. Centum RE in the period distributed to the company KES 4.5 billion in the form of interest and shareholder loan repayments. This distribution represents 60% of the KES 7.5 billion we have invested in Centum RE. This business is on track to make additional distributions in the year to March 2022 on the back of a robust sales pipeline.

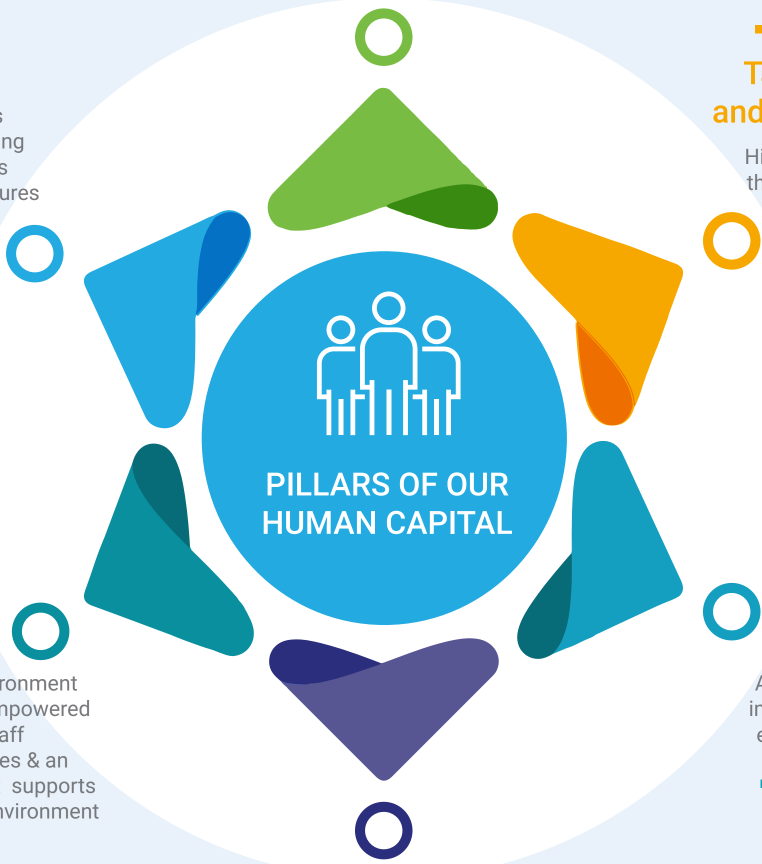
d) Dividend

The Board of Directors have recommended a final dividend of KES 0.33 per share which will translate to a cumulative pay-out of KES 219 Million. The payment of the dividend is on the back on an operating profit of KES 245 Million that the Company recorded in the year and is intended to cushion our shareholders from the effects of the difficult economic conditions while allowing the Company to retain liquidity.

Mr. Wambua Kimeu
Chief Finance Officer

Our People

Our people strategy is hinged on **6 Pillars** which underpin the organization's overall Human Resources Management approach. The pillars offer guidance to the team on the overall direction while providing a simplified platform to measure performance.



01 Culture

Ensure that we create a conducive climate for our people to be their best

02 Talent planning and Management

Hire develop and retain the best people in their respective fields

03 Performance Management

Align Group's strategic imperative to individual employee contribution

04 Reward & Recognition

Define and manage a clear reward platform that enables fair, efficient and consistent application

05 Employee Engagement

Create & sustain an environment where our people feel empowered to be their best; Equip staff with knowledge, resources & an enabling framework that supports an effective operating environment

06 Compliance

Promote a culture that is compliant with the existing legal environment and its own HR Policies, procedures and processes

Our People

Human Resources Update

The past year has been unprecedented with widespread disruption as a result of the COVID-19 pandemic. While the economic and social impact of this crisis affected employee wellbeing, motivation and productivity, it also presented an opportunity for the business to review talent management practices.

First, business continuity was critical, and, in this regard, we shifted to flexible and remote working. To ensure our teams remained connected, we leaned on our best-in-class performance management framework complemented by other productivity tools such as the 4DX platform as well as customer relationship management and project management platforms and also leveraged on virtual collaboration tools. We also explored new ways to support employee wellbeing and better support our staff. For instance, our current medical provider made provision for virtual counselling and therapy alongside access to an array of experts in mental health, self-care, lifestyle disease management and family health.

Employee health and safety also emerged as a key area of focus. To ensure staff wellbeing, we reviewed our health and safety policies to include guidelines in curbing the spread of the pandemic in the workplace. We undertook office space redesign alongside other hygiene measures. We have also provided workplace COVID 19 testing while also providing resources for COVID 19 management and home-based care for COVID 19 patients. Finally, the business enhanced the staff medical and life insurance benefits to cater for any emerging issues.

Feedback from employee surveys helps us identify and close gaps between employees' expectations and experience. A pulse survey in March 2020 revealed how employees were coping with the new work dynamics and allowed us to target support where it was needed most. In December 2020, we conducted the annual Employee Engagement survey which revealed the dedication of our staff, with our Employee Engagement Index coming in at 86%.

We also got helpful suggestions from staff as to some of the new initiatives to put in place. In addition to the pulse check and engagement survey, we enshrined regular employee check-in sessions to sustain connection.

To enable our business to better manage our staffing needs, we have remained focused on ensuring that all business-critical areas are adequately staffed. From a talent resourcing perspective, our focus has been on career growth for our existing staff, offering team members opportunities to take on expanded roles and stretch assignments.

Even before the global pandemic, there was a recognition that the world of work is continuously and rapidly changing. Building a resilient and adaptable talent force, nurtured by a strong and agile leadership team, is at the heart of our talent management policy, offering an exceptional employee experience while enabling the Group to achieve its strategic objectives.

Business Review

Growth Portfolio

Growth Portfolio

Centum Capital Partners (CCAP)

Centum Capital Partners (CCAP) is a wholly owned, independently managed subsidiary of Centum and a private equity fund manager and currently manages Centum's private equity assets and has an additional mandate to manage new private equity funds and third-party capital alongside Centum's own capital.

CCAP manages two distinct portfolios:

a) **Growth Portfolio** – This consists of:

i) Private Equity Portfolio
Centum's legacy investments in Longhorn Publishers Plc, Nas Servair Limited, Sidian Bank Limited, Zohari Leasing Limited, Isuzu East Africa Limited and Africa Crest Education (ACE) Holdings, Amu Power Limited, Akiira Geothermal Limited, Greenblade Growers Limited, Tribus TSG and Tier Data Limited.

ii) Centum Real Estate Portfolio
This represents Centum's investment in real estate assets under Centum Real Estate Limited and Two Rivers Limited Group.

b) **Centum Capital Private Equity Value Fund II** – portfolio currently under development.

Our Business Model

With the repositioning of Centum Capital Partners (CCAP) under Centum 4.0 as an institutional private equity fund manager evolving from the Centum's 3.0 strategic period, where Centum undertook a developer role in greenfield projects and de-risking them with the intention of attracting third party capital.

CCAP – now as a fund manager– is able to attract and manage third-party capital alongside Centum's own Capital with the capital raised through the Centum Capital Private Equity Value Fund II enabling acquisition of controlling stakes or significant minority positions in strategic Companies across East Africa.

Our Investment Pipeline and Criteria

As an active investment manager our focus is to acquire businesses that already have a viable product in the market today, which customers love and are happy to pay for. We aim to undertake transformations in these businesses and seek to cure various inefficiencies e.g cost optimization, capacity expansion leading to product diversification, route to market enablement further enhancing the market leadership potential of the business. In doing so we are able to create value for all stakeholders in the business. Our sector focus remains unchanged and diversified.

From a value creation strategy – CCAP's value creation levers are mainly centred around unlocking the true earnings potential of our underlying investee companies and in line with maximising shareholder value.

This is achieved through working closely with management teams to define and drive business strategy, supporting business development and fundraising efforts by leveraging Centum's networks and subsidiaries, utilizing synergies between portfolio companies and forging strategic partnerships both at operational and shareholder level.

On risk management – a tiered structure approach coupled with the investment team's experience has been embedded in the development of systems and processes and is anchored on three key elements:

1. An extensive and thorough pre-investment due diligence process that is led by discreetly selected and prequalified partners at the supervision of the investment team and industry advisory panel,
2. An investment management process that entails the incorporation of risk identification, mitigation and tracking measures in monthly management review meetings for all portfolio companies,
3. Adherence to Environmental, Social and Governance (ESG) best practices.

45.4%

Isuzu East Africa increased leading market share at 45.4% of Kenya's new motor vehicle market as at December 2020

PORTFOLIO PERFORMANCE

a) Growth Portfolio

i) Private Equity Portfolio

The performance of the PE portfolio is categorised into three broad verticals:

Banking Subsidiary

Sidian Bank – our banking subsidiary, remained profitable during the year, recording a profit of KES. 50 Mn in the full year ended December 2020. Despite this being a decline from profit made in the prior year, we note that the banking sector remained one of the most adversely affected sectors in the economy, with a year characterised by rapid rise in the level of Non-Performing Loans. However, Sidian Bank has continued to be a key contributor to economic growth, having issued loans of KES 4 Bn during the year. In addition, it has made a remarkable improvement across all its key indicators on liability growth, liquidity, and asset growth, with customer deposits, total assets and the loan book growing by 33%, 37% and 25% year on year, respectively.

Trading Subsidiaries

Our trading subsidiaries continued to demonstrate resilience during the year;

Longhorn – the business was significantly affected by the COVID-19 pandemic, after the cessation of movement was imposed and a suspension of learning activities for most of the year. However, the business continues to diversify away from traditional markets as it expands regionally with a footprint in nine geographical markets and a leading market share of circa. 24.5% with the key objective in the near term being reduced reliance on Kenya government orders and implementation of the digital strategy. In addition, the business has been keen on leveraging on digital capabilities in delivering modern pedagogy, as demonstrated by the launch of the digital learning platform dubbed SOMO during the year.

NAS Servair – Operates in the airline and corporate catering business segment. The business was significantly affected following the imposition of movement restrictions which affected air travel, and directives on enforcing work-from-home initiatives to contain the spread of the COVID-19 virus. NAS has however remained resilient during this time, and given its positioning as a market leader, the gradual easing of the movement restrictions and a gradual recovery in the local and regional economies should aid in NAS recovery going forward.

ACE Holdings – Operates in the education space and has continued to record an improved performance on key metrics such as student enrolment, despite learning activities being suspended for most of the year. The school assets largely leveraged on the already existent online learning platforms which were already in place and aided in easing the transition to remote learning.

Associate companies

Isuzu East Africa Limited continues to seek to achieve exemplary performance year on year with a focus on regional diversification into the broader East African region namely Uganda, Tanzania & Rwanda with increased leading market share at 45.4% of Kenya's new motor vehicle market as at December 2020, a 90 bps improvement from the 44.5% recorded the previous year. The business continues to be active in enhancing economic activity having produced and sold 4,265 and 75 units in the local and export markets, respectively, through its 9 registered dealers and employing over 450 employees. The business has also contributed to increased employment, having launched a new assembly line during the year for a new series of trucks.

Development Portfolio

Our development portfolio consists of assets in Power and Agribusiness sectors, namely Akiira Geothermal Limited and Greenblade Growers Limited.
The strategy for our development portfolio is centred around the development of the existing assets into profitability before transitioning them into our private equity portfolio or exiting to a strategic acquirer at an opportune time in the near future.

The focus is to unlock value across the development portfolio in line with the value creation plans across the underlying assets which continues to be undertaken.
In the Financial Year ended March 2021, Greenblade Growers continued to increase the acreage in the Tumaini farm with product diversification and market expansion being key focus areas in the year. In addition, the business continues to engage out-growers and offer extension services to meet demand for produce and as a way of impacting local communities. During the year the business recorded increased export volume of horticultural products, largely herbs. The business continues to be a key employer within the region, with over 300 employees working at the firm.

Akiira - Additional surface studies were undertaken in the year with results confirming positive geothermal resource availability within the region. The target is to embark on drilling of additional geothermal wells in the current financial year.

Growth Portfolio

ii) Centum Real Estate
Centum Real Estate strategy over the period 2019 – 2024 is anchored on the following three pillars:

i) Infill projects on sites owned by Centum Real Estate Limited and Two Rivers Development Limited. The objective of this pillar is to generate cash returns through maximising developer profits on projects and monetization of the land banks. So far Centum Real Estate Limited has recorded an approved pipeline of 4,533 units of which 2,293 units are under construction. 1,358 units, with a revenue potential of KES 11.5 billion have already been pre-sold. KES 3.8 billion of customer deposits on pre-sold units have been collected, implying a KES 7.5 billion receivable on pre-sold units.

ii) Develop Projects on third party land. The objective of this pillar is to grow into high demand locations through a capital-light structure by partnering with landowners for the development of affordable and mid-market housing on a joint venture basis. So far two JV agreements for the developments of 1,259 units have been finalised. Market validation is ongoing for the two projects.

iii) Land sales. This involves monetization of land banks held under Centum Real Estate Limited through bulk land sales and sale of development rights. As at 31 March 2021, Centum Real Estate Limited has completed bulk land sales of KES 4.8 billion and collected KES 2.0 billion.

OUTLOOK

Growth Portfolio Outlook
We remain positive for the 2021/ 2022 financial year for our private equity business. In the near-term, focus will be placed on driving value creation in these assets through active portfolio management and exiting mature Growth Portfolio assets in line with the value realisation objective with a target to conclude this by 2024. Funds realised upon exit are to be re-deployed to enhance the cash generation capacity of the Business.

With increasing population in the Country, we anticipate increased demand for power and food which offers growth opportunities for players in the industry with the assets under our development portfolio expected to continue offering needed solutions for the society i.e. access to power and food security.

In the near term, the focus remains to develop the existing assets into profitability, operationalize those under development before transitioning them into our private equity portfolio or exiting to a strategic acquirer at an opportune time in the near future.

Fund II Outlook
In the coming year, Centum - through Centum Capital Partners – continues to make significant strides with an objective to launch and subsequently operationalise a KES. 20 Bn mid-market buyout fund focused on East Africa.

To this end, the Investment team is actively evaluating new investment opportunities that are being considered internally and at a Board level and engaging with potential investors looking at making an investment in the Fund.

Marketable Securities Portfolio

Nabo Capital Limited (Nabo) is mandated by Centum Investment Company PLC (Centum) to generate attractive risk-adjusted returns on its Marketable Securities Portfolio, while providing operational liquidity when required. To achieve this, Nabo employs an active, asset class agnostic strategy that seeks to capitalize on investment opportunities prevalent within different market cycles.

HYP Performance Review:

During the period ended 31 March 2021, our disciplined investment process carried us through a challenging year with decent results. Our focus in the period was to preserve portfolio value, however, we also enhanced it by generating an average 12.9% in return. The portfolio's performance was attributable to our skew towards the fixed income asset class in the period, providing an adequate cushion against the decline in risk assets following the onset of the COVID-19 pandemic.

	Performance (KES)	Performance (USD)
MSP 1 (Quoted Private Equity)	8.8%	4.5%
MSP 2	14.9%	7.2%
NSE 20 Share Index	(6.1%)	(9.7%)
MSCI Africa ex-ZA Index	29.8%	24.8%

Period under consideration is Centum's financial year 01/04/2020 to 31/03/2021.

MSCI Africa ex-ZA index's stellar performance can be explained by the general strong returns across financial markets towards the end of 2020 and the beginning of 2021 following the rollout of various vaccines against COVID-19.

By the end of the financial year, the MSP portfolio asset allocations were as summarized as below:

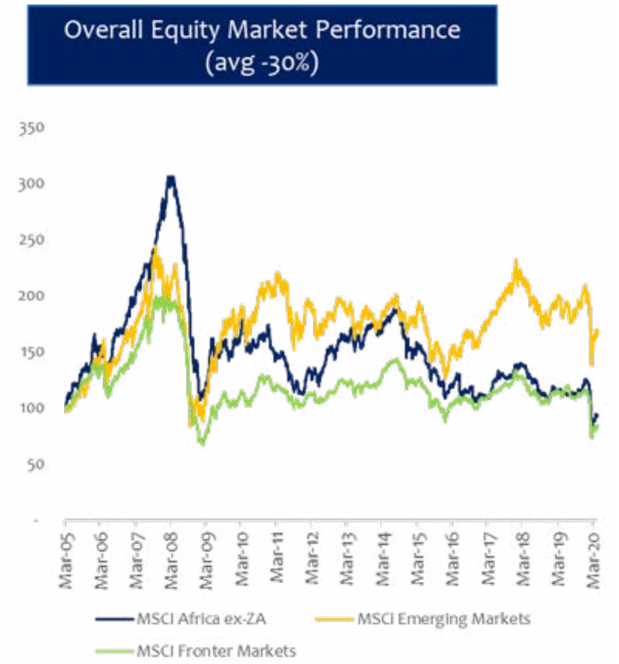
	MSP 1	MSP 2
Fixed Income	56.4%	87.6%
Mutual Funds	19.5%	-
Equities	12.8%	1.1%
Cash & Cash equivalents	11.3%	11.2%
Total	**100.0%**	**100.0%**

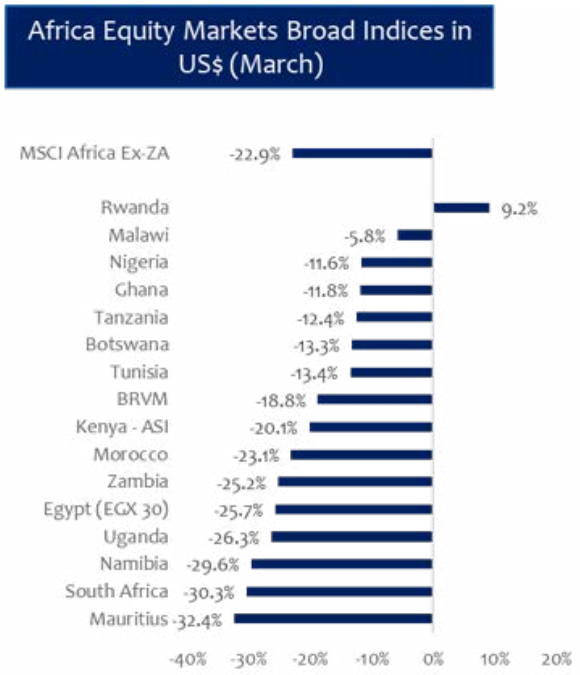
Marketable Securities Portfolio

Operating Environment:

Towards the end of March 2020, prices of risk assets plummeted following the announcement of COVID-19 as a global pandemic by the WHO. Investors aggressively sold off these areas of the market and crowded into the safety of developed market government bonds and gold.

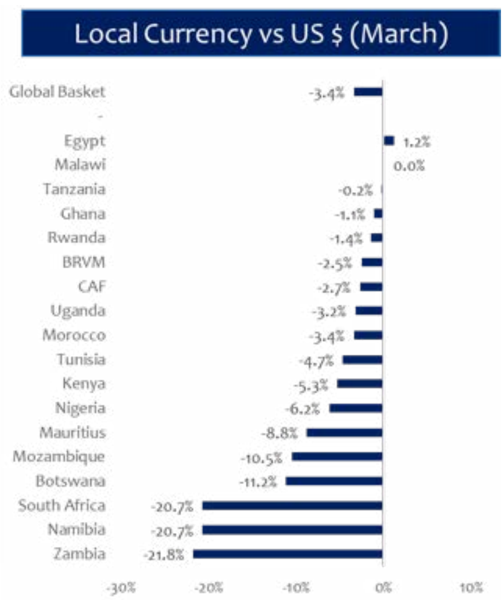
Overall equity market performance across the globe averaged -30% in return. Africa markets were not spared from the extraordinary operating environment - the MSCI Africa ex-South Africa index declined 22.9% in March 2020.





Source: Bloomberg, IMF

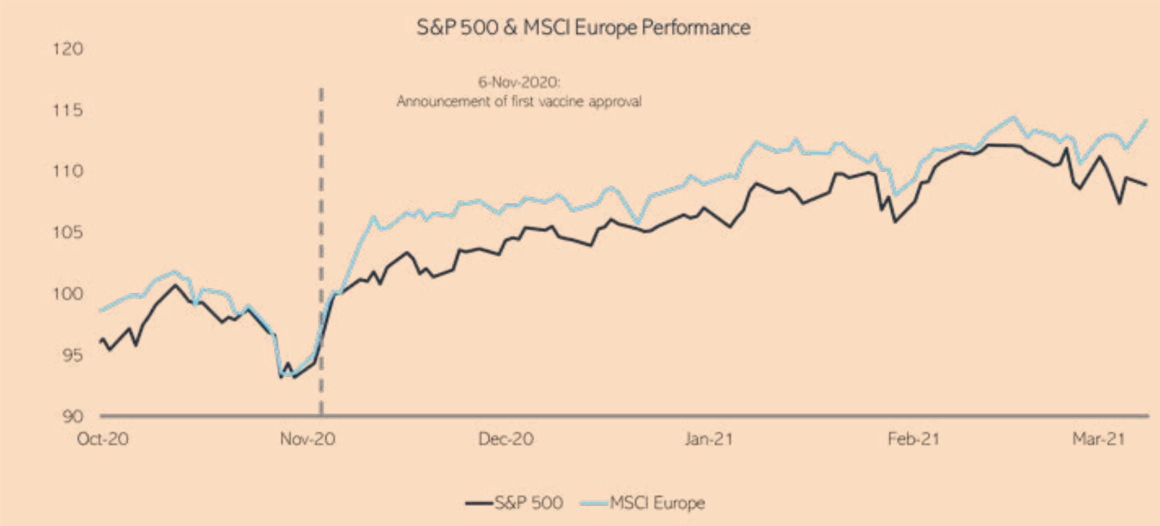
Spreads on hard currency bonds in Africa widened significantly as investors sold out of positions and repatriated funds. According to the IMF, these outflows are the largest on record from Sub-Saharan Africa. Consequently, currencies depreciated as the demand for dollars increased and African economies were projected to experience the first ever contraction after 25 consecutive years of expansion.



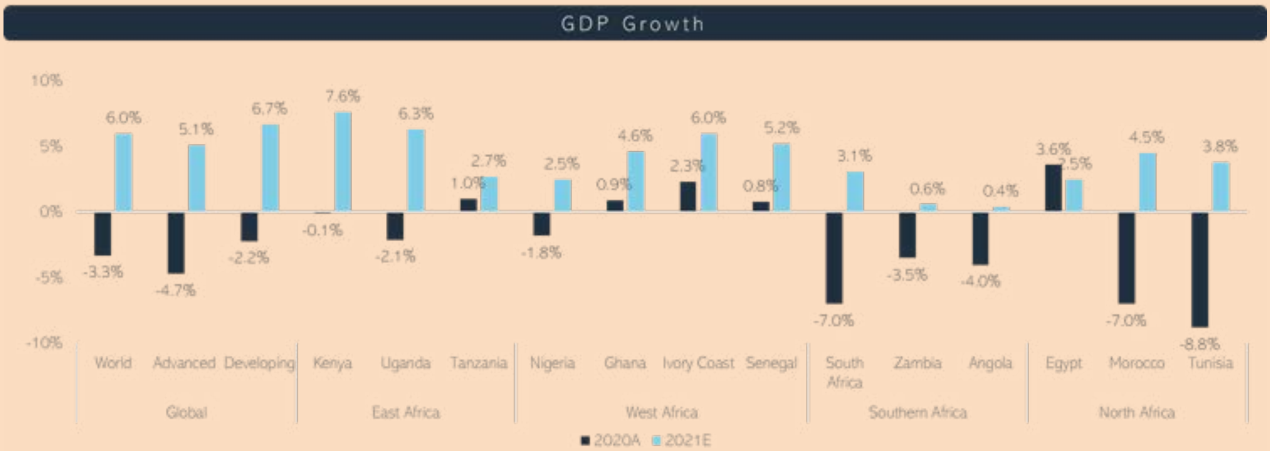
Source: Bloomberg

Economies globally responded to the pandemic by implementing restrictions on movement to curb the spread of the virus. The transport and aviation, tourism and hospitality sectors were the hardest hit by this initiative.

Countries experienced varying degrees of impact from the virus, and, towards the end of 2020, vaccine announcements gave investors visibility to the end of the pandemic and impending earnings recovery, leading to improved sentiment toward value shares. Markets rebounded instantaneously to levels higher than pre-covid, especially so for developed markets.



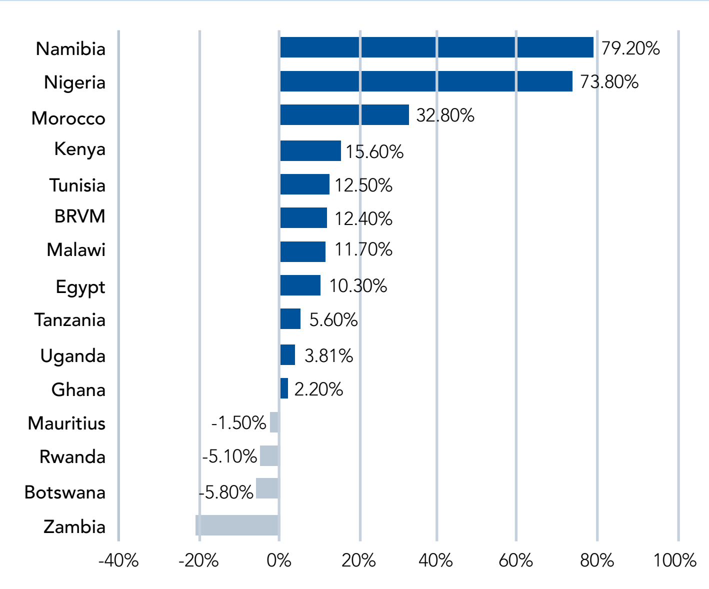
Overall, the implementation of restrictions resulted in flattening of the curve in most countries, and economic activity was subsequently revived. GDP growth of Africa is now back on the growth path, with resilient, economically diverse countries such as Kenya projected by the IMF to grow by over 7% in 2021.

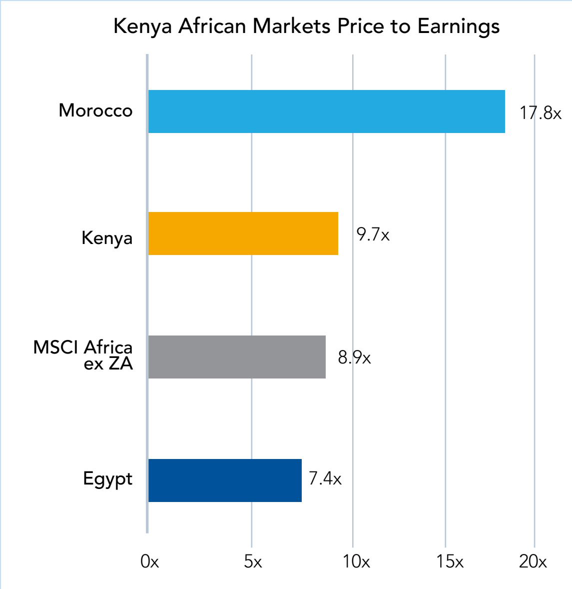


Marketable Securities Portfolio

African markets have recovered albeit at a slower pace than developed markets leaving room for further upside given the attractive valuations.

Market Performance (In USD) across various stock exchanges in the African Continent (31.03.2020 to 31.03.2021)]





Outlook:

The year 2021 is expected to be a recovery year as most countries open their economies on the back of wider distribution of the Covid-19 vaccines and as a decent size of the population develops herd immunity.

Given the rich valuations in developed markets, we expect performance in the African stock markets to be driven by a return of portfolio flows as investors search for higher yields in the continent.

Our Financials

Directors' Report

The Directors submit their report together with the audited financial statements of Centum Investment Company Plc (the ''Company'') and its subsidiaries (together, the ''Group'') for the year ended 31 March 2021.

BUSINESS REVIEW

In evaluating performance, the Group's and Company's business is segmented into three portfolios:

a. Real Estate, where we are master developers of mixed use developments in East Africa;

b. Private Equity, representing our trading subsidiaries or investments that have progressed from development to a cash generating stage. Investments under this segment include the publishing, financial services and utility companies. This business unit is also responsible for managing our Development Portfolio; and

c. Marketable securities and cash - representing our investment in large and mid-capitalization equities, fixed income and cash, contributing to the Company's liquidity. Operating cash flows are primarily from dividend and interest income, real estate sales and proceeds from exits in the private equity and marketable securities portfolios.

Perfomance

The Group reported a loss after tax of KES 1.3 billion, representing a 130% decline year on year. The primary driver of this performance is the loss of Two Rivers Development Limited (TRDL) in which Centum Investment holds a 58% equity stake which booked a loss of KES 1.9 billion. Excluding TRDL, the consolidated loss before tax would have been KES 473 million. The loss at TRDL is driven by high finance costs on account of the underlying capital structure. In the year ended 31 March 2020, the Group had recorded exceptional items which included an investment income of KES 12.4 billion, being realized gain from the disposal of beverage assets as well as KES 2.3 billion impairment provision on assets, primarily, Amu Power. In the current period, no gain on disposal has been recorded.

The Group's banking subsidiary has now returned to profitability, leading to financial services segment profitability of KES 171 million, from a loss of KES 461 million in the prior year.

The Real Estate business has recorded a significant pre-sale level in residential units and land sales conversions and these sales will continue to boost the Group's profitability as we hand over more units and complete more land sales.

A detailed performance analysis is set out in the Integrated Report, under the Business Review section.

Outlook

The Group's five-year strategic plan dubbed Centum 4.0 sets out strategic pillars which are aimed at delivering consistent and sustainable returns for our shareholders. These pillars are centred on return and dividend payout, capital structure and liquidity, operating costs, portfolio focus and organisational effectiveness.

The macro-economic impact of the COVID-19 pandemic is likely to have a short to medium term impact on our business. In our Private Equity investments, the likely impact is reduced dividends as the respective businesses switch to cash conservation. On the Real Estate business, we have adopted a sales-led development process and all units under construction are largely pre-sold. The medium-term impact is therefore likely to be a slowdown on new developments as they would have to meet our pre-sale threshold of 30%.

A detailed outlook is set out under the Business Review section of the Integrated Report.

RESULTS

For the year ended 31 March:		Group		Company
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
(Loss)/ Profit before income tax	(2,332,211)	5,446,112	(826,471)	(2,595,097)
Income tax expense/ (credit)	964,295	(817,796)	219,871	(796,591)
(Loss)/ Profit for the year	**(1,367,916)**	**4,628,316**	**(606,600)**	**(3,391,688)**

The results for the year are set out fully on pages 105 to 229 in the financial statements.

Directors' Report (continued)

DIVIDEND

The Board of Directors recommend a dividend of KES 0.33 (2020: KES 1.20) per share for the financial year ended 31 March 2021.

DIRECTORS

The directors who served during the year and to the date of this report are:

1	Dr. D Kaberuka	- Chairman
2	Dr. J M Mworia	- Managing Director
3	Dr. C Kirubi	- Deceased: 14 June 2021
4	Dr. L Macharia	
5	Hon. W Byaruhanga	- Alternate: Mr. A Kasirye
6	Mrs. C Igathe	
7	Mrs. M Ngige	
8	Industrial & Commercial Development Corporation (ICDC)	- Alternate Mr. W Haggai
9	Mrs. S Githuku	
10	Dr. M Ikiara	
11	Mr. A Musangi	- Alternate: Dr. C Kirubi. Appointed: 17 May 2021

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AND GROUP'S AUDITOR

The directors confirm that with respect to each director at the time of approval of this report:

a) there was, as far as each director is aware, no relevant audit information of which the Company's and Group's auditor is unaware; and

b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's and Group's auditor is aware of all that information.

TERM OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 719 of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Mwangi J. Mbogo

Secretary

Nairobi
26 July 2021

Directors' Remuneration Report

Information not subject to audit

The Board of Directors reviews and recommends the remuneration structure of Directors annually, subject to approval of the Shareholders at the Company's annual general meetings. The Company gathers relevant remuneration data and explores market conditions that are used to determine the Directors' remuneration.

Executive Directors

The remuneration of Executive Directors is determined based on remuneration benchmarks in the industry, prevailing market conditions as well as the Company's performance and profitability. The Executive Directors' remuneration is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee of the Board. Executive Directors are eligible to participate in the Company's bonus scheme which is dependent on the Company's performance and profitability. The basis for determination of staff bonus is set out under Note 2.3.2 to the financial statements. The Executive Directors do not earn fees or sitting allowances.

Non-Executive Directors

Non-Executive Directors are appointed for a renewable term of 3 years which is dependent on regulatory approval and ratification by shareholders. Non-Executive Directors retire by rotation and eligibility for re-election is subject to performance. Independent non-executive directors can only serve for a maximum term of nine years.

The Company undertakes a Board evaluation on an annual basis to review its performance and that of the individual directors and the various Board committees.

The Group has a policy in place that guides the remuneration of Non-Executive Directors. There is no direct link between Non-Executive Directors' remuneration and the annual results of the Company.

The remuneration comprises of a quarterly allowance, sitting allowances for board and committee meetings and a travel allowance.

Professional Indemnity Cover

In line with best market practice, the Company provides Directors' and Officers' Liability Insurance to Executive and Non-Executive Directors in undertaking their duties in such capacity.

Share options

The Company has no share options issued to the Executive and Non-Executive Directors.

Information subject to audit

The following table shows a single figure remuneration for the Executive Director, Chairman and Non-Executive directors in respect of qualifying services for the year ended 31 March 2021 together with the comparative figures for 2020. The aggregate Directors' emoluments are shown on note 12.1 (iv) to the financial statements.

Year ended 31 March 2021	**Salary Ksh'000**	**Pension Ksh'000**	**Fees Ksh'000**	**Bonuses Ksh'000**	**Total Ksh'000**
Dr. Donald Kaberuka (Chairman)	-	-	2,472	-	2,472
The Late Dr. Christopher Kirubi	-	-	2,568	-	2,568
Industrial & Commercial Development Corporation (ICDC)	-	-	763	-	763
Hon. William Byaruhanga	-	-	1,908	-	1,908
Dr. Laila Macharia	-	-	3,048	-	3,048
Mrs. Mary Ngige	-	-	2,928	-	2,928
Mrs. Catherine Igathe	-	-	2,928	-	2,928
Dr. Moses Ikiara	-	-	3,228	-	3,228
Mrs. Susan Wakhungu-Githuku	-	-	2,508	-	2,508
Mr. William Haggai	-	-	1,925	-	1,925
Dr. James Mworia	43,013	3,228	-	-	46,241
	43,013	**3,228**	**24,276**	**-**	**70,517**

Directors' Remuneration Report
(continued)

Information subject to audit (continued)

Year ended 31 March 2020	Salary Ksh'000	Pension Ksh'000	Fees Ksh'000	Bonuses Ksh'000	Total Ksh'000
Dr. Donald Kaberuka (Chairman)	-	-	2,584	-	2,584
The Late Dr. Christopher Kirubi	-	-	2,328	-	2,328
Industrial & Commercial Development Corporation (ICDC)	-	-	1,090	-	1,090
Hon. William Byaruhanga	-	-	1,908	-	1,908
Dr. Laila Macharia	-	-	2,748	-	2,748
Mrs. Mary Ngige	-	-	2,508	-	2,508
Mrs. Catherine Igathe	-	-	2,748	-	2,748
Dr. Moses Ikiara	-	-	2,568	-	2,568
Mrs. Susan Wakhungu-Githuku	-	-	2,268	-	2,268
Mr. William Haggai	-	-	1,625	-	1,625
Dr. James Mworia	42,257	3,171	-	-	45,428
	42,257	**3,171**	**22,375**	**-**	**67,803**

On behalf of the Board

Dr. Laila Macharia

Chairperson, Nomination and Governance Committee

26 July 2021

Our Business

Corporate Governance

Financial Statements

Directors' Responsibilities

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 Group and Company at the end of the financial year and of their financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and of the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with 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 internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then applying them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having assessed the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.
The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 26 July 2021 and signed on its behalf by:

Dr. James M. Mworia
Director

Mrs. Mary Ngige
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Centum Investment Company Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 105 to 229, which comprise the consolidated statement of financial position at 31 March 2021 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 March 2021, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of Centum Investment Company Plc give a true and fair view of the financial position of the Group and the Company at 31 March 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the 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 financial statements* section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Fair value measurement of unquoted investments The Group holds unquoted investments, comprising investments in unlisted entities which are measured at fair value. As explained under Note 1.5.1 and 5.2 and of the financial statements, the Group uses a variety of approaches in estimating the fair value of these investments. The methods used in determining the fair value of the unquoted investments involves significant estimates and assumptions of unobservable inputs such as comparable market multiples, marketability discounts and control premiums. Changes in these assumptions could result in material adjustments to the carrying amounts of the investments and the recorded gains/losses at the end of year.	We assessed management's processes and controls for determination of the fair values of investments, including the oversight from those charged with governance. We assessed the appropriateness and consistency of the valuation methods used and the underlying assumptions such as the selected comparable market multiples, liquidity discounts, and any other adjustments. We tested the arithmetical accuracy of the computations. We evaluated the adequacy and consistency of disclosures in the financial statements.
Valuation of investment properties As described in Note 5.1.2 of the financial statements, the Group holds significant investment properties measured at fair value. The Group's accounting policy is to measure investment properties at fair value using either the market approach or the income approach depending on the type of property. The Group uses external independent property valuers to determine the fair values of investment properties at year end. The external valuers make significant estimates and assumptions of unobservable inputs in the valuation models such as comparable market prices based on location and zoned use of the property, projected future cash flows, future rent escalations, exit values and discounting rates. The fair values of the investment properties are highly sensitive to the changes in the underlying estimates and assumptions which makes this a key audit matter.	We assessed management's processes and controls over the valuation of investment properties, including the oversight from those charged with governance. We evaluated the objectivity, independence and expertise of the external independent valuation specialists. We assessed the appropriateness of the valuation methodology used and the reasonableness of the applicable assumptions depending on the type of property. Where possible, we tested the calculations applied in the valuations. We agreed the carrying amounts and the related changes in fair value of the investment properties in the financial statements to the independent valuers' reports. We assessed the adequacy of the disclosures in the financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Estimation of expected credit losses on loans and advances at amortised cost As described in Notes 1.4.4, 1.5.3 and 7.1 of the financial statements, the assumptions and inputs into the models for estimation of expected credit losses (ECL) on loans and advances involves significant judgments made by management. The key areas where significant judgements are exercised, and therefore an increased level of audit focus applied, include: • The classification of loans and advances which involves consideration of qualitative and quantitative considerations, particularly the identification of significant increase in credit risk in accounts and default events. The classification of loans determines whether a 12-month or lifetime Probability of Default is applied in the calculation of expected credit losses; • The estimation of exposures at default, the probabilities of default and the loss given default for the various credit exposures, including the amounts and timing of expected future cash flows; and • the incorporation of forward-looking information used into the models. Changes to the assumptions and estimates used by management could generate significant fluctuations in the Group's financial results and materially impact the valuation of the portfolio of loans and advances. In addition, the evolving economic impact of the COVID-19 pandemic has heightened the general risk of credit default and significant increase in credit risk, increasing the uncertainty around the management judgements and estimation process.	We evaluated the compliance of the Group's accounting policies with the key principles of IFRS 9 in relation to significant increase in credit risk, default definition, forecasting of forward looking macro-economic factors and weighting of expected loss scenarios. For a sample of contracts, we tested the identification of financial assets that have experienced significant increase in credit risk or met the Group's default definition criteria for purposes of classification. This was done through examining documentation and credit performance to form an independent judgment as to whether the staging of such facilities was in line with the Group's policy and IFRS 9 requirements. We tested the accuracy of the computations of exposures at default, probability of default and loss given default and evaluated the reasonableness of the assumptions used in the computations. We tested the reasonableness of management's assumptions in deriving the amounts and timing of expected future cash flows. For secured facilities, we agreed the collateral values used in the impairment model to external valuation reports. We tested the historical data used in derivation of the key model parameters, and how these had been used to project forward looking parameters; and We evaluated and assessed adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

Other information

The other information comprises Directors report and Statement of directors responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the Integrated Report and Financial Statements which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 we have received prior to the date of this auditor's 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.

When we read the rest of the other information in the Integrated Report and Financial Statements and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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'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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTUM INVESTMENT COMPANY PLC (continued)

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

Report on other matters prescribed by the Companies Act, 2015

Report of the directors
In our opinion the information given in the directors' report on pages 94 and 95 is consistent with the financial statements.

Directors' remuneration report
In our opinion the auditable part of the directors' remuneration report on pages 96 to 97 has been properly prepared in accordance with the Companies Act, 2015.

FCPA Michael Mugasa, Practicing Certificate Number 1478
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

26 July 2021

Financial Statements

Consolidated statement of profit or loss

	Notes	2021 Ksh'000	2020 Ksh'000
Trading business:			
Sales	2.2	995,792	5,468,816
Cost of sales	2.3.1(a)	(712,292)	(3,457,099)
Gross profit		**283,500**	**2,011,717**
Operating and administrative expenses	2.3.1(b)	(610,889)	(1,781,328)
Finance costs	2.4	(201,645)	(205,997)
Trading (loss)/profit		**(529,034)**	**24,392**
Real estate:			
Residential units sales		459,744	-
Commissions		(1,950)	-
Cost of sales		(333,376)	-
Gross profit		**124,418**	**-**
Fair value gains on investment properties		1,638,662	3,921,836
Other income		60,083	289,228
Operating and administrative expenses	2.3.1(b)	(555,684)	(650,940)
Finance costs	2.4	(392,179)	-
Profit from real estate operations		**875,300**	**3,560,124**
Two Rivers investment operations:			
Sale of goods and services (utilities)		323,674	397,236
Cost of sales		(261,563)	(381,747)
Fair value gains on investment properties		721,712	(2,458,700)
Operating and administrative expenses		(183,072)	(234,731)
Share of loss from joint venture	6.2.2	(1,074,310)	(2,077,884)
Finance costs	2.4	(1,385,721)	(1,202,583)
Loss from Two Rivers investment operations		**(1,859,280)**	**(5,958,409)**
Financial services:			
- Income from provision of financial services	2.2	4,338,068	3,796,050
- Interest expenses	2.4	(1,730,313)	(1,158,748)
- Net impairment of loans and advances	7.1	(117,505)	(392,219)
- Operating and administrative expenses	2.3.1(b)	(2,160,392)	(2,074,153)
Operating profit from financial services		**329,858**	**170,930**
Investment operations:			
Investment income	2.2	666,433	13,207,023
Realised gains on disposal of investments	2.7	-	
Project and development management fees	2.2	17,681	39,925
Operating and administrative expenses	2.3.1(b)	(715,021)	(1,131,950)
Provision for impairment of assets	2.3.1(c)	(488,707)	(2,751,568)
Finance costs	2.4	(629,441)	(1,814,660)
Share of profits of associates after tax	6.2.1	-	100,305
Profit from Investment operations		**1,149,055**	**7,649,075**
(Loss)/ Profit before income tax		**(2,332,211)**	**5,446,112**
Income tax credit/(expense)	3.1	964,295	(817,796)
(Loss)/ Profit for the year		**(1,367,916)**	**4,628,316**
Attributable to:			
Owners of the parent		(618,998)	6,819,560
Non controlling interests		(748,918)	(2,191,244)
		(1,367,916)	4,628,316
Earnings per share (Basic and diluted)	2.6	(0.93)	10.25

Consolidated statement of comprehensive income

	Notes	2021 Ksh'000	Restated 2020 Ksh'000
(Loss)/Profit for the year		**(1,367,916)**	**4,628,316**
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Revaluation deficit on land and buildings	8.1	-	(5,000)
Fair value (loss)/ gain in unquoted investments	5.2	(531,349)	298,729
Fair value loss on quoted equity investments	5.3	56,803	(126,243)
Deferred tax on revaluation gains	3.2	6,822	(1,137,581)
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		381,169	181,893
Total other comprehensive (loss)/income		(86,555)	(788,202)
Total comprehensive (loss)/income for the year		**(1,454,471)**	**3,840,114**
Attributable to:			
Owners of the parent		(705,553)	6,031,358
Non-controlling interest		(748,918)	(2,191,244)
		(1,454,471)	**3,840,114**

Company statement of profit or loss and other comprehensive income

	Notes	2021 Ksh'000	2020 Ksh'000
Investment income	2.2	1,516,870	3,694,506
Expenses			
Operating and administrative expenses	2.3.1(b)	(669,082)	(894,691)
Finance costs	2.4	(602,867)	(1,814,660)
Operating profit		**244,921**	**985,155**
Provision for impairment of assets	2.3.1(c)	(1,071,393)	(3,580,252)
Loss before income tax		(826,472)	(2,595,097)
Income tax credit/(expense)	3.1	219,871	(796,591)
Loss for the year		**(606,601)**	**(3,391,688)**
Other comprehensive income for the year			
Items that will not be subsequently reclassified to profit or loss			
Fair value loss on subsidiaries	6.1	(3,978,028)	(2,161,160)
Fair value (loss)/gain on unquoted investments	5.2	(541,255)	292,750
Fair value gain/(loss) on quoted investments	5.3	80,108	(29,992)
Deferred income tax on fair value gains and losses	3.2	227,056	927,747
Total other comprehensive loss		**(4,212,119)**	**(970,655)**
Total comprehensive loss		**(4,818,720)**	**(4,362,343)**

Financial Statements (continued)

Consolidated statement of financial position

Assets	Notes	2021 KES'000	2020 (Restated) KES'000	2019 (Restated) KES'000
Property, plant and equipment	8.1	4,453,926	4,098,815	11,067,734
Investment properties	5.1.2	41,528,010	41,181,081	40,033,745
Inventory - Residential houses under construction	5.1.1	6,485,145	3,015,964	380,676
Intangible assets - goodwill	8.2	361,335	361,335	1,768,281
Intangible assets - software	8.2	1,061,538	1,007,680	726,765
Deferred income tax	3.2	825,655	866,304	757,499
Right-of-use asset	8.3.1	941,965	1,061,882	-
Prepaid operating lease rentals		-	-	57,683
Investments:				
- Associates	6.2.1	1,094,479	1,449,966	2,920,670
- Joint ventures	6.2.2	2,108,890	2,889,797	7,065,230
- Unquoted equity investments	5.2	4,060,015	4,550,450	4,146,239
- Quoted investments	5.3	429,104	398,174	1,561,164
- Government securities and corporate bonds	7.2	12,481,002	8,913,428	3,469,523
Loans and advances	7.1	20,422,533	14,961,431	13,188,526
Finance lease receivable	8.3.2	165,445	154,393	46,817
Inventories	4.1	846,320	624,880	1,766,231
Current income tax	3.1	595,395	678,985	492,034
Receivables and prepayments	4.2	5,694,180	7,466,707	6,921,565
Cash and bank balances	4.3	5,877,269	8,182,331	5,393,271
Total assets		**109,432,206**	**101,863,603**	**101,763,653**
Capital and reserves				
Share capital	11.1	332,721	332,721	332,721
Share premium	11.1	589,753	589,753	589,753
Other reserves	11.2	224,178	310,733	1,182,443
Retained earnings		41,752,206	41,963,316	37,093,486
Proposed dividends	11.3	219,596	798,530	798,530
Total equity attributable to equity holders of the company		**43,118,454**	**43,995,053**	**39,996,933**
Non-controlling interest	6.1	3,930,250	5,278,029	10,576,373
Total equity		**47,048,704**	**49,273,082**	**50,573,306**
Liabilities				
Borrowings (excluding banking subsidiary)	9.1	21,008,981	18,090,076	24,403,263
Banking subsidiary:				
- Customer deposits	7.3	23,069,729	17,460,420	14,816,684
- Borrowings	9.1	4,492,116	4,106,689	2,467,698
Payables and accrued expenses	4.4	4,327,566	3,495,883	4,798,067
Dividends payable	11.3	310,303	275,038	211,675
Contract liabilities	4.5	3,597,608	2,300,312	578,651
Current income tax	3.1	260,529	122,479	24,117
Deferred income tax	3.2	4,158,918	5,469,522	3,890,192
Lease liabilities	8.3	1,157,752	1,270,102	-
Total liabilities		**62,383,502**	**52,590,521**	**51,190,347**
Total equity and liabilities		**109,432,206**	**101,863,603**	**101,763,653**

The financial statements on pages 105 to 229 were approved by the Board of Directors on 26 July 2021 and signed on its behalf by:

Dr. James M. Mworia
Director

Mary Ngige
Director

Company statement of financial position

	Notes	2021 Ksh'000	2020 Ksh'000
Assets			
Property and equipment	8.1	97,687	118,625
Right-of-use asset	8.3	18,903	23,786
		116,590	**142,411**
Investment portfolio carried at fair value:			
- Investment in subsidiaries	6.1	26,258,390	30,236,419
- Debt investment in subsidiaries	12.1	11,803,965	15,631,051
- Unquoted investments	5.2	3,585,229	4,126,484
- Government securities and corporate bonds	7.2	4,235,342	3,150,557
- Quoted investments	5.3	156,411	22,586
Total portfolio		**46,039,337**	**53,167,097**
Receivables and prepayments	4.2	431,188	628,856
Current income tax	3.1	61,405	-
Cash and bank balances	4.3	866,720	2,911,960
		1,359,313	**3,540,816**
Total assets		**47,515,240**	**56,850,324**
Capital and reserves			
Share capital	11.1	332,721	332,721
Share premium	11.1	589,753	589,753
Other reserves	11.2	19,321,343	23,533,462
Retained earnings		21,358,634	22,184,830
Proposed dividends	11.3	219,596	798,530
Total equity		**41,822,046**	**47,439,296**
Liabilities			
Borrowings	9.1	4,121,584	7,485,523
Payables and accrued expenses	4.4	493,010	401,408
Dividends payable	11.3	310,303	275,038
Current income tax	3.1	-	29,108
Lease liabilities	8.3	19,386	24,112
Deferred income tax	3.2	748,912	1,195,839
Total liabilities		**5,693,194**	**9,411,028**
Total equity and liabilities		**47,515,240**	**56,850,324**

The financial statements on pages 105 to 229 were approved by the Board of Directors on 26 July 2021 and signed on its behalf by:

Dr. James M. Mworia
Director

Mrs. Mary Ngige
Director

Consolidated statement of changes in equity

	Notes	Share capital KES'000	Share premium KES'000	Other reserves KES'000	Retained earnings KES'000	Proposed dividends KES'000	Owners equity KES'000	Non-controlling interest KES'000	Total equity KES'000
Year ended 31 March 2021									
At start of year									
Balance as at 31 March 2020 - as previously stated		332,721	589,753	1,900,292	43,723,323	798,530	47,344,619	5,278,029	-
- Prior year adjustment	14	-	-	(1,589,559)	(1,760,007)	-	3,349,566	-	3,349,566
Balance as at 31 March 2020 - restated		**332,721**	**589,753**	**310,733**	**41,963,316**	**798,530**	**43,995,052**	**5,278,029**	**49,273,082**
Comprehensive income									
Loss for the year		-	-	-	(618,998)	-	(618,998)	(748,918)	(1,367,916)
Other comprehensive income:									
Fair value loss in unquoted investments	5.2	-	-	(531,349)	-	-	(531,349)	-	(531,349)
Fair value gain in quoted investments	5.3	-	-	56,803	-	-	56,803	-	56,803
Currency translation differences		-	-	381,169	-	-	381,169	-	381,169
Deferred tax on revaluation gains	3.2	-	-	6,822	-	-	6,822	-	6,822
Total other comprehensive income		**-**	**-**	**(86,555)**	**-**	**-**	**(86,555)**	**-**	**(86,555)**
Total comprehensive income		**-**	**-**	**(86,555)**	**(618,998)**	**-**	**(705,553)**	**(748,918)**	**(1,454,471)**
Transactions with owners in their capacity as owners:									
First and final 2020 dividends paid	11.3	-	-	-	-	(798,530)	(798,530)	-	(798,530)
Proposed 2021 dividends	11.3	-	-	-	(219,596)	219,596	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-
Transactions with non controlling interest		-	-	-	627,484	-	627,484	(598,861)	28,623
At end of year		**332,721**	**589,753**	**224,178**	**41,752,206**	**219,596**	**43,118,454**	**3,930,250**	**47,048,704**

Consolidated statement of changes in equity

Restated	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Owners equity	Non-controlling interest	Total equity
		KES'000	KES'000	KES'000	KES'000	KES'000	KES'000	KES'000	KES'000
Year ended 31 March 2020									
At start of year									
- as previously stated		**332,721**	**589,753**	**1,182,443**	**38,095,995**	**798,530**	**40,999,442**	**10,576,373**	**51,575,815**
- prior year adjustment		-	-	-	(3,349,567)	-	(3,349,567)	-	(3,349,567)
- changes on initial application of IFRS 16		-	-	-	107,643	-	107,643	-	51,683,459
- as restated		**332,721**	**589,753**	**1,182,443**	**34,854,072**	**798,530**	**37,757,518**	**10,576,373**	**48,333,892**
Comprehensive income									
Profit for the year		-	-	-	6,819,560	-	6,819,560	(2,191,244)	4,628,316
Other comprehensive income:									
Reserves released on disposal of investments	2.7	-	-	(83,508)	83,508	-	-	-	-
Fair value gain in unquoted investments	5.2	-	-	298,729	-	-	298,729	-	298,729
Fair value loss in quoted investments	5.3	-	-	(126,243)	-	-	(126,243)	-	(126,243)
Revaluation deficit on property	8.1	-	-	(5,000)	-	-	(5,000)	-	(5,000)
Currency translation differences		-	-	181,893	-	-	181,893	-	181,893
Deferred tax on revaluation gains	3.2	-	-	(1,137,581)	-	-	(1,137,581)	-	(1,137,581)
Total other comprehensive income		**-**	**-**	**(871,710)**	**83,508**	**-**	**(788,202)**	**-**	**(788,202)**
Total comprehensive income		**-**	**-**	**(871,710)**	**6,903,068**	**-**	**6,031,358**	**(2,191,244)**	**3,840,114**
Transactions with owners in their capacity as owners:									
First and final 2019 dividends paid	11.3	-	-	-	-	(798,530)	(798,530)	-	(798,530)
Proposed 2020 dividends	11.3	-	-	-	(798,530)	798,530	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	(100,874)	(100,874)
Transactions with non controlling interest		-	-	-	1,004,706	-	1,004,706	(3,006,226)	(2,001,520)
At end of year		**332,721**	**589,753**	**310,733**	**41,963,316**	**798,530**	**43,995,052**	**5,278,029**	**49,273,082**

Company statement of changes in equity

	Notes	Share capital KES'000	Share premium KES'000	Other reserves KES'000	Retained earnings KES'000	Proposed dividends KES'000	Total equity KES'000
Year ended 31 March 2021							
At start of year		**332,721**	**589,753**	**23,533,462**	**22,184,830**	**798,530**	**47,439,296**
Comprehensive income							
Loss for the year		-	-	-	(606,601)	-	(606,601)
Other comprehensive income:							
Fair value loss in subsidiaries	6.1	-	-	(3,978,028)	-	-	(3,978,028)
Fair value loss in unquoted investments	5.2	-	-	(541,255)	-	-	(541,255)
Fair value gain in quoted investments	5.3	-	-	80,108	-	-	80,108
Deferred tax on revaluation gains	3.2	-	-	227,056	-	-	227,056
Total other comprehensive income		-	-	(4,212,119)	-	-	(4,212,119)
Total comprehensive income		**-**	**-**	**(4,212,119)**	**(606,601)**	**-**	**(4,818,720)**
Transactions with owners							
Proposed 2021 dividends	11.3	-	-	-	(219,596)	219,596	-
First and final 2020 dividends paid	11.3	-		-		(798,530)	(798,530)
At end of year		**332,721**	**589,753**	**19,321,343**	**21,358,633**	**219,596**	**41,822,046**

Company statement of changes in equity

	Notes	Share capital KES'000	Share premium KES'000	Other reserves KES'000	Retained earnings KES'000	Proposed dividends KES'000	Total equity KES'000
Year ended 31 March 2020							
At start of year		**332,721**	**589,753**	**37,798,090**	**13,081,075**	**798,530**	**52,600,169**
Comprehensive income							
Loss for the year		-	-	-	(3,391,688)	-	(3,391,688)
Other comprehensive income:							
Reserves released on disposal of investments	2.7	-	-	(13,293,973)	13,293,973	-	-
Fair value loss in subsidiaries	6.1	-	-	(2,161,160)	-	-	(2,161,160)
Fair value gain in unquoted investments	5.2	-	-	292,750	-	-	292,750
Fair value loss in quoted investments	5.3	-	-	(29,992)	-	-	(29,992)
Deferred tax on revaluation gains	3.2	-	-	927,747	-	-	927,747
Total other comprehensive income		-	-	(14,264,628)	13,293,973	-	(970,655)
Total comprehensive income		**-**	**-**	**(14,264,628)**	**9,902,285**	**-**	**(4,362,343)**
Transactions with owners							
First and final 2019 dividends paid	11.3	-	-	-	(798,530)	798,530	-
Proposed dividends 2019		-	-	-	-	(798,530)	(798,530)
At end of year		**332,721**	**589,753**	**23,533,462**	**22,184,830**	**798,530**	**47,439,296**

Consolidated statement of cash flows

Year ended 31 March	Notes	2021 Ksh'000	2020 Ksh'000
Cash flows from operating activities			
Cash generated from operations	2.5	1,661,257	3,402,418
Proceeds from disposal of investment property (land)	5.1	2,682,197	-
Proceeds from disposal of subsidiaries	2.7	-	10,990,733
Proceeds from disposal of associate	2.7	-	8,579,696
Income tax paid	3.1	(89,198)	(1,079,407)
Net cash flows from operating activities		**4,254,256**	**21,893,440**
Cash flows from investing activities			
Purchase of investment property	5.1	(45,938)	(15,609)
Purchases of property, plant and equipment	8.1	(530,594)	(633,572)
Purchases of intangible assets	8.2	(206,364)	(469,166)
Purchase of shares in associates	6.2.1	(30,040)	(337,972)
Purchase of shares in joint venture	6.2.2	(314,437)	-
Purchase of unquoted equity investments	5.2	(40,914)	(110,482)
Purchase of quoted equity investments	5.3	(82,644)	(32,784)
Purchase of corporate bonds at amortised cost	7.2.3	(1,276,894)	(532,918)
Purchase of commercial papers at amortised cost	7.2.4	(604,394)	(162,832)
Purchase of government securities at fair value through profit or loss	7.2.1	(2,161,196)	(4,869,785)
Purchase of government securities at amortised cost	7.2.2	(5,420,901)	(5,732,119)
Proceeds from disposal of quoted investments	2.7	78,575	928,069
Proceeds on disposal of government securities at fair value through profit or loss	7.2.1	2,990,029	3,994,801
Proceeds on disposal of government securities at amortised cost	7.2.2	2,858,355	2,048,681
Dividends received from associates	6.2.1	-	40,960
Proceeds from disposal of corporate bonds at amortised cost	7.2.3	113,816	30,002
Net cash flows from investing activities		**(4,673,541)**	**(5,854,726)**
Cash flows from financing activities			
Proceeds from borrowings		12,147,793	11,705,704
Repayments of borrowings		(10,425,765)	(20,691,312)
Interest paid on borrowings		(2,571,284)	(2,626,593)
Payment of principal portion of lease liabilities	8.3.1	(252,380)	(335,865)
Unclaimed dividends paid	11.3	(32,193)	(16,881)
Dividends paid		(730,542)	(717,757)
Net cash flows from financing activities		**(1,864,372)**	**(12,682,704)**
Net increase in cash and cash equivalents		**(2,283,657)**	**3,356,010**
Movement in cash and cash equivalents			
At start of year		7,126,269	5,284,873
Less: Disposal of subsidiary	4.3	-	(1,514,614)
(Decrease)/increase		(2,283,657)	3,356,010
At end of year	**4.3**	**4,842,612**	**7,126,269**

Company statement of cash flows

Year ended 31 March	Notes	2021 Ksh'000	2020 Ksh'000
Cash flows from operating activities			
Cash generated from operations	2.5	4,631,335	302,912
Proceeds from disposal of subsidiaries	2.7	-	10,990,733
Proceeds from disposal of associate	2.7	-	8,579,696
Income tax paid	3.1	(90,513)	(795,848)
Net cash flows from operating activities		**4,540,822**	**19,077,493**
Cash flows from investing activities			
Purchase of property and equipment	8.1	(297)	(11,076)
Investment in subsidiaries	6.1	-	(92,878)
Net debt investment in subsidiaries		(988,190)	(1,424,165)
Purchase of shares in unquoted investments	5.2	-	(219,324)
Purchase of government securities and corporate bonds	7.2	(1,084,785)	(3,048,024)
Net cash flows from investing activities		**(2,073,272)**	**(4,795,467)**
Cash flows from financing activities			
Proceeds from borrowings	9.1	3,063,350	2,296,251
Repayment of borrowings	9.1	(6,210,000)	(12,599,755)
Interest paid on borrowings		(582,000)	(1,513,496)
Dividends paid	11.3	(730,542)	(717,757)
Unclaimed dividends paid	11.3	(32,193)	(16,881)
Net cash flows from financing activities		**(4,491,385)**	**(12,551,638)**
Net (decrease)/ increase in cash and cash equivalents		**(2,023,835)**	**1,730,388**
Movement in cash and cash equivalents			
At start of year		1,874,742	144,354
(Decrease)/Increase		(2,023,835)	1,730,388
At end of year	**4.3**	**(149,093)**	**1,874,742**

Notes to the financial statements

1 Accounting framework and critical judgements

1.1 General information

Centum Investment Company Plc is incorporated and domiciled in Kenya. Its shares are listed on the Nairobi Securities Exchange and on the Uganda Securities Exchange. The address of its registered office is:

Two Rivers Office Towers
9th Floor, South Tower, Limuru Road
P O Box 10518 – 00100
Nairobi

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

1.2 Basis for preparation

(i) Compliance with IFRS

The consolidated financial statements of Centum Investment Company Plc (the "Company"), its subsidiaries and its interests in associates and joint ventures (together, the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Centum Group has operations across various industries. In order to achieve a more informative presentation of the financial statements, the expenses in the consolidated statement of profit or loss have been presented using a mix of both nature and function classification. As required by IFRS, a detailed breakdown of the expenses has been presented in the notes to the financial statements. The directors are satisfied that mixing the presentation provides more relevant information and does not have an effect of misstating any balance or giving any undue bias.

The consolidated statement of profit and loss has been presented based on the nature of the various businesses that the Group engages in. A list of the subsidiaries and the nature of their operations has been presented under note 6.1

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting year commencing 1 April 2020:

Number	Effective date	Executive summary
Amendment to IFRS 3, 'Business combinations' Definition of a business	Annual periods on or after 1 January 2020 (Published October 2018)	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material	Annual periods beginning on or after 1 January 2020 (Published October 2018)	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: - use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; - clarify the explanation of the definition of material; and - incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*
Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform (Phase 1)	Annual periods beginning on or after 1 January 2020 (early adoption is permitted) (Published September 2019)	These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Management will engage with the financiers upon obtaining clarification of the next benchmark and review the impact on our financial statements.

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(iii) New and amended standards not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group and Company.

Number	Effective date	Executive summary
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2022 (Published January 2020) Annual periods beginning on or after 1 January 2021 (Published August 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020) Annual periods beginning on or after 1 January 2022 (Published January 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(iii) New and amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
Amendment to IFRS 3, 'Business combinations'	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts - Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

1 Accounting framework and critical judgements (continued)

1.2 Basis for preparation (continued)

(iii) New and amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

1 Accounting framework and critical judgements (continued)

1.3 Going Concern

The Group and the Company forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group and the Company should be able to operate within their current funding levels into the foreseeable future.

The Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

1.4 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group financial statements.

The principal accounting policies applied are consistent with those adopted in the prior year, unless otherwise stated.

1.4.1 Principles of consolidation and equity accounting

i. 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 to direct the activities of 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 acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

ii. Changes in ownership interests in subsidiaries without change of control
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Centum Investment Company Plc.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

iii. *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.

iv. *Associates*
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 49% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

v. *Joint arrangements*
Under IFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

vi. *Equity method*
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

vii. Changes in ownership interests with change of control

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

viii. Business combinations

The Group accounts for business combinations using the acquisition method when control is obtained by the Group. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purposes of providing a return directly to investors or other owners, members or participants. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), such excess is recognised immediately in profit or loss as a bargain purchase gain.

An obligation to pay contingent consideration is classified as either a financial liability or equity based on the respective definitions set out in IAS 32 *Financial Instruments*: *Presentation*. The Group classifies any rights to the return of consideration previously transferred as a financial asset. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, with the corresponding gain or loss recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured after the acquisition date.

Any changes resulting from additional and new information about events and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amount recognised at that date, are considered to be measurement period adjustments.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

viii. Business combinations (continued)

The Group retrospectively adjusts the amounts recognised for measurement period adjustments. The measurement period ends when the acquirer receives all the information that they were seeking about the facts and circumstances that existed at the acquisition date or learns that information cannot be obtained. The measurement period shall, however, not exceed one year from the acquisition date. To the extent that changes in the fair value relate to post-acquisition events, these changes are recognised in accordance with the IFRS applicable to the specific asset or liability.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, 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.

1.4.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kenyan Shillings (Ksh)', which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation. The Group has no qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.2 Foreign currency (continued)

Transactions and balances (continued)

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.4.3 Measurement principles

Key assets and liabilities shown in the statement of financial position are measured as follows:

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
		Assets	
Property, plant and equipment	Historical cost less accumulated depreciation and impairment losses.	Biological assets	Fair value less cost to sell
		Quoted investments	Fair value through other comprehensive income
		Investment properties	Fair value

Notes to the financial statements
(continued)

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.3 Measurement principles (continued)

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
	Assets		
Loans and advances	Amortised cost	Cash and cash equivalents	Amortised cost
Goodwill	Historical cost less impairment losses	Receivables and prepayments	Amortised cost
Intangible assets	Historical cost less accumulated amortisation and impairment losses	Investment in subsidiaries	Company: Fair value based on recent transactions or price multiples, or net asset value
Deferred tax assets	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the asset is realised.	Government securities, corporate bonds and commercial papers	Fair value through profit and loss, fair value through other comprehensive income and armotized cost.
Investments in associates and joint ventures	Group: Cost adjusted for share of movements in net assets less impairment losses. Company: Fair value based on price of a recent transaction or earnings multiples of comparable companies or cost.	Current income tax recoverable	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.
Unquoted investments	Fair value based on price of a recent transaction or earnings multiples of comparable companies or cost.	Inventory	Group: Lower of cost or net realisable value
Right of use	Group and Company: Cost less depreciation	Finance lease receivable	Armotised cost
		Debt investment in subsidiaries	Company: Amortised cost
	Liabilities		
Customer deposits	Amortised cost	Deferred income	Nominal value
Deferred income tax liabilities	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the liability is settled.	Current income tax liabilities	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.
Provisions	Present value of the best estimate of the settlement amount	Payables and accruals	Amortised cost
		Borrowings	Amortised cost
		Bank overdraft	Amortised cost
Lease liabilities	Amortised cost	Dividends payable	Nominal value

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.4 Financial instruments

i. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains or losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in the statement of profit or loss.

Notes to the financial statements
(continued)

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.4 Financial instruments (continued)

iii. Measurement (continued)

Debt instruments (continued)
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains or losses in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains or losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv. Impairment
The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
(a) the credit risk has increased significantly since initial recognition; or
(b) there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

v. Presentation
All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

1 Accounting framework and critical judgements (continued)

1.4 Significant accounting policies (continued)

1.4.4 Financial instruments (continued)

vi. Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

vii. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.4.5 Comparatives

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.5 Critical accounting judgements, estimates and assumptions

The Group makes judgements, estimates and assumptions concerning the future when preparing the consolidated financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The "Critical accounting judgements, estimates and assumptions" note should be read in conjunction with the "Significant accounting policies".

1.5.1 Valuation of unquoted investments

Valuation of the Group's unquoted investments is an area of judgement, involving significant estimates and assumptions.

The Group's policy is to measure all unquoted investments at fair value on the Company statement of financial position. On the consolidated statement of financial position, only unquoted investments with a holding of less than 20% are measured at fair value as subsidiaries are consolidated and associates are accounted for under the equity accounting method. Unquoted investments on the Company statement of financial position are classified as fair value through other comprehensive income.

Notes to the financial statements
(continued)

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

Valuation of unquoted investments involves making use of significant unobservable inputs. The main inputs into the valuation models for these investments include:

a) (EBITDA) multiples - based on the most recent EBITDA achieved on a rolling 12 months basis of the company under valuation and equivalent corresponding EBITDA multiples of comparable companies;

b) Price-to-Book multiples for the banking subsidiary, using the closing balance sheet of the subsidiary and average price-to-book multiples of comparable listed banks in Kenya, adjusted for control premium since the multiple has been determined using minority stakes;

c) Discounted cash flow methodology which reflects the specifics of the entity and its operating environment;

d) EV/Revenue multiples - based on the most recent Revenue achieved on a rolling 12 months basis of the company under valuation and equivalent corresponding Revenue multiples of comparable companies; and

e) Marketability discounts, based on guidance under International Private Equity and Venture Capital Valuation (IPEV) anf International Financial Reporting Standards (IFRS) Guidelines. In principle, the Group applies an illiquidity discount between 1% and 30% set out under IPEV guidelines.

The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third party transactions in comparable companies instruments in valuation of some of the unquoted investments.

Real Estate subsidiaries are valued on the basis of the Group's proportionate share of their Net Asset Values as the underlying properties are measured at fair value. A cost or net asset value approach is also used for some of the unquoted investments and early stage portfolio companies.

In evaluating the valuations, management reviews the performance of the portfolio investee companies on a monthly basis and is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matters which are considered in the valuation process. Where appropriate, management also tracks peer company multiples, recent transaction results and credit ratings for similar instruments and companies.

The valuations are prepared by management and are reviewed on a regular basis by the Board Finance and Investment Committee and the Board Audit Committee. The Board Committees consider the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

In determining the continued appropriateness of the chosen valuation technique, management may perform back-testing to consider the various models' actual results and how they have historically aligned to actual market transactions. As a result of this process, management may recalibrate the valuation techniques appropriately.

Where EBITDA multiples are used, management determine comparable companies based on industry, size, development stage, revenue generation and strategy. The trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable company by its earnings before interest, taxes, depreciation and amortisation (EBITDA).

The trading multiple is then adjusted for discounts with regards to such considerations as illiquidity and other differences, advantages and disadvantages between the portfolio company and the comparable public company based on company specific facts and circumstances.

The table below present those investments in portfolio companies whose fair values have been determined on the basis described above.

Notes to the financial statements (continued)

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

Year ended 31 March 2021 Description	Ownership	Fair value at 31 March 2021 Ksh'000	Valuation technique	Unobervable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation
Unquoted investments: Company							
Isuzu East Africa Limited	17.8%	2,442,145	Comparable trading multiples	EBITDA multiple	7.61x	1%	18,907
				Marketability discount	30%	5%	(52,332)
				Discounted EBITDA multiple	5.33x		
				EBITDA (Ksh 'm)	ND*	10%	189,073
				Net debt (Ksh 'm)	ND*	NA	NA
NAS Airport Services Limited	15%	212,427	Comparable trading multiples	EBITDA multiple	1.16x	1%	2,192
				Marketability discount	30%	5%	(13,569)
(4,552)				Discounted EBITDA multiple	0.81x		
				EBITDA (Ksh 'm)	ND*	10%	21,920
				Net debt (Ksh 'm)	ND*	NA	NA
Africa Crest Education (ACE) Holdings		930,657	Cost				
Total - Company		**3,585,229**					

*These are private companies where the Group holds a minority interest. The EBITDA and debt information is market sensitive information and has therefore not been disclosed.

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

Year ended 31 March 2020 **Description**	**Ownership**	**Fair value at 31 March 2020 Ksh'000**	**Valuation technique**	**Unobervable inputs**	**Weighted average input**	**Reasonable possible shift +/- (absolute value)**	**Change in valuation**
Unquoted investments: Company							
Isuzu East Africa Limited	17.8%	2,562,598	Comparable trading multiples	EBITDA multiple	6.51x	1%	21,067
				Marketability discount	30%	5%	(54,913)
				Discounted EBITDA multiple	4.56x		
				EBITDA (Ksh 'm)	ND*	10%	210,670
				Net debt (Ksh 'm)	ND*	NA	NA
NAS Airport Services Limited	15%	633,229	Comparable trading multiples	EBITDA multiple	4.17x	1%	6,200
				Marketability discount	30%	5%	(13,569)
				Discounted EBITDA multiple	2.92x		
				EBITDA (Ksh 'm)	ND*	10%	62,005
				Net debt (Ksh 'm)	ND*	NA	NA
Africa Crest Education (ACE) Holdings		930,657	Cost				
Total - Company		**4,126,484**					

*These are private companies where the Group holds a minority interest. The EBITDA and debt information is market sensitive information and has therefore not been disclosed.

Notes to the financial statements (continued)

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

Year ended 31 March 2021

Subdiaries: Company	Ownership	31-Mar-21 Ksh'000	Valuation basis for the year ended 31 March 2021
Centum Real Estate (formerly Athena Properties Limited)	100%	16,675,774	This is a holding company with interest in real estate development within the Centum Group. The entity holds investments in Uhuru Heights, Centum Development Kenya Limited, Vipingo Development Plc, Vipingo Estates Plc and Centum Development Mauritius Company Limited (that owns 100% of Pearl Marina Estates Limited. It is measured at net asset value of thish the underlying assets and liabilities are measured at fair value
Two Rivers Development Limited	58.3%	5,230,018	This is a real estate development that holds a controlling stake in the investment in Two Rivers Mall. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Two Rivers Mall is disclosed in note 6.2
Bakki Holdco Limited	100%	2,520,986	This is a holding company for the investment in Sidian Bank Limited. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Sidian Bank Limited is disclosed below.
Nabo Capital Limited	100%	502,610	This is an investment company involved in fund management and transaction advisory services. It is measured at net asset value of which the underlying assets and liabilities are measured at cost.
Barium Capital Limited	100%	-	This is an investment company involved in fundraising. It is measured at net asset value of which the underlying assets and liabilities are measured at cost.
Greenblade Growers Limited	60.2%	52,172	This is an agricultural production company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
Longhorn Publishers Limited	100%	665,897	This is the investment in the controlling stake of a publishing company. The entity is listed on the Nairobi Securities Exchange. The investment valuation is based on market prices.
Rasimu Limited	100%	340,811	This is an investment company that holds 3.65% of Two Rivers Development Limited and investments in the Centum Real Estate Limited bond. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Two Rivers Development Limited is disclosed above.
Tier Data Limited	100%	16,834	This is the investment in the controlling stake of an IT service provision company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
Tribus TSG Limited	100%	34,722	This is a training, security and governance consultancy services company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
Zohari Leasing Limited	100%	218,566	This is a leasing company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
		26,258,390	

Valuation:	Ownership	Valuation technique	Ksh'000	Unobservable	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in Valuation +/-
Sidian Bank Limited	82.2%	Market multiples	2,522,252	PB Ratio multiple	0.63x	1%	25,223
				NAV (Ksh '000)	4,212,952	10%	252,225
				Control premium	15%	10%	32,899

A complete list of the Group's subsidiaries is included under note 6.1

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

Year ended 31 March 2021

Subdiaries: Company

	Ownership	31-Mar-21 Ksh'000	Valuation basis for the year ended 31 March 2021
Vipingo Development Limited	100%	14,060,892	This is a real estate development that holds land and residential units for sale. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in residential units and investment property is disclosed in note 5.1
Two Rivers Development Limited	58.3%	5,983,488	This is a real estate development that holds a controlling stake in the investment in Two Rivers Mall. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Two Rivers Mall is disclosed in note 6.2
Centum Development Limited	100%	2,700,793	This is an investment company that holds the investment in Pearl Marina Estates Limited and Vipingo Development Limited. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in residential units and investment property is disclosed in note 5.1
Bakki Holdco Limited	100%	2,537,809	This is a holding company for the investment in Sidian Bank Limited. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Sidian Bank Limited is disclosed below.
Vipingo Estates Limited	100%	2,484,343	This is a real estate development that holds land for sale.It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in investment property is disclosed in note 5.1
Longhorn Publishers Limited	60.2%	869,275	This is the investment in the controlling stake of a publishing company. The entity is listed on the Nairobi Securities Exchange. The investment valuation is based on market prices.
Rasimu Limited	100%	573,146	This is an investment company that holds 3.65% of Two Rivers Development Limited. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Two Rivers Development Limited is disclosed above.
Nabo Capital Limited	100%	446,712	This is an investment company involved in fund management and transaction advisory services. It is measured at net asset value of which the underlying assets and liabilities are measured at cost.
Uhuru Heights Limited	100%	239,034	This is an investment company that holds 1.05% of Two Rivers Development Limited. It is measured at net asset value of which the underlying assets and liabilities are measured at fair value. The investment in Two Rivers Development Limited is disclosed above.
Greenblade Growers Limited	100%	43,481	This is an agricultural production company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
Zohari Leasing Limited	100%	230,430	This is a leasing company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
Tribus TSG Limited	100%	56,556	This is a training, security and governance consultancy services company. It is measured in net asset value of which the underlying assets and liabilities are measured at cost.
Almasi Beverages Limited	53.9%	-	This is the investment in the controlling stake of a beverage company. The investment was disposed of during the year. The details of the disposal are disclosed under note 13.
Barium Capital Limited	100%	10,460	This is an investment company involved in fundraising. It is measured at net asset value of which the underlying assets and liabilities are measured at cost.
		30,236,419	

Valuation:	Ownership	Valuation technique	Ksh'000	Unobservable	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in Valuation +/-
Sidian Bank Limited	82.2%	Market multiples	2,539,075	PB Ratio multiple	0.63x	1%	25,391
				NAV (Ksh '000)	4,092,898	10%	253,907
				Control premium	20%	10%	42,318

A complete list of the Group's subsidiaries is included under note 6.1

Notes to the financial statements
(continued)

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.1 Valuation of unquoted investments (continued)

The change in valuation disclosed in the above table shows the relative increase or decrease in the input variables deemed to be subjected to the most judgement and estimate and the respective impact on the fair value presented in these financial statements. For equity securities, increases in the EBITDA multiple and control premium inputs would each lead to an increase in estimated value. However an increase in the discount for lack of marketability would lead to a decrease in value.

1.5.2 Valuation of investment property

The fair value model has been applied in accounting for investment property. The Group commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 March 2021 and 31 March 2020 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

The valuation of the investment properties is derived by making reference to recent comparable sales transactions in the relevant property market, on the assumption that the property had already been completed at the valuation date. The fair value gains have been credited to 'income' in the income statement (Note 2.2).

The Group's investment properties are valued by reference to a level 3 fair value measurement. In 2021 and 2020, there were no transfers between different levels within the fair value hierarchy. Level 3 measurement uses one or more significant inputs not based on observable data.

	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
31 March 2021			
Investment properties	-	-	41,528,010
31 March 2020			
Investment properties	-	-	41,181,081

See note 5.1 for the reconciliation of investment property.

1.5.3 Impairment losses on loans and advances

IFRS 9 Financial Instruments requires assessment on a forward looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan committments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting period. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to note 7.1 for a detailed analysis on the Group's expected credit loss model for loans and advances.

1 Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.4 Impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates.

For purposes of impairment testing, goowill acquired in a business combination is allocated to cash generating units (CGUs). On the basis described on the accounting policy above, the Group's primary CGUs are as outlined above. Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of each goodwill carrying CGU with its carrying amount. In addition, in accordance with IAS 36, the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use.

See assumptions as discussed in Note 8.2

1.5.5 Estimation of useful lives of property, plant and equipment

See note 8.1

1.5.6 Consolidation decisions and classification of joint arrangements

See note 6.2

2 Results of operations

2.1 Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's chief operating decision maker is the executive management committee. The executive management committee consists of the Chief Executive Officer, Finance Director, Chief Operating Officer, Managing Partner - Private Equity, Managing Director - Centum RE, Managing Director - Nabo Capital, Company Secretary and heads of the various business units.

The Group's operating structure comprises the reportable segments below:

a) **Growth Portfolio** – This consists of:

i) **Private Equity Portfolio**
Centum's legacy investments in Longhorn Publishers Plc, Nas Servair Limited, Sidian Bank Limited, Zohari Leasing Limited, Isuzu East Africa Limited and Africa Crest Education (ACE) Holdings, Amu Power Limited, Akiira Geothermal Limited, Greenblade Growers Limited, Tribus TSG and Tier Data Limited.

ii) **Centum Real Estate Portfolio**
This represents Centum's investment in real estate assets under Centum Real Estate Limited and Two Rivers Limited Group.

b) **Centum Capital Private Equity Value Fund II** – portfolio currently under development.

c) **Marketable Securities** - These consists of Centum Exotics Limited and Oleibon Investments Limited that are involved in investment of funds in quoted equity and fixed income securities.

Performance is reviewed from a total return perspective.

i **Total return**
Total return is the total value created in the period which includes cash value as well as unrealised movements in the portfolio. Total return is calculated as the gross portfolio return less portfolio and funding costs. Total return is expressed in absolute amounts or as a percentage of opening net asset value in the period.

ii **Gross portfolio return**
Gross portfolio return is equivalent to "revenue" for the purposes of IAS 1. It represents the overall increase in net assets from the investment portfolio. Gross return is analysed into the following components:

a Portfolio income
Portfolio income is that portion of income that is directly related to the return from individual investments. It is recognised to the extent that it is probable that there will be economic benefit and the income can be reliably measured. Portfolio income includes; dividend income, interest income, realised and unrealised profit, rental income as well as fee income.

2 Results of operations (continued)

2.1 Operating Segments (continued)

ii. Gross portfolio return (continued)

- Realised profits on the disposal of investments are the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity, and its carrying value at the start of the accounting period.
Although the net realised gains are similar to those in the statement of comprehensive income, the disclosure differs under the Group's segment reporting.

The difference between the sales proceeds and cost of the investments are accounted for in the income statement, while the difference between the gains and the opening fair value is then disclosed under other comprehensive income as reserves released on disposal of investments.

- Unrealised profits on the revaluation of investments are the movement in the carrying value of investments between the start and end of the accounting year.

Under the Group's segment reporting, there is no differentiation between fair value through profit or loss and fair value through other comprehensive income. All value movements are passed through the statement of total return.

b Portfolio costs
Portfolio costs include all expenses, operating and administrative incurred in the furtherance of investment activity during the accounting period.

c Total assets
Total assets represent the portfolio value, which includes the carrying value of equity investments as well as marketable securities.

The segment information provided to the executive management committee for the reportable segments for the year ended 31 March 2021 and 31 March 2020 is as presented overleaf.

2 Results of operations (continued)

2.1 Operating Segments (continued)

Group
Year ended 31 March 2021

	Growth Portfolio		Marketable	
	Private Equity Ksh'000	Real Estate Ksh'000	Securities Ksh'000	Total Ksh'000
Dividend income	135,784	-	16,493	152,277
Interest income	3,367,777	-	121,316	3,489,093
Lease rentals	100,217	-	-	100,217
Fund management income	137,147	-	-	137,147
Sale of housing units	-	459,744	-	459,744
Sales income	995,792	323,674	-	1,319,466
Other income	24,783	-	-	24,783
Realised losses	-	-	(61,140)	(61,140)
Fee, commission and forex trading income	1,157,290	-	-	1,157,290
Project and development management fees	17,181	85	-	17,266
Share of loss of associates and joint ventures	-	(1,074,310)	-	(1,074,310)
Unrealised value movements	(143,358)	2,360,374	62,052	2,279,068
Gross return	**5,792,613**	**2,069,567**	**138,721**	**8,000,901**
Finance costs	(2,554,812)	(1,806,512)	-	(4,361,323)
Impairment of assets	(488,707)	-	-	(488,707)
Portfolio costs	(4,507,180)	(1,028,713)	(33,744)	(5,569,637)
Net return	**(1,758,086)**	**(765,658)**	**104,977**	**(2,418,766)**
Tax	204,253	760,042	-	964,295
Total return	**(1,553,833)**	**(5,616)**	**104,977**	**(1,454,471)**
Gross Return on opening shareholder funds (%)	**55%**	**7%**	**7%**	**18%**
Return on opening shareholder funds (%)	**-15%**	**0%**	**5%**	**-3%**
Opening shareholder funds				
Total assets	43,228,356	56,356,682	2,278,565	101,863,603
Borrowings	(12,684,754)	(9,512,011)	-	(22,196,765)
Other liabilities	(18,939,881)	(11,150,444)	(303,431)	(30,393,756)
Non-controlling interest	(1,116,104)	(4,161,925)	-	(5,278,029)
Net asset value attributable to equity holders	**10,487,617**	**31,532,302**	**1,975,134**	**43,995,053**
Closing shareholder funds				
Total assets	47,350,938	59,437,248	2,644,019	109,432,205
Borrowings	(10,047,409)	(15,453,689)	-	(25,501,097)
Other liabilities	(25,417,596)	(11,339,297)	(84,617)	(36,841,510)
Non-controlling interest	(981,479)	(2,344,403)	-	(3,325,882)
Net asset value attributable to equity holders	**10,904,454**	**30,299,859**	**2,559,402**	**43,763,716**

Notes to the financial statements
(continued)

2 Results of operations (continued)

2.1 Operating Segments (continued)

Group
Year ended 31 March 2020

	Growth Portfolio Private Equity Ksh'000	**Growth Portfolio Real Estate Ksh'000**	**Marketable securities Ksh'000**	**Total Ksh'000**
Dividend income	231,931	-	74,247	306,178
Interest income	2,399,014	-	136,951	2,535,965
Lease rentals	67,818	-	-	67,818
Fund management income	94,410	-	-	94,410
Sales income	5,461,746	404,306	-	5,866,052
Other income	146,777	25,112	24,462	196,352
Realised gains	12,567,905	-	(82,673)	12,485,232
Fee, commission and forex trading income	1,344,998	-	-	1,344,998
Project and development management fees	278,956	15,815	-	294,771
Share of profit/(loss) of associates and joint ventures	100,305	(2,077,884)	-	(1,977,579)
Discontinued operations	-	-	-	-
Unrealised value movements	927,600	1,788,438	(147,443)	2,568,595
Gross return	**23,621,460**	**155,787**	**5,544**	**23,782,792**
Finance costs	(3,178,124)	(1,203,864)	-	(4,381,988)
Impairment of assets	(2,751,568)	-	-	(2,751,568)
Portfolio costs	(9,568,262)	(840,938)	7,432	(10,401,767)
Net return	**8,123,506**	**(1,889,015)**	**12,976**	**6,247,468**
Tax	(1,096,634)	278,838	-	(817,796)
Total return	**7,026,872**	**(1,610,176)**	**12,976**	**5,429,673**
Gross Return on opening shareholder funds (%)	921%	0%	0.2%	58%
Return on opening shareholder funds (%)	274%	-4%	0.5%	13%
<u>Opening shareholder funds</u>				
Total assets	45,963,703	53,265,868	2,534,082	101,763,653
Borrowings	(21,794,731)	(5,076,230)	-	(26,870,961)
Other liabilities	(17,157,526)	(7,815,645)	(103,715)	(25,076,886)
Non-controlling interest	(4,445,865)	(6,130,508)	-	(10,576,373)
Net asset value attributable to equity holders	**2,565,581**	**34,243,485**	**2,430,367**	**39,239,434**
<u>Closing shareholder funds</u>				
Total assets	43,228,357	56,356,682	2,278,565	101,863,604
Borrowings	(12,684,754)	(9,512,011)	-	(22,196,765)
Other liabilities	(18,939,882)	(11,150,444)	(303,431)	(30,393,757)
Non-controlling interest	(1,116,105)	(4,161,925)	-	(5,278,030)
Net asset value attributable to equity holders	**10,487,616**	**31,532,302**	**1,975,134**	**43,995,053**

2 Results of operations (continued)

2.1 Operating Segments (continued)

Company

Year ended 31 March 2021	Growth Portfolio Private Equity Ksh'000	Growth Portfolio Real Estate Ksh'000	Marketable securities Ksh'000	Total Ksh'000
Dividend income	138,511	-	-	138,511
Interest income	32,535	564,286	675,176	1,271,997
Other income	106,362	-	-	106,362
Realised gains/(losses)	-	-	-	-
Unrealised value movements	(870,461)	(3,421,766)	80,108	(4,212,119)
Gross return	**(593,053)**	**(2,857,480)**	**755,284**	**(2,695,249)**
Finance costs	(143,452)	(391,089)	(68,326)	(602,867)
Impairment of assets	(1,071,393)	-	-	(1,071,393)
Portfolio costs	(234,903)	(434,179)	-	(669,082)
Net return	**(2,042,801)**	**(3,682,748)**	**686,958**	**(5,038,591)**
Tax	219,872	-	-	219,872
Total return	**(1,822,929)**	**(3,682,748)**	**686,958**	**(4,818,719)**
Gross Return on opening shareholder funds (%)	-6%	-9%	12%	-6%
Return on opening shareholder funds (%)	-18%	-12%	11%	-10%
Opening shareholder funds				
Total assets	13,527,479	36,879,694	6,443,151	56,850,324
Borrowings	(2,628,037)	(4,857,486)	-	(7,485,523)
Other liabilities	(709,305)	(1,216,195)	(5)	(1,925,505)
Net asset value attributable to equity holders	**10,190,137**	**30,806,013**	**6,443,146**	**47,439,296**
Closing shareholder funds				
Total assets	13,642,462	30,138,684	3,734,095	47,515,241
Borrowings	(2,724,589)	(1,396,995)	-	(4,121,584)
Other liabilities	(545,164)	(1,026,440)	(6)	(1,571,610)
Net asset value attributable to equity holders	**10,372,708**	**27,715,249**	**3,734,089**	**41,822,047**

2 Results of operations (continued)

2.1 Operating Segments (continued)

Company

Year ended 31 March 2020	Growth Portfolio		Marketable	
	Private Equity Ksh'000	Real Estate Ksh'000	securities Ksh'000	Total Ksh'000
Dividend income	454,311	-	-	454,311
Interest income	32,535	489,917	234,925	757,377
Other income	224,297	-	-	224,297
Realised gains	2,258,521	-	-	2,258,521
Unrealised value movements	196,521	(1,137,184)	(29,992)	(970,655)
Gross return	**3,166,185**	**(647,267)**	**204,933**	**2,723,851**
Finance costs	(792,895)	(909,061)	(112,703)	(1,814,660)
Impairment of assets	(3,580,252)	-	-	(3,580,252)
Portfolio costs	(357,252)	(537,439)	-	(894,691)
Net return	**(1,564,214)**	**(2,093,767)**	**92,230**	**(3,565,752)**
Tax	(796,591)	-	-	(796,591)
Total return	**(2,360,805)**	**(2,093,767)**	**92,230**	**(4,362,343)**
Gross Return on opening shareholder funds (%)	14%	-3%	5%	5%
Return on opening shareholder funds (%)	-10%	-8%	2%	-8%
Opening shareholder funds				
Total assets	31,304,057	35,890,378	4,449,607	71,644,042
Borrowings	(6,446,653)	(9,698,142)	-	(16,144,795)
Other liabilities	(1,626,035)	(1,273,038)	(5)	(2,899,078)
Net asset value attributable to equity holders	**23,231,369**	**24,919,198**	**4,449,602**	**52,600,169**
Closing shareholder funds				
Total assets	13,527,479	36,879,694	6,443,151	56,850,324
Borrowings	(2,628,037)	(4,857,486)	-	(7,485,523)
Other liabilities	(709,305)	(1,216,195)	(5)	(1,925,505)
Net asset value attributable to equity holders	**10,190,137**	**30,806,013**	**6,443,146**	**47,439,296**

2 Results of operations (continued)

2.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

The Group's revenue comprises of the following:

TYPE	NATURE	DESCRIPTION	RECOGNITION
	Educational materials	Sale of educational material is through Longhorn Publishers Limited.	Revenues from the various sources are recognised in the period in which the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.
	Agricultural products	The Group exports exotic herbs through Greenblade Growers Limited.	
Financial services	1. Interest income 2. Fund management income 3. Fees, commissions and trading income 4. Leasing income	1. Interest income relates to income earned by Sidian Bank Limited and fixed income investments by the asset management entities. 2. Fund management income relates to management fees earned by asset management companies. 3. Fees, commissions and trading income is the non funded income earned by Sidian Bank Limited. 4. Leasing income relates to rental and finance lease income earned on operating and finance leases provided by Zohari Leasing Limited.	- Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable. - Fund management income is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided. - Fees and commissions are recognised on an accrual basis when the service has been provided. Loan commitment fees for advances are credited to income upon first utilisation of the facility and are charged on an annual basis.
Sale of services	1. Project management fees 2. Utilities 3. Provision of security and cleaning services 4. Provision of IT services	1. Project management fees relate to fees earned by Centum Real Estate Limited (formerly Athena Properties Limited) on Real Estate projects. 2. Utilities relate to income earned by Two Rivers Power Company Limited and Two Rivers Water and Sanitation Company Limited on the provision of electricity and water at the Two Rivers Mall. 3. Security and cleaning services earned by Tribus TSG Limited to third party clients 4. IT services earned by Tier data on provision of IT services i.e. provision of internet services,	- Project management fees are recognised in the period in which the services are rendered, by reference to completion of the specific project assessed on the basis of the actual service provided as a percentage of the total service to be provided. - Electricity and water revenue are recognised when electricity and/or water is consumed by the user and is stated net of value added tax and other Government levies. - Security and cleaning services are recognised on a monthly basis when services are offered. - IT services are recognised on a monthly basis when monthly services are offered. In case of projects, the revenues are recognised based on the work completed.

2 Results of operations (continued)

2.2 Revenue (continued)

TYPE	NATURE	DESCRIPTION	RECOGNITION
Investment income		1. Dividend income	- Dividend income from investments is recognised when the shareholders' right to receive payment has been established.
		2. Gains on disposal of investments	- Gains on disposal of investments are recognised when the Company has no unfulfilled obligation that could affect the completion of the transaction.
		3. Interest income	- Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable.

Real Estate		1. Sale of houses	- Revenue from sale of house units is recognised upon completion and release of ownership to the respective buyers of the completed units.
		2. Sale of land	- Revenue from sale of land is recognised upon execution of the transfer of title and settlement of the consideration of the land as per the agreement.

The Group revenues are recognised based on point in time and over period of time based on the various businesses invested in.

Notes to the financial statements
(continued)

2 Results of operations (continued)

2.2 Revenue (continued)

	Group		Company	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Sale of goods and services:				
- Beverage business	-	3,516,746	-	-
- Publishing business	699,295	1,490,132	-	-
- Utilities	156,738	351,324	-	-
- Agribusiness	139,759	110,614	-	-
Total from continuing operations	**995,792**	**5,468,816**	**-**	**-**
Financial services:				
- Banking subsidiary:				
- Interest income	2,731,948	2,149,360	-	-
- Fees, commission and forex trading income	1,157,290	1,344,998	-	-
- Other income	157,829	120,505	-	-
- Asset management subsidiaries:				
- Fund management income	137,147	94,410	-	-
- Interest income	31,601	10,509	-	-
- Other income	13,188	6,738	-	-
- Leasing:				
- Lease rentals	100,217	67,818	-	-
- Other income	8,848	1,712	-	-
	4,338,068	**3,796,050**	**-**	**-**
Others:				
Project, development management and other fees	17,266	33,245	-	-
Other income	415	6,680	-	-
	17,681	39,925	-	-
	5,351,541	**9,304,791**	**-**	**-**
Investment income				
Dividend income	152,277	306,178	138,511	454,311
Interest income from investing and financing activities	725,544	376,096	1,271,997	757,377
Gain on disposal of investments (Note 2.7)	(61,140)	12,485,232	-	2,258,521
Unrealised (losses)/gains on government securities	5,249	(21,200)	-	-
Other income	(155,497)	60,717	106,362	224,297
	666,433	**13,207,023**	**1,516,870**	**3,694,506**
Dividend income				
Subsidiaries	-	-	-	181,299
Associates	-	-	-	40,961
Unquoted investments	135,784	231,931	135,784	231,931
Quoted investments	16,493	74,247	2,727	120
	152,277	**306,178**	**138,511**	**454,311**

A total of Ksh 75,818,000 was recognised as income during the year from the deferred income balances reported at the beginning of the financial year.

2 Results of operations (continued)

2.3 Expenses

	Group		Company	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
2.3.1(a) Cost of sales:				
Beverage business	-	2,576,909	-	-
Publishing business	450,078	770,517	-	-
Utilities business	3 203,767	-	-	-
Agribusiness	58,447	109,673	-	-
	712,292	**3,457,099**	**-**	**-**
2.3.1(b) Operating and administrative expenses				
Employee benefits expense (Note 2.3.2)	2,052,244	2,574,406	189,544	327,678
Directors' fees and expenses	132,267	126,845	24,726	22,375
Auditor's remuneration	45,820	37,923	9,200	13,240
Office rent and service charge	251,082	319,674	16,101	7,848
Depreciation and amortisation	722,735	1,257,074	21,235	20,170
Goodwill impairment (Note 8.2)	-	55,407	-	-
AGM and annual report printing	12,080	32,299	12,080	32,299
Business development costs	19,037	124,342	207	15,401
Advertising costs	96,207	45,313	3,146	2,976
Share registration costs	12,265	11,732	12,265	11,732
Listing expenses	3,261	4,244	2,308	3,834
Consultancy	237,714	232,595	15,315	19,109
Management fees	108,384	-	319,116	341,374
Expected credit losses	16,821	(4,704)	-	-
Donations	13,865	20,020	7,384	9,672
Selling and distribution	-	680,348	-	-
*Other costs	501,990	403,672	36,455	66,983
	4,225,058	**5,921,190**	**669,082**	**894,691**
Analysed as below:				
Trading subsidiaries	610,889	1,781,328	-	-
Real estate operations	555,684	650,940	-	-
Two Rivers Group	183,072	234,731	-	-
Financial services subsidiaries	2,160,392	2,074,153	-	-
Other	715,021	1,131,950	669,082	894,691
	4,225,058	**5,921,190**	**669,082**	**894,691**

*other costs relate to software licences, legal fees, connectivity charges, printing and stationery, travel and accomodation expenses among other operating expenses.

2 Results of operations (continued)

2.3 Expenses (continued)

	Group		Company	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
2.3.1(c) Provision for impairment of assets				
- Joint venture (Note 6.2.2)	21,034	2,097,549	-	2,097,549
- Shareholder loans	-	-	989,247	1,255,830
- Other assets	82,146	218,444	82,146	218,444
- Associates (Note 6.2.1)	385,527	430,575	-	3,429
- Unquoted investments (Note 5.2)	-	5,000	-	5,000
	488,707	**2,751,568**	**1,071,393**	**3,580,252**

2.3.2 Employee benefits expense

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Retirement benefits obligations

The Group operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund. The scheme is administered by independent fund managers and is funded by contributions from both the employer and the employees.

The Group also contributes to the statutory National Social Security Fund. This is a defined contribution pension scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific obligations legislated from time to time and are currently limited to a maximum of Ksh 200 per month per employee.

The Group contributions in respect of retirement benefit schemes are charged to profit or loss in the year to which they relate.

Performance bonus

The bonus scheme is designed to optimize the cash return on the assets managed by Centum for the shareholders. The scheme aligns the staff reward system to creation of cash return on assets at a rate greater than that of the market. This return does not include periodic revaluation of assets.

The determination of the bonus pool is as follows:

a. Private equity and marketable securities portfolios

The annual performance-based bonus pool for the Private Equity and Marketable Securities portfolios is subject to attainment of a total cash return as a percentage of Company opening cash-adjusted shareholder funds of 15% or more in the financial year.

2 Results of operations (continued)

2.3 Expenses (continued)

2.3.2 Employee benefits expense

Performance bonus (continued)

The annual bonus pool is then computed as 20% of the total cash return that is above the hurdle rate of 15%. Should total return exceed 25%, then the performance pool will be increased by 1% for each 1% above total return.

Elements of cash return for the two portfolios are:

i. Monetization events which include sale/exit of a stake in a portfolio company and securing equity partnerships at multiples to the carrying value of the portfolio investments;

ii. Dividend and interest income from the portfolio; and

iii. Cash Net Asset Value movements in the portfolio companies, representing the Company's share of distributable dividends.

b. Real estate portfolio

The Real Estate portfolio bonus pool is only determined on the attainment of a cash return (property sale or an exit transaction) in a real estate portfolio company. However, the hurdle rate in Real Estate cash returns is tied to a relevant index of value appreciation (Hass Composite Land Property Index) to ensure that management is not incentivized for ordinary/inflationary increases in property values. The percentage cash return is therefore effectively adjusted downwards for the effects of ordinary property value appreciation.

The Real Estate bonus pool is based on 10% of return in excess of the hurdle adjusted base. The base refers to the actual cash deployed into the investment. At the end of a financial year where sale or exit transactions have occurred, the base is adjusted for the hurdle rate plus all costs incurred (investment and operational).

The bonus entitlement for a particular year is paid out to staff in three tranches over a period of three years. The vesting conditions are:

i. Shareholder funds (defined as Net Asset Value) will not fall below the level they were at the point of the bonus award (high water mark);
ii. The high water mark will be adjusted for owner related adjustments such as payment of dividends or new capital raisings; and
iii. An eligible employee must remain in employment under the Company for the entire period unless a specific waiver is granted by the Board of Directors.

The performance hurdle rates described above were not met in the year ended 31 March 2021. However, according to the performance of the previous year, the 2nd bonus pool amounting to Kes 150 million has been accrued in relation to the year ended 31 March 2021 (2020: Kes 341 million). Additionally, the above vesting conditions that are required to unlock bonus tranche for the previous year ended 31 March 2020 were met. The bonus accrual set out below for the year ended 31 March 2020 relates to the vested tranches arising from the year ended 31 March 2020.

Other entitlements
The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an accrued expense.

Notes to the financial statements
(continued)

2 Results of operations (continued)

2.3 Expenses (continued)

2.3.2 Employee benefits expense (continued)

	Group		Company	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2021 Ksh'000
Salaries	1,615,282	1,855,327	72,425	76,934
Performance bonus	150,458	341,422	101,308	222,889
Retirement benefit scheme contributions	61,904	66,299	5,520	7,001
National Social Security Fund contributions	4,830	4,496	14	26
Accrued leave	4,622	19,846	449	(5,854)
	1,837,096	**2,287,390**	**179,716**	**300,996**
Staff medical expenses	123,797	123,016	4,778	8,953
Other staff costs	91,351	164,000	5,050	17,729
	2,052,244	**2,574,406**	**189,544**	**327,678**
Average number of employees	**1,088**	**1,082**	**8**	**19**

2.4 Finance costs

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and net foreign exchange that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Trading businesses:				
- Interest on bank and other borrowings	201,645	205,997	-	-
	201,645	205,997	-	-
Financial services:				
- Interest on customer deposits	1,078,103	761,809	-	-
- Interest on bank and other borrowings	672,197	396,939	-	-
	1,750,300	**1,158,748**	**-**	**-**
Centum real estate:				
- Interest on bank and other borrowings	328,291	-	-	-
- Commitment and other fees	19,799	-	-	-
- Foreign exchange losses on borrowings	28,607	-	-	-
- Interest on lease liabilities	15,482	-	-	-
	392,179	**-**	**-**	**-**

2 Results of operations (continued)

2.4 Finance costs (continued)

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Two Rivers Group				
- Interest on bank and other borrowings	1,015,203	940,696	-	-
- Commitment and other fees	26,278	147,650	-	-
- Foreign exchange gains/(losses) on borrowings	322,507	114,237	-	-
	1,363,988	1,202,583	-	-
Other finance costs:				
- Interest on bank and other borrowings	291,964	544,261	291,964	544,266
- Commitment and other fees	144,048	103,937	144,048	125,427
- Foreign exchange gains/(losses) on borrowings	42,903	302,544	21,171	292,489
- Interest on corporate bonds	145,684	850,484	145,684	850,484
- Interest on lease liabilities	6,588	13,434	-	1,994
	631,187	1,814,660	602,867	1,814,660
Total finance costs	**4,339,299**	**4,381,988**	**602,867**	**1,814,660**
Analysed as below:				
Trading subsidiaries	201,645	205,997	-	-
Real Estate subsidiaries	392,179	-	-	-
Two Rivers Group subsidiaries	1,385,721	1,202,583	-	-
Financial services subsidiaries	1,730,313	1,158,748	-	-
Other entities*	629,441	1,814,660	602,867	1,814,660
	4,339,299	**4,381,988**	**602,867**	**1,814,660**

*other entities refers to Centum Investment Company Plc, Centum Business Solutions Limited and Centum Capital Partners Limited.

2.5 Cash generated from operations

		Group		Company	
		2021	2020	2021	2020
	Notes	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Reconciliation of profit before income tax to cash generated from operations:					
(Loss)/Profit before income tax		**(2,332,211)**	**5,446,112**	**(826,471)**	**(2,595,097)**
Adjustments for:					
Finance costs	2.4	4,339,299	4,381,988	602,867	1,814,660
Depreciation on property, plant and equipment	8.1	295,942	805,398	21,235	20,170
Amortisation of intangible assets	8.2	152,506	185,733	-	-
Gains on disposal of investments	2.7	(61,140)	(12,485,232)	-	(2,258,521)
Fair value gains on investment property	5.1	(2,360,374)	(1,788,438)	-	-
Unrealised exchange (gains)/losses		155,497	(60,717)	(106,362)	(224,297)
Fair value gains on government securities through profit and loss	7.2.1	45,260	18,215	-	-

2 Results of operations (continued)

2.5 Cash generated from operations (continued)

	Notes	Group 2021 Ksh'000	Group 2020 Ksh'000	Company 2021 Ksh'000	Company 2020 Ksh'000
Reconciliation of profit before income tax to cash generated from operations (continued):					
Share of loss from joint ventures	6.2.2	1,074,310	2,077,884	-	-
Share of profit from associates	6.2.1	-	(100,305)	-	-
Provision for impairment on assets	2.3.1(c)	488,707	2,751,568	1,071,393	3,580,252
Proceeds from shareholder loans		-	-	3,579,405	-
Impairment of goodwill	8.2	-	55,407	-	-
Changes in working capital:					
- inventories		(221,440)	1,141,351	-	-
- receivables and prepayments		1,287,948	(209,279)	197,667	96,647
- construction of residential units	2.7	(3,469,181)	-	-	-
- payables and accrued expenses		831,683	(1,302,183)	91,601	(130,902)
- finance lease receivable		(11,052)	(107,576)	-	-
- deferred income		1,297,296	1,721,661	-	-
- loans and advances		(5,461,102)	(1,772,905)	-	-
- customer deposits		5,609,309	2,643,736	-	-
		1,408,877	**3,066,553**	**4,631,335**	**302,912**

2.6 Earnings per share

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders.

Diluted earnings per share

The Company has not issued any convertible securities and as such, the basic and diluted earnings per share is the same.

	2021	2020
Basic and diluted earnings per share	**Ksh**	**Ksh**
From continuing operations attributable to the ordinary equity holders of the company	(0.93)	10.25
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	(0.93)	10.25
Reconciliation of earnings used in calculating earnings per share		
(Loss)/Profit attributable to equity holders of the company used in calculating basic and diluted earnings per share:		
- From continuing operations	(618,997)	6,819,560
	(618,997)	6,819,560
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442

2 Results of operations (continued)

2.7 Gain on disposal of investments

		Group			Company		
	Notes	Carrying value Ksh'000	Proceeds Ksh'000	Gain/(loss) on disposal Ksh'000	Cost Ksh'000	Proceeds Ksh'000	Gain on disposal Ksh'000
Year ended 31 March 2021							
Quoted investments	5.3	139,715	78,575	(61,140)	-	-	-
		139,715	78,575	(61,140)	-	-	-
Reserves released on disposal:							
Quoted investments		-	-	(61,140)	-	-	-
Loss during the year		**-**	**-**	**(61,140)**	**-**	**-**	**-**

		Group			Company		
	Notes	Carrying value Ksh'000	Proceeds Ksh'000	Gain/(loss) on disposal Ksh'000	Cost Ksh'000	Proceeds Ksh'000	Gain on disposal Ksh'000
Year ended 31 March 2020							
Quoted investments		1,010,742	928,069	(82,673)	-	-	-
Unquoted investments, including subsidiaries		5,565,078	10,990,733	5,425,655	3,884,914	10,990,733	7,105,819
Investment property		1,437,446	8,579,696	7,142,250	133,020	8,579,696	8,446,676
		8,013,266	**20,498,498**	**12,485,232**	**4,017,934**	**19,570,429**	**15,552,495**
Reserves released on disposal:							
- Subsidiaries and associates		-	-	-	-	-	(13,293,973)
- Quoted investments	5.3	-	-	-	-	-	-
		-	-	-	-	-	(13,293,973)
Gains during the year		**-**	**-**	**12,485,232**	**-**	**-**	**2,258,522**

3 Income tax

3.1 Income tax expense

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax
Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Income tax (continued)

3.1 Income tax expense (continued)

a) Income tax expense	Group 2021 Ksh'000	Group 2020 Ksh'000	Company 2021 Ksh'000	Company 2020 Ksh'000
Current income tax	303,182	905,457	-	803,407
Deferred income tax	(1,267,477)	(87,661)	(219,871)	(6,816)
	(964,295)	817,796	(219,871)	796,591

b) Tax rate reconciliation

The table below explains the differences between the expected tax expense at the Kenyan statutory tax rate of 30% and the Group's total tax expense.

	Group 2021 Ksh'000	Group 2020 Ksh'000	Company 2021 Ksh'000	Company 2020 Ksh'000
Accounting profit before tax	(2,332,211)	5,446,112	(826,471)	(2,595,097)
Tax at the applicable rate of 30% (2020: 30%)	(699,663)	1,633,834	(247,941)	(778,529)
Tax effect of:				
Income not subject to tax	(41,553)	(199,611)	(41,553)	(136,293)
Income subject to capital gains tax rate*	(630,140)	(1,186,989)	-	(564,630)
Capital gains tax on fair value gains	-	-	-	675,946
Expenses not deducted for tax	947,098	15,480	328,060	1,099,813
Unrecognised deferred tax assets	(351,130)	555,082	(69,529)	500,284
Adjustment in respect of prior periods	(188,908)	-	(188,908)	-
	(964,296)	817,796	(219,871)	796,591

c) Tax losses	Group 2021 Ksh'000	Group 2020 Ksh'000	Company 2021 Ksh'000	Company 2020 Ksh'000
Unused tax losses for which no deferred tax asset has been recognised	(1,170,433)	1,850,273	(231,763)	1,667,613
Potential tax benefit at 30%	(351,130)	555,082	(69,529)	500,284

*relates to capital gains tax on fair value movements on investment properties and realised gains/(losses) on disposal of investments.

3 Income tax (continued)

3.1 Income tax expense (continued)

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:				
Foreign currency translation	448,431	67,262	-	-
Undistributed earnings	2,655,955	2,655,955	-	-
	3,104,386	2,723,217	-	-
Unrecognised deferred tax liabilities relating to the above temporary differences	**310,439**	**272,322**	-	-

Temporary differences of KES 448 Million (2020 – KES 67 Million) have arisen as a result of the translation of the financial statements of the Group's subsidiaries in Mauritius, Uganda and Tanzania. However, a deferred tax liability has not been recognised as the liability will only eventuate in the event of disposal of the subsidiaries, and no such disposals are expected in the foreseeable future.

e) Current income tax (recoverable)/payable

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	(556,506)	(467,917)	29,108	21,549
Charge for the year - continuing operations	303,183	905,457	-	803,407
Payments during the year	(89,198)	(1,079,407)	(90,513)	(795,848)
Derecognition on disposal of subsidiary	7,655	86,904	-	-
Over-provision in prior years	-	(1,543)	-	-
At end of year	**(334,866)**	**(556,506)**	**(61,405)**	**29,108**
Analysed as:				
Current income tax recoverable	(595,395)	(678,985)	(61,405)	-
Current income tax payable	260,529	122,479	-	29,108
	(334,866)	**(556,506)**	**(61,405)**	**29,108**

3 Income tax (continued)

3.2 Deferred Income tax

Deferred income tax is calculated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2020: 30%) and the capital gains tax rate of 5% (2020: 5%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2021	2020 Restated	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	4,603,218	3,890,192	1,195,839	2,130,402
Credit to income statement	(1,267,477)	(87,661)	(219,871)	(6,816)
Credit to other comprehensive income	(6,822)	1,137,581	(227,056)	(927,747)
Adjustment in respect of prior periods	4,344	-	-	-
Derecognition on disposal of subsidiary	-	(336,894)	-	-
At end of year	**3,333,263**	**4,603,218**	**748,912**	**1,195,839**

Deferred income tax assets and liabilities are analysed as follows:

Deferred income tax assets	(825,655)	(866,304)	-	-
Deferred income tax liabilities	4,158,918	5,469,522	1,195,839	1,195,839
	3,333,263	**4,603,218**	**1,195,839**	**1,195,839**

Group	At start of year Restated	On acquisition disposal of subsidiary	Charged/ (credited) to P/L	Charged/ (credited) to OCI	At end of year
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Year ended 31 March 2021					
Property, plant and equipment:					
- on historical cost basis	186,853	-	20,015	-	205,763
- on fair value basis	386,733	-	-	(386,733)	-
Tax losses	(1,575,728)	-	(419,005)	-	(1,994,733)
Other deductible differences	(241,443)	-	312,356	-	327,802
Exchange differences	48,711	-	-	-	48,711
Fair value gains on investment property	6,856,630	-	(367,888)	-	6,488,742
Fair value gains on investments	(1,058,538)	-	(808,611)	379,911	(1,487,238
	4,603,218	**-**	**(1,263,133)**	**(6,822)**	**3,333,263**
Year ended 31 March 2020 (Restated)					
Property, plant and equipment:					
- on historical cost basis	183,306	-	3,547	-	186,853
- on fair value basis	386,733	(386,733)	-	386,733	386,733
Tax losses carried forward	(1,335,681)	15,508	(255,555)	-	(1,575,728)
Other deductible differences	(100,361)	32,789	(173,871)	-	(241,443)
Exchange differences	7,253	-	41,458	-	48,711
Fair value gains on investment property	5,477,980	-	(210,909)	1,589,559	6,856,630
Fair value gains on investments	(729,038)	-	509,211	(838,711)	(1,058,538)
	3,890,192	**(338,436)**	**(86,119)**	**1,137,581**	**4,603,218**

3 Income tax (continued)

3.2 Deferred Income tax (continued)

Company

	At start of year	Charged/ (credited) to P/L	Charged/ (credited) to OCI	At end of year
Year ended 31 March 2021				
Property and equipment	2,333	(1,228)	-	1,105
Other deductible differences	(38,246)	(218,643)	-	(256,889)
Fair value gains on investments	1,231,752	-	(227,056)	1,004,696
	1,195,839	**(219,871)**	**(227,056)**	**748,912**
Year ended 31 March 2020				
Property and equipment	1,430	903	-	2,333
Other deductible differences	(25,428)	(12,818)	-	(38,246)
Fair value gains on investments	2,159,499	-	(927,747)	1,231,752
Tax losses carried forward	(5,099)	5,099	-	-
	2,130,402	**(6,816)**	**(927,747)**	**1,195,839**

The Group has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group is expected to continue generating taxable income.

4 Working capital

4.1 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by use of weighted average. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

	Group	
	2021	**2020**
	Ksh'000	**Ksh'000**
Publishing business:		
- Educational materials	839,844	679,874
- Provision for obsolescence	-	(61,252)
Agribusiness:		
- Consumables	6,476	6,258
	846,320	**624,880**

Inventories are held in Longhorn Publishers Limited, Greenblade Growers Limited. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Ksh. 450,078,000 (2020:Ksh 3,379,324,000).

No amounts of inventory have been pledged as security for any borrowings.

4 Working capital

4.2 Receivables and prepayments

Receivables are amounts due from investments and sales 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 accounted for as current assets. If not, they are non-current assets.

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

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Trade receivables	1,328,493	1,804,232	-	-
Less: expected credit losses allowance	(202,495)	(298,812)	-	-
Net trade receivables	1,125,998	1,505,420	-	-
VAT recoverable	267,992	1,405,052	-	-
Other receivables	1,562,928	1,635,405	326,498	499,780
Prepayments	877,428	955,076	4,889	32,055
Dividend receivable	99,801	97,021	99,801	97,021
	3,934,147	**5,597,974**	**431,188**	**628,856**
Amounts due from joint ventures	2,319,155	2,427,856	-	-
Less: Provision for impairment	(559,122)	(559,123)	-	-
	1,760,033	1,868,733	-	-
	5,694,180	**7,466,707**	**431,188**	**628,856**

Notes to the financial statements
(continued)

4 Working capital (continued)

4.2 Receivables and prepayments (continued)

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Movement in provision for expected credit losses				
At start of year	298,812	601,149	-	-
Charge in the year	129,956	135,122	-	-
Write back of provisions	(226,274)	(437,459)	-	-
At end of year	**202,494**	**298,812**	**-**	**-**

4.3 Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost in accordance with the accounting policies.

Cash and cash equivalents includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, including overdrafts

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Cash and bank balances				
Banking subsidiary:				
- Bank balances	2,937,609	4,295,369	-	-
Others:				
- Call deposits (maturing within 90 days)	419,618	2,742,671	309,192	2,366,694
- Restricted cash	754,774	-	-	-
- Bank balances	1,765,268	1,144,291	557,528	545,266
	5,877,269	**8,182,331**	**866,720**	**2,911,960**
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:				
Cash and cash equivalents	5,877,269	8,182,331	866,720	2,911,960
Bank overdrafts	(1,034,657)	(1,056,062)	(1,015,813)	(1,037,218)
	4,842,612	**7,126,269**	**(149,093)**	**1,874,742**

At 31 March 2021, the Company had undrawn committed borrowing facilities amounting to Kshs Nil (2020: Kshs 3,046,126,000). The effective interest rate for the bank overdraft is 10% (2020: 10%). The overdraft facility is secured by a floating debenture over marketable securities.

Included in the 2021 Group cash balance is an amount of Ksh 754.7 million relating to restricted cash held in a debt service reserve account that is held for servicing the borrowings obtained during the year. The cash is restricted and therefore not available for general use by the Group companies within Centum Real Estate Limited.

4 Working capital (continued)

4.4 Payables and accrued expenses

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Other payables are recognised at their nominal value.

		Group		Company	
		2021	2020	2021	2020
	Notes	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Trade payables		861,005	712,301	-	-
Payable to property contractors		995,659	231,388	-	-
Accrued expenses		1,306,600	1,544,009	457,330	366,025
Other payables		1,118,033	965,501	35,383	35,383
Client deposits		44,816	41,240	-	-
Due to related parties	12.1	1,453	1,444	296	-
		4,327,566	**3,495,883**	**493,009**	**401,408**

The carrying amounts of the payables approximate to their fair values.

4.5 Contract liabilities

	Group	
	2021	2020
	Ksh'000	Ksh'000
Deferred income	206,780	75,819
Deferred income on residential units advances and progress billings	3,390,828	2,224,493
	3,597,608	2,300,312
The deferred income will be amortised as follows:		
Within 1 year	206,780	75,819
Within 2 to 5 years	3,390,828	2,224,493
After 5 years	-	-
	3,597,608	**2,300,312**
Residential units advances and progress billings		
- Pearl Marina Estates Limited	1,511,409	929,756
- Uhuru Heights Limited	653,224	323,094
- Centum Development Kenya Limited	-	126,755
- Vipingo Development Limited	1,123,110	844,889
Centum Real Estate Limited	303,007	-
Tribus Security Group	-	74,513
Zohari Leasing Limited	6,858	1,305
	3,597,608	**2,300,312**

Zohari Leasing Limited
Deferred income relates to income billed and received in advance relating to the period after year end.

Tribus Security Group
Deferred income related to income from MasterCard Foundation program delivery received in advance relating to the period after year end

4 Working capital (continued)

4.5 Deferred income (continued)

Residential units advances and progress billings

Advances and progress billings (contract liabilities) arise when the Company receives payments from customers in advance of recognizing revenue.

Advances and progress billings are normal and customary for off-plan sales and not considered a significant financing component as they are intended to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Certain buyers of the residential houses are experiencing liquidity issues given the current prevailing Covid-19 situation. Should these customers fail to address their liquidity issues, we would have to remove contracts related to these customers and remarket the units.

The movement in this balance is as broken down below:	**2021**	**2020**
	Ksh'000	**Ksh'000**
Residential units		
At start of year	2,046,452	518,897
Collections during the year	1,804,121	1,527,555
Recognised as revenue during the year	(459,745)	-
At end of year	**3,390,828**	**2,046,452**
Land Sales		
At start of year	319,066	-
Collections during the year	2,298,910	319,066
Recognised as revenue during the year	(2,466,302)	-
At end of year	**151,674**	**319,066**

5 Investments

5.1 Investment properties and residential houses under construction (inventories)

5.1.1 Residential houses under construction (inventories)

Inventoried costs on the residential houses program include land, construction costs and professional fees not in excess of the estimated net realisable value. To the extent a material amount of such costs are related to an abnormal event or are fixed costs not appropriately attributable to the program, they are expensed in the current period rather than inventoried. Inventoried costs include amounts relating to programs and contracts with long-term production cycles, a portion of which is not expected to be realised within one year.

The determination of net realisable value of long term contract costs is based on monthly reviews that estimate costs to completion. When actual contract costs and the estimate to complete exceed total estimated contract revenues, a loss provision is recorded.

Borrowing costs directly attributable to the acquisition and construction of the residential houses are capitalised.

	Group	
	2021	**2020**
	Ksh'000	**Ksh'000**
At start of year	3,015,964	380,676
Additions	3,313,297	1,980,759
Capitalized borrowing costs	56,889	-
Transfer from investment properties	83,701	654,529
Transfers to cost of sales	(71,085)	-
Currency translation differences	86,379	-
At end of year	**6,485,145**	**3,015,964**

5.1.2 Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Group are classified as investment properties and are non-current assets. Investment properties are carried at fair value, representing open market value determined annually by external valuers. Properties under construction and development sites with projected use as investment properties are valued at projected fair values taking into account current market conditions. Changes in fair values are included in investment income in the income statement.

Borrowing costs directly attributable to the acquisition and construction of investment properties are capitalised.

	Group	
	2021	**2020**
	Ksh'000	**Ksh'000**
At start of year	41,181,081	40,033,745
Additions	925,037	16,554
Transfers to inventory/other assets	(1,030,227)	(654,529)
Fair value gains in the year	2,360,374	1,788,438
Disposals	(2,682,197)	-
Translation differences	773,942	(3,127)
	41,528,010	**41,181,081**

5 Investments (continued)

5.1 Investment properties and residential houses under construction (inventories)

5.1.2 Investment properties (continued)

	Group	
	2021	2020
	Ksh'000	Ksh'000

Transfers to inventory/other assets

These relate to transfers of investment property in Vipingo Development Limited and Pearl Marina Estates Limited to inventory following a change of use in these investment properties

Valuation

The information is set out under Note 1.5.2

Cashflow

For the purposes of the statement of cash flows, additions during the year are made up of:

	2021	2020
Actual cash payments	45,938	15,609
Accrued expenses	16,632	945
	62,570	**16,554**

Valuers

The fair value of the investment properties are based on the valuation carried out by Regent Valuers International (K) Limited and Ark Consultants Limited independent valuers. The valuers are registered valuers and have recent experience in the locations and the category of the investment properties being valued.

Pledges as security for borrowings

Investment properties valued at Ksh 18.4bn (2020: Ksh 12bn) has been pledged as security for borrowings in the Group.

	2021	2020
Amounts in profit and loss:	**Ksh'000**	**Ksh'000**
Gain from fair value adjustments	2,360,374	1,788,438
Translation differences	773,942	(3,127)
	3,134,316	**1,785,311**

5 Investments (continued)

5.2 Unquoted equity investments

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	4,550,450	4,146,239	4,126,484	3,619,410
Movements in the year:				
Additions	40,914	110,482	-	219,324
Impairment on assets	-	(5,000)	-	(5,000)
Fair value (losses)/gains	(531,349)	298,729	(541,255)	292,750
	(490,435)	**404,211**	**(541,255)**	**507,074**
At end of year	**4,060,015**	**4,550,450**	**3,585,229**	**4,126,484**

The Group's unquoted investments relate to investments in Isuzu East Africa Limited, Nas Servair, Africa Crest Education (ACE) Holdings and Nabo Unit Trusts Fund.

Africa Crest Education (ACE) Holdings is carried at cost as the fair value cannot be reliably determined at this stage given the level of development of the asset. This is a private equity investment with no quoted market.

The fair value of unquoted investments is determined by using the earnings multiples method using multiples as derived from comparable companies at the year-end date, adjusted for points of difference between the comparable company and the company being valued. Unquoted investments are non-current assets. Detailed disclosures in the valuation of each investee company are set out under note 1.5.1

5.3 Quoted equity investments

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	398,174	1,561,164	22,586	52,578
Movements in the year:				
Additions	82,644	32,784	53,717	-
Disposals	(139,715)	(1,010,742)	-	-
Reserves released on disposal	45,091	(83,508)	-	-
Derecognition on disposal of a subsidiary	-	(1,161)	-	-
Translation differences	(13,893)	25,880	-	-
Fair value gains/(losses)	56,803	(126,243)	80,108	(29,992)
	30,930	(1,162,990)	133,825	(29,992)
At end of year	**429,104**	**398,174**	**156,411**	**22,586**

The fair value of all equity securities is based on the quoted closing market prices on the listed securities market at the year end date.

6 Group composition

6.1 Interest in subsidiaries

The Company's interest in subsidiaries is as set out below:

		Cost				Cumulative fair value gains/ (losses)				Fair value	
	Ownership	01-Apr-20	Additions	Disposals	31-Mar-21	01-Apr-20	In the year	Released on disposal	31-Mar-21	31-Mar-21	31-Mar-20
	%	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Centum Real Estate Limited (Formerly Athena Properties Limited)	100%	114,735	-	-	114,735	(114,735)	-	-	(114,735)	-	-
Rasimu Limited	100%	100	-	-	100	573,046	(232,335)	-	340,711	340,811	573,146
Centum BVI Limited	100%	8	-	-	8	(8)	-	-	(8)	-	-
Two Rivers Development Limited	58.30%	1,216,458	-	-	1,216,458	4,767,030	(753,470)	-	4,013,561	5,230,018	5,983,488
Uhuru Heights Limited	100%	100	-	-	100	238,934	(140,992)	-	97,942	98,042	239,034
eTransact Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Exotics Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Development Limited	100%	91	-	-	91	2,700,702	570,581	-	3,271,283	3,271,374	2,700,793
Nabo Capital Limited	100%	438,000	-	-	438,000	8,712	55,898	-	64,610	502,610	446,712
Investpool Holdings Limited	100%	68	-	-	68	(68)	-	-	(68)	-	-
Mvuke Power Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Business Solutions Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Bakki Holdco Limited	100%	4,585,207	-	-	4,585,207	(2,047,398)	(16,823)	-	(2,064,221)	2,520,986	2,537,809
Vipingo Development Plc	100%	364	-	-	364	14,060,528	(2,538,989)	-	11,521,539	11,521,903	14,060,892
Vipingo Estates Plc	100%	386,209	-	-	386,209	2,098,134	(699,888)	-	1,398,246	1,784,455	2,484,343
Greenblade Growers Limited	100%	412,405	-	-	412,405	(368,924)	8,691	-	(360,233)	52,172	43,481
Mwaya Investments Company Limited	100%	1,000	-	-	1,000	(1,000)	-	-	(1,000)	-	-
Longhorn Publishers Limited	60.20%	749,866	-	-	749,866	119,408	(203,377)	-	(83,969)	665,897	869,275
Zohari Leasing Limited	100%	214,428	-	-	214,428	16,002	(11,864)	-	4,138	218,566	230,430
Tier Data Limited	100%	-					16,834		16,834	16,834	-
Tribus TSG Limited	80%	100	-	-	100	56,456	(21,834)	-	34,622	34,722	56,556
Barium Capital Limited	100%	5,000	-	-	5,000	5,460	(10,460)	-	(5,000)	-	10,460
		8,124,539	**-**	**-**	**8,124,539**	**22,111,880**	**(3,978,028)**	**-**	**18,133,852**	**26,258,390**	**30,236,419**

6 Group composition

6.1 Interest in subsidiaries

The Company's interest in subsidiaries is as set out below:

		Cost				Cumulative fair value gains			Fair value		
	Ownership	01-Apr-19	Additions	Disposals	31-Mar-20	01-Apr-19	In the year	Released on disposal	31-Mar-20	31-Mar-20	31-Mar-19
	%	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Centum Real Estate Limited (Formerly Athena Properties Limited)	100%	114,735	-	-	114,735	(114,735)	-	-	(114,735)	-	(0.49)
Rasimu Limited	100%	100	-	-	100	572,733	313	-	573,046	573,146	572,833
Centum BVI Limited	100%	8	-	-	8	(8)	-	-	(8)	-	-
Two Rivers Development Limited	58.30%	1,216,458	-	-	1,216,458	8,681,320	(3,914,290)	-	4,767,030	5,983,488	9,897,778
Uhuru Heights Limited	100%	100	-	-	100	238,934	-	-	238,934	239,034	239,034
eTransact Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Exotics Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Development Limited	100%	91	-	-	91	4,165,425	(1,464,723)	-	2,700,702	2,700,793	4,165,516
Nabo Capital Limited	100%	438,000	-	-	438,000	4,633	4,079	-	8,712	446,712	442,633
Investpool Holdings Limited	100%	68	-	-	68	(68)	-	-	(68)	-	-
Mvuke Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
Centum Business Solutions Limited	100%	100	-	-	100	(100)	-	-	(100)	-	-
King Beverage Limited	100%	68,000	-	(68,000)	-	(68,000)	-	68,000	-	-	-
Almasi Beverages Limited	53.85%	3,268,573	700	(3,269,273)	-	6,582,568	-	(6,582,568)	-	-	9,851,141
Bakki Holdco Limited	100%	4,585,207	-	-	4,585,207	(1,271,804)	(775,594)	-	(2,047,398)	2,537,809	3,313,403
Vipingo Development Plc	100%	364	-	-	364	10,753,245	3,307,283	-	14,060,528	14,060,892	10,753,609
Vipingo Estates Plc	100%	386,209	-	-	386,209	1,163,588	934,546	-	2,098,134	2,484,343	1,549,797
Greenblade Growers Limited	100%	320,228	92,178	-	412,405	(259,464)	(109,460)	-	(368,924)	52,172	60,764
Mwaya Investments Company Limited	100%	1,000	-	-	1,000	(1,000)	-	-	(1,000)	-	-
Longhorn Publishers Limited	60.20%	749,866	-	-	749,866	289,983	(170,575)	-	119,408	869,275	1,039,849
Zohari Leasing Limited	100%	214,428	-	-	214,428	38,620	(22,618)	-	16,002	230,430	253,048
Tribus TSG Limited	100%	100	-	-	100	17,037	39,419	-	56,456	56,556	17,137
Barium Capital Limited	100%	5,000	-	-	5,000	(5,000)	10,460	-	5,460	10,460	-
		11,368,935	**92,878**	**(3,337,273)**	**8,124,539**	**30,787,608**	**(2,161,160)**	**(6,514,568)**	**22,111,880**	**30,245,110**	**42,156,542**

Notes to the financial statements
(continued)

6 Group composition (continued)

6.1 Interest in subsidiaries (continued)

i) Incorporation and principal activity

Company	Country of incorporation and Principal place of business	Classification	Operating segment	Percentage ownership	Principal activity
Centum Real Estate Limited (Formerly Athena Properties Limited)	Kenya	Investment operations	Real estate	100%	End-to-end project and development management services for real estate projects and real estate development and also owns developments
Rasimu Limited	Kenya	Investment operations	Real estate	100%	Investment holding company. At 31 March 2021, the company's sole holding was a 3.65% stake in Two Rivers Development Limited and invested in the Centum Real Estate Limited bond.
Pearl Marina Estates Limited	Uganda	Investment operations	Real estate	100%	Real estate development in Uganda
Two Rivers Development Limited	Kenya	Investment operations	Real estate	58.30%	Real estate development. The company has developed the Two Rivers project in Nairobi. The company holds a joint controlling stake of 50% at Two Rivers Lifestyle Center Limited and a 100% stake in Two Rivers Luxury Apartments Limited, Two Rivers Power Company Limited, Two Rivers Water and Sanitation Company Limited, Two Rivers Property Owners Limited, Two Rivers Office Suites Limited and Two Rivers Development Phase 2 Limited. Two Rivers Theme Park Limited is owned through a Joint Venture agreement
Uhuru Heights Limited	Kenya	Investment operations	Real estate	100%	The company is an investment holding company . At 31 March 2021, the company's holdings included a 1.05% stake in Two Rivers Development Limited, investment in Cascadia apartments.
Centum Development Kenya Limited	Kenya	Investment operations	Real estate	100%	The company is an investment holding company . At 31 March 2021, the company's holdings included investment in Riverbank apartments. Following reorganisation, the development was transferred to Centum Real Estate Limited.
Centum Exotics Limited	Mauritius	Investment operations	Marketable securities	100%	The company is engaged in investment in marketable securities. At 31 March 2021, the company held 100% stake in Oleibon Investments Limited.
Centum Development Limited	Mauritius	Investment operations	Real estate	100%	The company is an investment holding company for real estate development. At 31 March 2021, the company's sole holding was in Pearl Marina Estates Limited
Nabo Capital Limited	Kenya	Financial services	Private equity	100%	The company is involved in fund management and transaction advisory services.
Investpool Holdings Limited	Mauritius	Investment operations	Private equity	100%	Investment Holding Company. At 31 March 2021, the company held 100% of Kilele Holdings Limited that is a private equity holding company and Mvuke Limited that is a special purpose vehicle to explore Geothermal opportunities in Africa.
Centum Business Solutions Limited	Kenya	Investment operations	Private equity	100%	Provision of shared services to Centum Investment Company Plc and its subsidiaries.
Bakki Holdco Limited	Kenya	Financial services	Private equity	100%	Holding company for the Group's investment in Sidian Bank Limited.
Vipingo Development Plc	Kenya	Investment operations	Real estate	100%	Real estate development
Vipingo Estates Plc	Kenya	Investment operations	Real estate	100%	Real estate development
Greenblade Growers Limited	Kenya	Trading	Private equity	100%	Agricultural production
Shefa Holdings Limited	Mauritius	Investment operations	Private equity	100%	Private equity investments
Zohari Leasing Limited	Kenya	Financial services	Private equity	100%	Leasing services
Mvuke Limited	Kenya	Investment operations	Private equity	100%	Investment holding company for Akiira Geothermal Limited.
E Tranzact Limited	Kenya	Investment operations	Private equity	100%	Dormant entity
Centum BVI Limited	British Virgin Islands	Investment operations	Private equity	100%	Dormant entity
Mwaya Investment Company Limited	Mauritius	Investment operations	Private equity	100%	Dormant entity
Longhorn Publishers Limited	Kenya	Trading	Private equity	60.20%	Public limited liability company involved in publishing and distribution of learning materials in Kenya and East Africa.
Tier Data Limited	Kenya	IT Services	Private equity	100%	Provision of IT services
Tribus TSG Limited	Kenya	Investment operations	Private equity	80%	Training, security and governance consultancy services.

6 Group composition

6.1 Interest in subsidiaries (contined)

ii) Significant restrictions

No local exchange control regulations apply in relation to exporting capital in the foreign jurisdictions where the Group has incorporated subsidiaries.

iii) Non controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Sidian Bank Limited		Tribus TSG		Two Rivers Development Limited		Longhorn Publishers Limited		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Summarised balance sheet										
Current assets	17,393,925	10,761,179	116,663	-	6,157,380	6,200,317	1,936,150	1,372,949	25,604,118	18,334,445
Current liabilities	(23,865,393)	(17,520,782)	(84,743)	-	(2,632,779)	(1,807,386)	(1,267,275)	(559,941)	(27,850,190)	(19,888,109)
Net current assets (liabilities)	(6,471,468)	(6,759,603)	31,920	-	3,524,601	4,392,931	668,875	813,008	(2,246,072)	(1,553,664)
Non current assets	16,039,098	12,521,705	13,605	-	17,959,831	20,230,758	1,168,244	667,611	35,180,778	33,420,074
Non current liabilities	(5,354,678)	(1,781,081)	(2,122)	-	(14,413,261)	(14,575,163)	(1,276,852)	(560,934)	(21,046,913)	(16,917,177)
Net non current assets/ (liabilities)	10,684,420	10,740,624	11,483	-	3,546,570	5,655,595	(108,608)	106,677	14,133,865	16,502,897
Net assets	4,212,952	3,981,021	43,403	-	7,071,171	10,048,526	560,267	919,685	11,887,793	14,949,233
Accumulated NCI	**749,905**	**721,759**	**8,681**	**-**	**2,948,678**	**4,190,236**	**222,986**	**366,035**	**3,930,250**	**5,278,029**
Summarised income statement										
Income	4,064,968	3,329,713	209,805	-	-	481,143	699,295	1,973,953	4,974,068	5,784,809
Profit/(loss) for the year	171,332	(274,227)	19,660	-	(1,574,593)	(5,534,867)	(374,154)	247,281	(1,757,755)	(5,561,814)
Other comprehensive income/ (loss)	-	-	-	-	53,168	163,298	-	-	53,168	163,298
Total comprehensive income/ (loss)	171,332	(274,227)	19,660	-	(1,521,425)	(5,371,569)	(374,154)	247,281	(1,704,587)	(5,398,516)
Profit/(loss) allocated to NCI	30,497	(49,717)	3,932	-	(634,434)	(2,239,944)	(148,913)	98,418	(748,918)	(2,191,244)
Dividends paid to NCI	-	-	-	-	-	-	-	45,816	-	45,816

6 Group composition (continued)

6.2 Investment in associates and joint ventures

At Company level, associates and joint ventures are accounted for at fair value in accordance with IFRS 9. At the Group level, associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post acquisition accumulated profits or losses of associated companies and joint ventures in the carrying amount of the investments, which are generally determined from their latest audited annual financial statements or management accounts and the profit attributable to the Group is recognised in profit or loss.

The Group's share of any post-acquisition movement in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The carrying amount of the Group's investments in associates and joint ventures is reduced to recognise any potential impairment in the value of individual investments. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group has an obligation, issued guarantees or made payments on behalf of the associate or joint venture.

Dilution gains or losses arising on investments in associates and joint ventures are recognised in profit or loss. If the ownership interests in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments have been made where necessary to align the accounting policies of the associates and joint ventures with those of the Group.

6.2.1 Investment in associates

Set out below are the associates of the Group as at 31 March 2020. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest	
		2021	2020
UAP Financial Services Limited	Uganda	29.00%	29.00%
Akiira Geothermal Limited	Kenya	37.50%	37.50%

The investment in UAP Financial Services (Uganda) Limited of Kes 3.4 million was fully provided for in 2019.

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Movements in investments in associates is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	1,449,966	2,920,670	-	6,915,641
Share of profits after income tax	-	100,305	-	-
Dividends received	-	(40,960)	-	-
Additions during the year	30,040	337,972	-	-
Impairment of associate	(385,527)	(430,575)	-	(3,429)
Disposal	-	(1,437,446)	-	(6,912,212)
	1,094,479	**1,449,966**	**-**	**-**

Associates are accounted for under the equity method in the Group's financial statements. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus share of subsequent profits and other comprehensive income less any impairment in the value of individual investments.

Associates are held at fair value in the Company's financial statements. See note 1.5.1

Disposal of associates

Year ended 31 March 2021

During the year ended 31 March 2021, there were no disposal of associates.

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Summarised financial information of associates

Set out below is the summarised financial information of the associates that are material to the Group. The summarised financial information is adjusted to reflect adjustments made by the Group when applying the equity method, including fair value adjustments at acquisition and modifications for differences in accounting policy. There were no modifications for differences in accounting policy in 2021 and 2020.

	Fast moving consumer goods		Total	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Summarised statement of financial position				
Cash and cash equivalent	-	656	-	656
Other current assets	-	4,042,339	-	4,042,339
Total current assets	**-**	**4,042,995**	**-**	**4,042,995**
Non current assets	-	10,907,963	-	10,907,963
Financial liabilities (excluding trade payables)	-	(88,966)	-	(88,966)
Other current liabilities	-	(4,573,988)	-	(4,573,988)
Total currrent liabilities	**-**	**(4,662,954)**	**-**	**(4,662,954)**
Financial liabilities	-	(2,722,418)	-	(2,722,418)
Other non current liabilities	-	(2,010,082)	-	(2,010,082)
Total non current liabilities	**-**	**(4,732,500)**	**-**	**(4,732,500)**
Net assets	**-**	**5,555,504**	**-**	**5,555,504**
Reconciliation to carrying amounts:				
Opening net assets at 1 April:	-	5,254,510	-	5,254,510
Profit for the year	-	363,423	-	363,423
Other comprehensive income	-	-	-	-
Dividends paid	-	(62,428)	-	(62,428)
Closing net assets	**-**	**5,555,505**	**-**	**5,555,505**
Summarised statement of comprehensive income				
Revenue	-	9,657,133	-	9,657,133
Interest income	-	-	-	-
Interest expense	-	(267,131)	-	(267,131)
Income tax expense	-	(382,633)	-	(382,633)
Profit/(loss) for the period	**-**	**363,423**	**-**	**363,423**
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**363,423**	**-**	**363,423**
Dividends received from associates	**-**	**-**	**-**	**-**

For the purposes of this disclosure, the associates have been Grouped by industry sector.

Notes to the financial statements
(continued)

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures

Set out below are the joint ventures of the Group at 31 March 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest 2021	2020
Two Rivers Lifestyle Centre Limited	Mauritius	50%	50%
Two Rivers Theme Park Limited	Kenya	50%	0%
Amu Power Company Limited	Kenya	51%	51%

Movements in joint ventures are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	2,889,797	7,065,230	-	2,097,549
Additions during the year	314,437	-	-	-
Share of loss after income tax	(1,074,310)	(2,077,884)	-	-
Provision for impairment	(21,034)	(2,097,549)	-	(2,097,549)
	2,108,890	**2,889,797**	**-**	**-**
Analysed as follows:				
- Joint ventures (equity)	2,108,890	2,889,797	-	-
- Joint ventures (debt)	-	-	-	2,097,549
	2,108,890	**2,889,797**	**-**	**2,097,549**

Joint ventures are accounted for under the equity method in the Group's and company's financial statements. Under the equity method, joint ventures are carried in the consolidated and company statements of financial position at cost plus share of subsequent profits and other comprehensive income less any impairment in the value of individual investments.

The Group used audited financial statements of Two Rivers Lifestyle Centre Limited and Twor Rivers Theme Park Limited for the year ended 31 March 2021 to account for the Group's joint ventures using the equity method.

Impairment provision on Amu Power Company Limited debt instrument
An impairment provision of KES 2,097,549,000 has been recorded against the carrying value of the investment in Amu Power Company Limited. At 31 March 2020, the Company had completed negotiations for an Operations and Maintenance (O&M) and the Engineering, Procurement and Construction (EPC) contracts, secured a Power Purchase Agreement with Kenya Power Limited, negotiated a debt term sheet and obtained a Government of Kenya Letter of Support.
The Company had however not yet secured a Partial Risk Guarantee, which is a requirement for financial close with lenders. In addition, while the company had obtained the relevant environmental approvals, the same is currently under litigation before the High Court of Kenyan following an appeal from the National Environment Tribunal.
In view of the uncertainties surrounding the timing of closure of these matters and the classification of the investment as a debt instrument, a full provision has been recorded in accordance with IFRS 9, Financial Instruments. Contractually, however, the investment in the debt instrument continues to be outstanding.

i) Summarised financial information for joint ventures

The tables below provide summarised financial information for joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

6 Group composition (continued)

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures (continued)

i) Summarised financial information for joint ventures (continued)

	Two Rivers Lifestyle Centre Limited	
	2021	**2020**
Summarised balance sheet	**Ksh'000**	**Ksh'000**
Current assets:		
- Cash and cash equivalent	36,217	17,696
- Other current assets	2,432,995	2,460,355
Total current assets	2,469,212	2,478,051
Non current assets	16,167,293	16,965,566
Current liabilities:		
- Financial liabilities (excluding trade payables)	(10,022,460)	(603,954)
- Other current liabilities	(1,548,561)	(1,421,697)
Total current liabilities	(11,571,021)	(2,025,651)
Non current liabilities		
- Financial liabilities (excluding trade payables)	-	(8,584,951)
- Other non current liabilities	(3,055,212)	(2,696,108)
Total non current liabilities	(3,055,212)	(11,281,059)
Net assets	4,010,272	6,136,907
Reconciliation to carrying amounts:		
Opening net assets 1 April	6,136,907	9,935,121
Loss for the year	(2,148,619)	(4,155,767)
Capital contribution	21,984	357,553
Closing net assets	**4,010,272**	**6,136,907**
Group's share in %	50%	50%
Group's share in Ksh	2,005,136	3,068,454
Goodwill	-	-
Carrying amount	2,005,136	3,068,454
Income	631,164	874,966
Depreciation and amortisation	(58,104)	(55,536)
Operating profit	**62,535**	**245,199**
Interest expense	(1,365,199)	(1,269,875)
Fair value losses on revaluation	(841,971)	(1,097,348)
Income tax (expense)/credit	-	(2,033,743)
Loss for the year	**(2,148,619)**	**(4,155,767)**
Total comprehensive income	**(2,148,619)**	**(4,155,767)**

ii) Other joint ventures

In addition to the interest in joint ventures disclosed above, the Group also has interests in Amu Power Company Limited. The carrying amount of the investment is at the historical cost and represents the Group's investments in the company's power project. The management considers the cost to be the estimate of fair values. The investment was fully impaired in the financial year ended 31 March 2020.

There were no commitmens and contingent liabilities with respect to associates and joint ventures that have a material impact on the Group.

7 Other financial assets and liabilities

7.1 Loans and advances

Loans and advances are measured at amortised cost using the effective interest method, less any impairment losses. Origination transaction costs and origination fees received that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate.

	Group	
	2021	**2020**
	Ksh'000	**Ksh'000**
Term loans	19,209,652	15,080,970
Overdrafts	2,138,707	1,153,315
Credit cards	60,219	25,554
Interest in suspense	(288,455)	(382,528)
Gross loans and advances	**21,120,123**	**15,877,311**
Expected credit loss allowance	(697,590)	(915,880)
Net Loans and advances	**20,422,533**	**14,961,431**
Analysis of gross loans and advances by maturity		
Maturing within one year	6,306,300	3,293,936
Between two and three years	7,163,107	7,754,437
Over 3 years	7,650,716	4,828,938
	21,120,123	**15,877,311**
The movement in the expected credit loss allowance:		
Statement of financial position	-	
At start of year	915,880	1,265,489
Charged through profit or loss in the year (loans and advances)	117,505	392,219
Recoveries of amounts previously written off	(18,221)	(14,267)
Write - offs in the year	(317,574)	(727,561)
At end of year	**697,590**	**915,880**
Profit and loss		
Provision in the year	135,726	406,486
Recoveries of amounts previously provided for	(18,221)	(14,267)
	117,505	**392,219**

Loans and advances are held by Sidian Bank Limited.

The aggregate amount of non-performing advances was Ksh 2,404,382,170 (2020: Ksh 3,236,091,000) against which specific provisions of Ksh 772,468,293 (2020: Ksh 1,169,293,000) have been made leaving a net balance of Ksh 1,631,913,877 (2020: Ksh 2,066,798,00) which is included in the statement of financial position in the loans and advances line item.

The weighted average effective interest rate on loans and advances as at 31 March 2021 was 12.5% (2020: 12.5%)

The collateral held against these loans includes mortgages, motor vehicles, land and buildings, chattels, share certificates among other assets.

	Group	
	2020	**2019**
	Ksh'000	**Ksh'000**
Fair value of collateral held	67,504,045	40,566,164

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

Impairment of loans and advances

The estimation of impairment of loans and advances is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of impairment of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loans and advances at a counterparty level, the Group considers three components: (i) the 'Probability of Default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure at Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

Credit risk grading

The Group uses internal credit risk gradings that reflect its assessment of the probability of defaults of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, the level of collateral for retail exposures, and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgment from the credit officers to be fed into the final internal credit rating for each exposure. This allows for the considerations which may not be captured as part of the other data input into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for other types of portfolio held by the Group:

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

Impairment of loans and advances (continued)

The following are additional considerations for other types of portfolio held by the Group:

(a) Significant Increase in credit risk (SICR) (continued)
Quantitative Criteria (continued)

IFRS 9 credit staging	CBK PG/04 Guidelines	Days past due
1	Normal	Up to date and in line with contractual agreements or within 30 days' arrears
2	Watch	31 to 90 days overdue
3	Substandard	91 to 180 days overdue
	Doubtful	181 – 365 days overdue
	Loss	Over 365 overdue

Qualitative Criteria
In addition to the above, the Group considers other qualitative factors in determining the classification above, and may accelerate the classification of credit facilities where deemed appropriate. They include but not limited to the following:

1. Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g. increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.
2. Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g. other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).
3. Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations.
4. Significant changes in the value of collateral which are expected to reduce the borrower's economic incentive to pay or otherwise affect the probability of default.
5. Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).
6. Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group (e.g. increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

Backstop
A backstop is applied and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments

(b) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent or becoming probable that the borrower will enter bankruptcy;
- The borrower is in breach of financial covenants;
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(b) Definition of default and credit-impaired assets (continued)

Qualitative criteria (continued)

The Group considers a facility that is more than 90 days past due as credit impaired as per internal risk rating. The above criteria have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

(c) Measuring expected credit loss – inputs, assumptions and estimation techniques

The expected credit loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows;

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectations of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is calculated on a 12-month or lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs over the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12 month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and a credit grade. This is supported by a historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products or bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayments/refinance assumptions are also incorporated.
- For revolving products, the exposure at default is predicted by taking the current drawn-down balance and adding a credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(c) Measuring expected credit loss – inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoverable amount post default. These vary by product type:

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

(d) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument.

Forecasts of the base economic scenario and the possible scenarios along with scenario weightings are prepared by an expert economic team. The impact of these economic variables on the PD, EAD and LGD is determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible outcomes.

The most significant assumptions affecting the ECL allowance are as follows. The scenarios "base", "upside" and "downside" were used for all portfolios.

	All segments		
	Base	**Upside**	**Downside**
Exchange rate (USD)	100.4	96.7	104
Nominal Gross domestic product (GDP)	5.90%	5.70%	6.10%
Interest rates (lending rates)	13.30%	13.10%	13.50%
Inflation	6.50%	6.30%	6.70%

The weightings assigned to each economic scenario at 1 April 2019, 31 March 2020 and 31 March 2021 were as follows:

	Base	**Upside**	**Downside**
Weightings	50%	30%	20%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have been considered, but are not deemed to have a material impact on therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(d) Forward-looking information incorporated in the ECL models (continued)

Maximum exposure to credit risk before collateral held

The breakdown of loans and advances is summarised below:

Group and Bank			**2021**		**2020**
	Stage 1 12 month ECL Ksh' 000	**Stage 2 Ksh' 000**	**Stage 3 Lifetime ECL Ksh' 000**	**Total Ksh' 000**	**Ksh' 000**
Individually impaired / non performing facilities					
Grade 3: Substandard	-	-	275,055	275,055	382,608
Grade 4: Doubtful	-	-	1,822,226	1,822,226	2,412,859
Grade 5: Loss	-	-	307,102	307,102	158,097
Gross amount	**-**	**-**	**2,404,382**	**2,404,382**	**2,953,564**
Credit impairment losses	-	-	592,741	592,741	506,401
Carrying amount	**-**	**-**	**1,811,642**	**1,811,642**	**2,447,163**
Collectively impaired					
Grade 1: Normal	17,999,047	-	-	17,999,047	12,033,600
Grade 2: Watch	-	1,005,149	-	1,005,149	890,147
	-				
Gross amount	**17,999,047**	**1,005,149**	**-**	**19,004,196**	**12,923,747**
Credit impairment losses	227,107	166,198	-	393,305	409,479
Carrying amount	**17,771,940**	**838,951**	**-**	**18,610,891**	**12,514,268**
Total carrying amount	**17,771,940**	**838,951**	**1,811,642**	**20,422,533**	**14,961,431**

(e) Collateral and other credit enhancements

The Group uses a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The acceptability of collateral for credit risk mitigation is guided

Type of lending	**Common collateral type**
Mortgage lending	First ranking legal charge over the property financed.
Commercial loans	Debentures over the Bank's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and Bank guarantees.
Personal loans	Checkoffs and cash backed
Asset finance	Secured by motor vehicles and chattel registrations
Other loans and advances	Debentures over the Bank's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and Bank guarantees.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances. The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group in the period.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(e) Collateral and other credit enhancements (continued)

Valuation of collateral

The Group has a panel of valuers who undertake valuation of property and other assets to be used as Collateral. The valuers in the panel are qualified professional valuers with adequate experience in the field of property and machinery valuation. Valuation of collateral are performed between 3 to 5 year intervals.

Lending limits

The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

Financial covenants (for credit related commitments and loan books)
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(f) Impairment and provisioning policies

The loss allowance recognised in the period is impacted by a variety of factors as follows:
- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent "step up" or "step down" between 12-month and lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

7 Other financial assets and liabilities (continued)

7.1 Loans and advances (continued)

(f) Impairment and provisioning policies (continued)

The following tables explain the changes in the loss allowance in the year due to these factors:

Group and Bank	Stage 1 12-month ECL Ksh' 000	Stage 2 Lifetime ECL Ksh' 000	Stage 3 Lifetime ECL Ksh' 000	Total Ksh' 000
Year ended 31 March 2021				
Loss allowance at 1 April 2020	606,615	119,903	189,362	915,880
Net staging transfers	89,765	(36,309)	(53,456)	-
New financial assets originated or purchased	69,438	10,038	15,609	95,085
Net charge to profit or loss in the year	**159,202**	**(26,271)**	**(37,847)**	**95,085**
Other movements with no P&L impact:				
Financial assets derecognised	67,904	192,469	4,199	4,199
Write-offs	-	-	(317,574)	(317,574)
Loss allowance at 31 March 2021	**765,817**	**93,632**	**(161,860)**	**697,590**
Year ended 31 March 2020				
Loss allowance at 1 April 2019	598,848	66,783	899,743	1,565,374
Net staging transfers	20,492	15,596	26,305	62,393
New financial assets originated or purchased	99,810	55,599	174,417	329,826
Net charge to profit or loss in the year				
Other movements with no P&L impact:	120,302	71,195	200,722	392,219
				-
Financial assets derecognised	(112,535)	(18,075)	(319,922)	(450,532)
Write-offs	-	-	(591,181)	(591,181)
Loss allowance at 31 March 2020	**606,615**	**119,903**	**189,362**	**915,880**

The following table below shows the movement in gross carrying amount of loans and advances to help explain the changes in the loss allowance for the same portfolio:

Group and Bank	Stage 1 12-month ECL Ksh' 000	Stage 2 Lifetime ECL Ksh' 000	Stage 3 Lifetime ECL Ksh' 000	Total Ksh' 000
Year ended 31 March 2021				
Gross carrying amount at 1 April 2020	11,722,784	990,147	3,164,380	15,877,311
Net staging transfers	(196,026)	238,906	(42,880)	-
Financial assets derecognised	1,051,046	(388,352)	(386,346)	276,348
New financial assets originated	5,204,499	164,447	23,874	5,392,821
Write-offs	-	-	(426,357)	(426,357)
At year end	**17,782,303**	**1,005,149**	**2,332,672**	**21,120,123**
Year ended 31 March 2020				
Gross carrying amount at 1 April 2019	11,534,513	330,059	2,889,329	14,753,901
Net staging transfers	458,198	264,772	490,735	1,213,705
Financial assets derecognised	(7,357,539)	(205,292)	(225,790)	(7,788,621)
New financial assets originated	7,087,612	600,608	423,842	8,112,062
Write-offs	-	-	(413,736)	(413,736)
At year end	**11,722,784**	**990,147**	**3,164,380**	**15,877,311**

7 Other financial assets and liabilities (continued)

7.2 Government securities and corporate bonds:

		Group		Company	
		2021	2020	2021	2020
	Notes	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Government securities at fair value through profit or loss	7.2.1	806,439	1,639,048	-	-
Government securities at amortised cost	7.2.2	9,211,218	6,463,945	2,625,925	2,621,439
Corporate bonds at amortised cost	7.2.3	1,815,477	634,940	1,609,418	529,118
Commercial papers at amortised cost	7.2.4	647,868	175,495	-	-
		12,481,002	**8,913,428**	**4,235,342**	**3,150,557**

7.2.1 Government securities at fair value through profit or loss

At start of year	1,639,048	735,319	-	-
Movements in the year:				
Additions	2,161,196	4,869,785	-	-
Disposals	(2,990,029)	(3,994,801)	-	-
Accrued interest	41,484	46,960	-	-
Fair value (losses)/gains	(45,260)	(18,215)	-	-
	(832,609)	**903,729**	**-**	**-**
At end of year	**806,439**	**1,639,048**	**-**	**-**

Changes in fair values of government securities at fair value through profit and loss are recorded in 'investment income' in the income statement.

	Group		Company	
	2021	2020	2021	2020
7.2.2 Government securities at amortised cost	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	6,463,945	2,598,122	2,621,439	-
Movements in the year:				
Additions	5,420,901	5,732,119	4,485	2,538,620
Disposals	(2,858,355)	(2,048,681)	-	-
Accrued interest	184,727	182,385	-	82,819
	2,747,273	**3,865,823**	**4,485**	**2,621,439**
At end of year	**9,211,218**	**6,463,945**	**2,625,924**	**2,621,439**

7.2.3 Corporate bonds at amortised cost

At start of year	634,940	106,082	529,118	-
Movements in the year:				
Additions	1,276,894	532,918	1,080,300	509,404
Accrued interest	17,459	25,942	-	19,714
Maturities	(113,816)	(30,002)	-	-
	1,180,537	**528,858**	**1,080,300**	**529,118**
At end of year	**1,815,477**	**634,940**	**1,609,418**	**529,118**

7 Other financial assets and liabilities (continued)

7.2.4 Commercial papers at amortised cost

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	175,495	30,000	-	297,786
Movements in the year:				
Additions	604,394	162,832	-	-
Accrued interest	50,395	6,161	-	-
Interest receipts	(29,910)	(5,430)	-	-
Disposals	(152,506)	(18,068)	-	(297,786)
	472,373	145,495	-	-
At end of year	**647,868**	**175,495**	**-**	**-**

The maturity profile of government securities and corporate bonds is set out below:

Group

Year ended 31 March 2021	0 - 180 days	181 days - 1 year	1 - 5 years	Over 5 years	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Government securities at fair value through profit and loss	806,439	-	-	-	806,439
Government securities at amortised cost	-	-	-	9,211,218	9,211,218
Corporate bonds at amortised cost	-	-	1,815,477	-	1,815,477
Commercial papers at amortised cost	-	647,868	-	-	647,868
	806,439	**647,868**	**1,815,477**	**9,211,218**	**12,481,002**
Year ended 31 March 2020					
Government securities at fair value through profit and loss	1,639,048	-	-	-	1,639,048
Government securities at amortised cost	-	-	-	6,463,945	6,463,945
Corporate bonds at amortised cost	-	-	634,940	-	634,940
Commercial papers at amortised cost	-	175,495	-	-	175,495
	1,639,048	**175,495**	**634,940**	**6,463,945**	**8,913,428**

Company

Year ended 31 March 2021					
Government securities at amortised cost	-	-	-	2,625,924	2,625,924
Corporate bonds at amortised cost	-	-	1,609,418	-	1,609,418
	-	**-**	**1,609,418**	**2,625,924**	**4,235,342**
Year ended 31 March 2020					
Government securities at amortised cost	-	-	-	2,621,439	2,621,439
Corporate bonds at amortised cost	-	-	529,118	-	529,118
	-	**-**	**529,118**	**2,621,439**	**3,150,557**

7 Other financial assets and liabilities (continued)

7.3 Customer deposits

	Group	
	2021	2020
	Ksh'000	Ksh'000
Call and fixed deposits	11,733,567	9,004,700
Current and demand accounts	8,621,726	5,762,764
Savings accounts	2,714,436	2,692,956
	23,069,729	**17,460,420**
Analysis of customer deposits by maturity:		
Payable within one year	22,848,088	17,345,486
Between one year and three years	221,641	114,934
	23,069,729	**17,460,420**

8 Non financial assets

8.1 Property, plant and equipment

All categories of property, plant and equipment excluding land and buildings are initially recorded at cost and subsequently depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are subsequently shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown under other reserves in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve. All other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	40 - 50 years
Factory plant and machinery	8 years
Motor vehicles, lorries and trucks	4 - 5 years
Computers	3 - 4 years
Furniture, fittings and equipment	8 - 10 years

Depreciation charged on factory plant, buildings, machinery and motor vehicles used in distribution of raw materials and finished goods is included in cost of sales while depreciation on all the other assets is included in operating and administrative expenses in the statement of profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The Group annually reviews the carrying amounts of its property, plant and equipment in order to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

8 Non financial assets (continued)

8.1 Property, plant and equipment (continued)

Group

	Land and buildings	Factory, plant and equipment	Office furniture and fittings	Motor vehicles	Computers	Work in progress	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2020							
Cost or valuation	461,771	5,401,043	982,103	594,749	472,590	30,243	9,743,968
Accumulated depreciation	(104,252)	(2,346,482)	(617,534)	(418,554)	(356,861)	-	(5,645,152)
Net book amount	**357,519**	**3,054,561**	**364,569**	**176,195**	**115,729**	**30,243**	**4,098,816**
Year ended 31 March 2021							
Opening net book amount	357,519	3,054,561	364,569	176,195	115,729	30,243	4,098,816
Additions	402	58,783	44,180	2,000	37,012	388,217	530,594
Transfers*	42,948	151,753	5,072	-	-	(54,026)	145,747
Disposals	-	(59,653)	(21,887)	(2,832)	-	-	(84,372)
Depreciation released on disposal	-	52,476	6,606	-	-	-	59,082
Depreciation charge for the year	(12,610)	(208,633)	(28,792)	(22,209)	(23,698)	-	(295,942)
Closing net book amount	**388,259**	**3,049,287**	**369,748**	**153,154**	**129,043**	**364,434**	**4,453,925**
At 31 March 2021							
Cost or valuation	505,121	5,551,926	1,009,468	593,917	509,602	364,434	10,335,937
Accumulated depreciation	(116,862)	(2,502,639)	(639,720)	(440,763)	(380,559)	-	(5,882,012)
Net book amount	**388,259**	**3,049,287**	**369,748**	**153,154**	**129,043**	**364,434**	**4,453,925**

* relates to capitalisation of costs for assets that are ready for use from work in progress to the various classes.

8 Non financial assets (continued)

8.1 Property, plant and equipment (continued)

Group	Land and buildings	Factory, plant and equipment	Office furniture and fittings	Motor vehicles	Computers	Bottle coolers	Work in progress	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2019								
Cost or valuation	1,819,559	8,872,251	1,452,879	868,162	520,410	1,989,191	408,569	15,931,021
Accumulated depreciation	(71,038)	(1,866,025)	(582,440)	(326,522)	(328,762)	(1,688,500)	-	(4,863,287)
Net book amount	**1,748,521**	**7,006,226**	**870,439**	**541,640**	**191,648**	**300,691**	**408,569**	**11,067,734**
Year ended 31 March 2020								
Opening net book amount	1,748,521	7,006,226	870,439	541,640	191,648	300,691	408,569	11,067,734
Additions	127,354	436,830	35,160	12,958	21,270	-	-	633,572
Transfers*	-	(29,741)	-	-	-	-	29,741	-
Disposals	(5,659)	(29,649)	(4,684)	(3,111)	(252)	(10,734)	-	(54,089)
Derecognition on disposal of subsidiary	(1,474,483)	(3,848,648)	(501,252)	(283,260)	(68,839)	(176,988)	(408,066)	(6,761,536)
Revaluation deficit	(5,000)	-	-	-	-	-	-	(5,000)
Depreciation released on disposal	-	22,194	1,339	-	-	-	-	23,533
Depreciation charge for the year	(33,214)	(502,651)	(36,433)	(92,032)	(28,099)	(112,969)	-	(805,398)
Closing net book amount	**357,519**	**3,054,561**	**364,569**	**176,195**	**115,728**	**-**	**30,244**	**4,098,816**
At 31 March 2020								
Cost or valuation	461,771	5,401,043	982,103	594,749	472,589	1,801,469	30,244	9,743,967
Accumulated depreciation	(104,252)	(2,346,482)	(617,534)	(418,554)	(356,861)	(1,801,469)	-	(5,645,152)
Net book amount	**357,519**	**3,054,561**	**364,569**	**176,195**	**115,728**	**-**	**30,244**	**4,098,816**

* relates to capitalisation of costs for assets that are ready for use from work in progress to the various classes.

8 Non financial assets (continued)

8.1 Property, plant and equipment (continued)

Group
There are no assets within property, plant and equipment where the Group is a lessee under a finance lease. Information on non-current assets pledged as security by the Group is set out under Note 9.1.

If freehold land and buildings carried at fair value were stated on the historical cost basis, the amounts would be as follows:

	2021 Ksh'000	2020 Ksh'000
Land and buildings:		
Cost	505,121	461,771
Accumulated depreciation	(116,862)	(104,252)
Net book amount	**388,259**	**357,519**

Fair value hierarchy

Details of the fair value hierarchy for the Group's property, plant and equipment held at fair value as at 31 March 2021 are as follows. An explanation of each level is provided in Note 10.1(d)

31 March 2021	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
Land and buildings	-	-	388,259	388,259
31 March 2020				
Land and buildings	-	-	357,519	357,519

The following table presents the changes in level 3 items for the year ended 31 March 2021 and 31 March 2020 for recurring fair value measurements:

	2020 Ksh'000	2019 Ksh'000
At start of year	357,519	1,748,521
Additions	402	127,354
Transfers	-	-
Disposals	42,948	(5,659)
Revaluation deficit	-	(5,000)
Derecognition on disposal of a subsidiary	-	(1,474,483)
Depreciation charge	(12,610)	(33,214)
At end of year	**388,259**	**357,519**

8 Non financial assets (continued)

8.1 Property, plant and equipment (continued)

Company

Property and equipment	Motor Vehicles Ksh'000	Computers Ksh'000	Furniture & Fittings Ksh'000	Total Ksh'000
At 1 April 2020				
Cost	27,536	18,180	123,739	169,455
Accumulated depreciation	(21,590)	(9,182)	(20,058)	(50,830)
Net book amount	**5,946**	**8,998**	**103,681**	**118,625**
Year ended 31 March 2021				
Opening net book amount	5,946	8,998	103,681	118,625
Additions	-	297	-	297
Depreciation charge	(5,946)	(4,912)	(10,377)	(21,235)
Closing net book amount	**-**	**4,383**	**93,304**	**97,687**
At 31 March 2021				
Cost	27,536	18,477	123,739	169,752
Accumulated depreciation	(27,536)	(14,094)	(30,435)	(72,065)
Net book amount	**-**	**4,383**	**93,304**	**97,687**
At 1 April 2019				
Cost	27,536	18,101	112,742	158,379
Accumulated depreciation	(15,957)	(4,674)	(10,029)	(30,660)
Net book amount	**11,579**	**13,427**	**102,713**	**127,719**
Year ended 31 March 2020				
Opening net book amount	11,579	13,427	102,713	127,719
Additions	-	79	10,997	11,076
Depreciation charge	(5,633)	(4,508)	(10,029)	(20,170)
Closing net book amount	**5,946**	**8,998**	**103,681**	**118,625**
At 31 March 2020				
Cost	27,536	18,180	123,739	169,455
Accumulated depreciation	(21,590)	(9,182)	(20,058)	(50,830)
Net book amount	**5,946**	**8,998**	**103,681**	**118,625**

8 Non financial assets (continued)

8.2 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Goodwill on subsidiaries is not amortised but is tested annually or more frequently if changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes being the operating segment.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into cash-generating units. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs of disposal. 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.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed..

Computer software

Expenditure incurred on computer software are initially accounted for at cost and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight line basis over the estimated useful lives for a period of 3 to 5 years.

	Group			Company
	Goodwill	**Computer software**	**Total**	**Computer software**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 1 April 2020:				
Cost	1,209,983	1,769,610	2,979,593	2,327
Accumulated impairment	(848,648)	-	(848,648)	-
Accumulated amortisation	-	(761,930)	(761,930)	(2,327)
Net book amount	**361,335**	**1,007,680**	**1,369,015**	**-**
Year ended 31 March 2021				
Opening net book amount	361,335	1,007,680	1,369,015	-
Additions	-	206,364	206,364	-
Amortisation charge and impairment	-	(152,506)	(152,506)	-
Closing net book amount	**361,335**	**1,061,538**	**1,422,873**	**-**
At 31 March 2021				
Cost	1,209,983	1,975,974	3,185,957	2,327
Accumulated amortisation	-	(914,436)	(914,436)	(2,327)
Accumulated impairment	(848,648)	-	(848,648)	-
Net book amount	**361,335**	**1,061,538**	**1,422,873**	-

8 Non financial assets (continued)

8.2 Intangible assets (continued)

	Group			Company
	Goodwill	Computer software	Total	Computer software
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2019:				
Cost	2,561,522	1,302,962	3,864,484	2,327
Accumulated impairment	(793,241)	-	(793,241)	-
Accumulated amortisation	-	(576,197)	(576,197)	(2,327)
Net book amount	**1,768,281**	**726,765**	**2,495,046**	**-**
Year ended 31 March 2020				
Opening net book amount	1,768,281	726,765	2,495,046	-
Additions	-	469,166	469,166	-
Derecognition on disposal of a subsidiary	(1,351,539)	(2,518)	(1,354,057)	-
Amortisation charge and impairment	(55,407)	(185,733)	(241,140)	-
Closing net book amount	**361,335**	**1,007,680**	**1,369,015**	**-**
At 31 March 2020				
Cost	1,209,983	1,769,610	2,979,593	2,327
Accumulated amortisation	-	(761,930)	(761,930)	(2,327)
Accumulated impairment	(848,648)	-	(848,648)	-
Net book amount	**361,335**	**1,007,680**	**1,369,015**	**-**

Goodwill on acquisition
Goodwill represents the excess of the cost of acquisition over the fair value of the share of net identifiable assets of the subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in the carrying amount of the investments in associates. Goodwill is monitored by the directors at the level of the related cash generating unit (CGU) as follows:

	2021 Ksh'000	2020 Ksh'000
Longhorn Publishers Limited	361,335	33,246
	361,335	**33,246**

Goodwill is monitored by management at the Group level and management considers the whole business to be one cash generating unit for the purposes of testing the impairment of goodwill.

The recoverable amounts for the purposes of Goodwill impairment testing is based on fair value less cost to sell basis or value in use calculations using a discounted cashflow. The analysis of the method and the assumptions used in assessing the impairment of goodwill for each cash generating unit is as follows:

8 Non financial assets (continued)

8.2 Intangible assets (continued)

Cash generating unit	Method used and assumptions
Longhorn Publishers Limited	Method Used to determine recoverable amount: Fair value less cost to sell The fair value of the entity was determined using the quoted share price as the company is listed on the Nairobi Securities Exchange ***Significant estimate: Impact of possible changes in key assumptions:*** Share price If the share price had been 5% lower and all inputs remain unchanged, the market value would have been Ksh 49 million lower. If the share price had been 5% higher and all inputs remain unchanged, the market value would have been Ksh 49 million higher

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of all the CGU's as analysed below:

At 31 March 2021

Cash generating unit	Carrying amount + goodwill KES'000	Recoverable amount (Fair value) KES'000	Carrying value KES'000	Headroom KES'000
Longhorn Publishers Limited	725,169	980,804	980,804	361,335
	725,169	980,804	980,804	(361,335)

At 31 March 2020

Cash generating unit	Carrying amount + goodwill KES'000	Recoverable amount (Fair value) KES'000	Carrying value KES'000	Headroom KES'000
Sidian Bank Limited	3,419,770	2,539,075	2,539,075	(880,695)
Longhorn Publishers Limited	947,558	980,804	869,275	33,246
	4,367,328	**3,519,879**	**3,408,350**	**(847,449)**

The directors are satisfied that there is no impairment of goodwill for Longhorn Publishers Limited based on a comparison of the recoverable amounts and the carrying amount (including goodwill) of the subsidiaries, taking into account all possible ranges of estimates of the fair values of the investments.

The directors have considered and assessed reasonably possible changes for the key assumptions in relation to the other investments and have not identified any instances that could cause the carrying amount (including the related goodwill) to exceed the recoverable amount of Longhorn Publishers Limited.

8 Non financial assets (continued)

8.3 Leases

8.3.1 Leases

This note provides information for leases where the Group and Company is a lessee. For leases where the group is a lessor, see note 8.3.2

(i) Amounts recognised in the balance sheet

The statement of financial position shows the following amounts relating to leases:

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Right of use assets				
Buildings	941,965	1,043,809	18,903	23,786
Vehicles	-	18,073	-	-
	941,965	**1,061,882**	**18,903**	**23,786**
Lease liabilities				
Current	238,921	199,187	4,034	4,094
Non - current	918,831	1,070,915	15,352	20,018
	1,157,752	**1,270,102**	**19,386**	**24,112**
The movement in right-of-use assets is broken down below:				
At start of year	1,061,882	1,193,532	23,786	28,669
Additions	145,196	155,308	-	-
Amortisation	(265,113)	(286,958)	(4,883)	(4,883)
At end of year	**941,965**	**1,061,882**	**18,903**	**23,786**
The movement in lease liabilities is broken down below:				
At start of year	1,151,994	1,347,308	24,112	28,669
Additions	145,196	140,551	-	-
Accretion of interest	6,588	13,434	1,628	1,994
Lease repayment	(279,616)	(349,299)	(6,353)	(6,551)
At end of year	**1,157,752**	**1,270,102**	**19,386**	**24,112**
(i) Amounts recognised in the statement of profit or loss				
Depreciation charge of right of use assets				
Buildings	244,630	262,861	4,883	4,883
Vehicles	20,483	24,097	-	-
	265,113	**286,958**	**4,883**	**4,883**
Interest expense (included in finance cost)	**6,588**	**13,434**	**-**	**1,994**

8 Non financial assets (continued)

8.3 Leases (continued)

(iii) The Group and the Company's leasing activities and its accounting treatment

Leases of property, plant and equipment where the Group and Company, as lessee, had substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost.
The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Lease income from operating leases where the group is a lessor is recognised in income on a straightline basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

The Group and Company leases various office spaces, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described in (v) below.

Contracts may contain both lease and non-lease components. The Group and Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

8 Non financial assets (continued)

8.3 Leases (continued)

(iii) The Group and the Company's leasing activities and how these are accounted for (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term and security.

The Group is exposed to potential future increases in variable lease payments based on a rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

8 Non financial assets (continued)

8.3 Leases (continued)

8.3.2 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

	Group	
	2021 Ksh'000	**2020 Ksh'000**
Finance lease receivable	**165,445**	**154,393**
The finance lease receivables relate to Zohari Leasing Limited which is the lessor.		
The maturity of the lease receivable is as below:		
Non current:		
Gross finance lease receivable	153,815	159,662
Unearned finance income	(36,473)	(42,324)
	117,342	**117,338**
Current:		
Gross finance lease receivable	75,482	66,010
Unearned finance income	(27,379)	(28,955)
	48,103	37,055
	165,445	**154,393**
Gross receivable from finance lease:		
- No later than 1 year	75,482	66,010
- Later than 1 year no later than 5 years	153,815	159,662
	229,297	225,672
Unearned future finance income on finance lease	(63,852)	(71,279)
	165,445	**154,393**

8.4 Prepaid operating lease rentals

Payments to acquire leasehold interests in land used by Almasi Beverages Limited are treated as prepaid operating lease rentals and amortised over the period of the lease.

	Group	
	2021 Ksh'000	**2020 Ksh'000**
Cost:		
At start of year	-	60,843
Additions	-	-
Derecognition on disposal of a subsidiary	-	-
At end of year	-	60,843
Amortisation:		
At start of year	-	(3,160)
Charge for the year	-	-
Derecognition on disposal of a subsidiary	-	(57,683)
At end of year	**-**	**(60,843)**
Net book amount	**-**	**-**

9 Financing structure and commitments

9.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed under note 10.1.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed as incurred.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Unsecured:				
Term loans	4,101,273	3,068,627	-	-
Commercial Papers and Loan Notes	4,112,483	3,004,928	-	-
Corporate bonds	1,204,857	6,448,305	-	6,448,305
	9,418,613	**12,521,860**	**-**	**6,448,305**
Secured:				
Bank borrowings	15,534,785	8,519,439	4,121,584	1,037,218
Short term borrowings	547,699	1,155,466	-	-
	16,082,484	**9,674,905**	**4,121,584**	**1,037,218**
Total borrowings	**25,501,097**	**22,196,765**	**4,121,584**	**7,485,523**
Analysed as follows:				
Banking subsidiary	4,492,116	4,106,689	-	-
Other	21,008,981	18,090,076	4,121,584	16,144,795
	25,501,097	**22,196,765**	**4,121,584**	**16,144,795**
The classification of the Group's and Company's borrowings is as follows:				
Current	7,228,448	10,222,212	4,121,584	7,485,523
Non current	18,272,649	11,974,553	-	-
	25,501,097	**22,196,765**	**4,121,584**	**7,485,523**
Kenya Shillings	10,345,761	11,609,058	3,597,117	6,961,056
United States dollar	14,953,818	10,387,951	524,467	524,467
Euro	201,518	199,756	-	-
	25,501,097	**22,196,765**	**4,121,584**	**7,485,523**
The Group and Company had the following undrawn committed facilities at year end				
Standard Chartered Bank	173,860	84,854	-	-
Stanbic Bank Kenya Limited	-	2,989,509	-	2,989,509
	173,860	**3,074,363**	**-**	**2,989,509**

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Oiko Credit	226,741	387,981	-	-
East Africa Development Bank	409,433	319,331	-	-
Investment Fund for Developing Countries (IFU)	1,486,623	1,299,991	-	-
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)	1,957,292	1,061,324	-	-
Aqua For All	21,184	-	-	-
Total term loans	**4,101,273**	**3,068,627**	**-**	**-**
The Term Loans above are held by Sidian Bank Limited. The movement in the Term Loans is as follows				
At start of year	3,068,627	1,745,679	-	-
Received during the year	1,112,459	1,413,420	-	-
Revaluation gain	-	7,766	-	-
Accrued interest	219,868	140,535	-	-
Repayments during the year	(299,680)	(238,773)	-	-
At end of year	**4,101,273**	**3,068,627**	**-**	**-**

Oiko Credit

The Oiko Credit facility was received in two tranches of Ksh 75 million and Ksh 300 million respectively in December 2020 and September 2021 respectively.

The first tranche has a tenor of 4 years and accrues interest based on the 182 day Treasury Bill plus a margin of 1.25% subject to a minimum rate of 10% per annum. Interest is payable semi-annually with four equal annual instalments of the principal of Ksh 75 million. The loan is unsecured. The effective interest rate is 11.82% per annum.

The second tranche has a tenor of 4 years and accrues interest based on the 182 day Treasury Bill plus a margin of 1.60%. The first principal instalment is payable in December 2020. Interest is repayable semi annually. The facility is unsecured. The effective interest rate is 12.2% per annum.

East Africa Development Bank (EADB)

The EADB facility has a tenor of 8 years and accrues interest at a fixed rate of 8.25% per annum. The interest is payable semi annually. The principal will be repaid in 14 equal semi annual instalments after 12-month grace period from the date of first drawdown. The loan is secured by treasury bonds. The effective interest rate is 8.6% per annum.

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

Investment Fund for Developing Countries

The IFU convertible loan of USD 12 million was received in March 2019. The loan has a tenor of 6 years and a conversion option within the first three years. Under the conversion option, IFU has the option to convert the loan into ordinary shares. If IFU does not convert the loan into ordinary shares within the first 3 years, then the loan principal and outstanding interest is repayable at the end of sixth year plus 25% of the the higher of

(i) the Bank's profit before tax in the sixth year; or:
(ii) the Bank's average profit before tax in the fifth and sixth year.

The Group treats this as a compound instrument. The equity instrument in the loan is considered insignificant. The loan is unsecured.

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)

The FMO loan of USD 20 million has a tenure of 5 years and is being drawn down in two tranches of USD 10 million each. The first tranche was received on 1 December 2019 at an interest rate six-month LIBOR plus a margin of 4.25%. The first principal is payable in November 2020 after a grace period of one year. Interest is payable semi annually. The facility is unsecured.

IFU - initial documentation

The IFU convertible loan of USD 12million with a tenure of 6 years was received on 22 March 2019 at an interest rate of 5.25% plus six month Libor rate p.a.The loan has a 1 year grace period for payment of interest and an option to convert the outstanding loan to ordinary shares within 3 years of first drawdown.This qualifies as tier II capital being a subordinated loan.

Under the conversion option, IFU have the option to convert the loan into Ordinary shares. If IFU do not convert the loan into ordinary shares within the first 3 years, then the loan principal and outstanding interest is repayable at the end of year six plus 25% of the the higher of (i) the Bank's profit before tax in the sixth year; or :(ii) the Bank's average profit before tax in the fifth and sixth year. The Group treats this as a compound instrument. The equity instrument in the loan is considered insignificant. The loan is unsecured.

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

b) Commercial Papers and Loan Notes
Commecrial Papers and Loan Notes are issued by the following entities to private investors:

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Two Rivers Development Limited	3,580,192	2,517,398	-	-
Longhorn Publishers Limited	532,291	487,530	-	-
Total commercial papers and loan notes	**4,112,483**	**3,004,928**	**-**	**-**
The movement in commercial papers was as follows:				
At start of year	3,024,928	2,804,982	-	-
Received during the year	1,522,267	2,147,149	-	-
Accrued interest	745,336	509,115	-	-
Repayments during the year	(1,180,048)	(2,436,318)	-	-
At end of year	**4,112,483**	**3,024,928**	**-**	**-**

The Commercial Papers and Loan Notes are unsecured debt obligations and have fixed repayment maturity dates. The Two Rivers Development Limited Loan Notes accrue interest at rates of 17% while the Longhorn Publishers Limited Commercial Papers accrue interest at a rate of 16%.

c) Bank borrowings	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Kenya Commercial Bank Limited	144,750	6,152	-	-
Stanbic Bank Kenya Limited	4,121,584	1,037,218	4,121,584	1,037,218
Standard Bank of South Africa Limited	4,465,331	-	-	-
Nedbank Group	5,862,747	6,794,857	-	-
SBM Bank (Kenya) Limited	40,824	40,824	-	-
Commercial Bank of Africa Limited	201,518	199,756	-	-
Standard Chartered Bank Kenya Limited	698,030	440,632	-	-
	15,534,784	**8,519,439**	**4,121,584**	**1,037,218**

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

c) Bank borrowings (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
Movement in bank borrowings is as follows:	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	8,519,439	15,226,397	1,037,217	9,777,477
Received during the year	8,317,501	9,558,555	3,063,350	2,296,251
Revaluation gain	256,811	83,362	-	20,843
Accrued interest	607,089	825,124	21,017	287,401
Derecognition on disposal of a subsidiary	203,075	(818,771)	-	-
Repayments during the year	(2,369,131)	(16,355,228)	-	(11,344,755)
At end of year	**15,534,784**	**8,519,439**	**4,121,584**	**1,037,217**
Kenya Commercial Bank Limited				
The loan is analysed as follows:				
Uhuru Heights Limited	139,043	-	-	-
Longhorn Publishers Limited	5,707	6,152	-	-
	144,750	**6,152**	**-**	**-**

i) Uhuru Heights Limited
Cooperative Bank of Kenya approved a Ksh 2 billion project finance facility during the year. The facility is earmarked for the completion of the Cascadia Apartments being developed by Uhuru Heights Limited. The facility has a tenor of 36 months and is priced at the Central Bank Rate (CBR) plus 4%. As at 31 March 2021, Ksh 137,173,000 had been utilised towards the project. The loan is secured by the collections from the sale of apartments and the project itself. The effective interest rate is 11.6% per annum.

ii) Longhorn Publishers LImited
Ksh 8.5 million of the Kenya Commercial Bank Limited loan was advanced to Law Africa Limited, a subsidiary of Longhorn Publishers Limited to finance working capital requirements. It attracts interest at Central Bank Reference Rate (CBRR) plus 4%. The carrying amount on the statement of financial position represents the amortised value of the facility. The facility is secured by the Law Africa building.

SBM Bank (Kenya) Limited
Longhorn Publishers Limited
The Company has an asset financing facility with the bank for acquisition of vehicles. The loan is secured by the Company's vehicles and attracts interest at 14%. The loan tenor is 60 months.

FirstRand Bank Limited
On 30 September 2019, Centum Investment Company Plc fully repaid the USD 75,000,000 term loan facility with FirstRand Bank Limited through its Rand Merchant Bank Division. The facility was priced at an interest rate of 5.7% plus 3 months US LIBOR per annum and had been secured by a charge over the Company's shares in Nairobi Bottlers Limited, Almasi Beverages Limited and Zohari Leasing Limited.

Standard Chartered Bank Kenya Limited
The facility was advanced to Longhorn Publishers Limited for working capital financing and is secured by the Company's buildings. The loan attacts interest at Central Bank Reference Rate (CBRR) plus 4% and matures over 12 months. The effective interest rate is 11.6% per annum.

Commercial Bank of Africa Limited
The facility is a EUR 2,181,991 loan advanced to Two Rivers Power Company Limited to finance the installation of solar equipment at the Two Rivers development in 2017. The loan is priced at 3% plus 3 months Euribor and has a tenor of 120 months. The effective interest rate is 2.48% per annum.

9 Financing structure and commitments (continued)

9.1 Borrowings (continued)

b) Bank borrowings (continued)

Stanbic Bank Kenya Limited
Centum Investment Company Plc
The Company maintains an overdraft and revolving credit facilities with Stanbic Bank Kenya Limited of KES 1 billion and KES 3 billion respectively. Both facilities are equally split between Kenya Shillings (KES) and United States Dollars (USD). The KES facilities are priced at Central Bank Rate (CBR) plus 3.65% while the USD facilities are priced at 3 months LIBOR plus 5.5%. The facilities are secured by a charge over the Company's shares in Isuzu East Africa Limited, Vipingo Development Limited and NAS Servair Limited. The effective rate for the KES facilties is 11.23% per annum while the USD facilities is 5.85% per annum.

Nedbank Limited
Two Rivers Development Limited
Nedbank Limited acting through its Corporate and Investment Banking division advanced a term facility of USD 65,650,000 to Two Rivers Development Limited in July 2019. The facility is priced at 3-Month LIBOR plus 5.5% and has a tenor of 5 years. The facility is secured by a charge over the Company's vacant land and has corporate guarantees from Centum Investment Company Plc and Centum Development Company Limited. The effective interest rate is 5.8% per annum.

Standard Bank of South Africa Limited
Vipingo Development Limited
Standard Bank of South Africa advanced a USD 45 million facility to Vipingo Development Plc. The facility is split into two components: USD 9 million and Kenyan shilling equivalent of USD 36 million. The USD component is priced at 3 months libor plus 5.75% per annum while the KES component is priced at Central Bank Rate plus 4% per annum. The facility is secured by a charge over Vipingo's land and is guaranteed by Centum Investment Company Plc. The facility has a tenor of 48 months. The effective interest rate for the US Dollar facility is 6.12% per annum while the Kenya shilling equivalent facility is 11.6% per annum.

c) Corporate bonds	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	6,448,305	6,367,318	6,448,305	6,367,318
Received during the year	1,195,566	-	-	-
Accrued interest	211,315	775,821	128,601	775,821
Amortisation of bond issue costs	(73,423)	32,647	-	32,647
Additional accrued interest on Equity linked note	-	42,015	-	42,015
Repayments during the year	(6,576,906)	(769,496)	(6,576,906)	(769,496)
	1,204,857	**6,448,305**	**-**	**6,448,305**

The bond of KES 6 billion was issued in 2015. The bond matured and was fully settled on 8 June 2020. It comprised of fixed rate notes of Ksh 3,899,226,700 at an interest rate of 13% and a variable component of Ksh 2,100,773,300 at a 12.5% fixed rate.

On 16 December 2020, Centum Real Estate Limited issued a 3 year Zero Coupon Bond of Ksh 2,957,900,000. This represented 75% of the target bond of KES 4,000,000,000. The bond comprises of fixed rate notes of Ksh 2,603,300,000 at an interest rate of 12.5% and equity linked notes of Ksh 354,600,000 at 12%. The investors in the equity linked notes will be paid an additional 2% for a total return of 14% if the developer achieves a 20% internal rate of return on atleast two of its projects funded using the bond proceeds.

The carrying amounts of borrowings approximate to their fair value.

The bond is secured by a floating charge over the projects funded by the bond and a fixed charge over a sinking fund set up for the purposes of funding the redemption of the bond upon maturity.

Notes to the financial statements
(continued)

9 Financing structure and commitments (continued)

9.2 Capital commitments

	Group	
	2021 Ksh'000	**2020 Ksh'000**
Residential housing projects	-	6,439,589
Property and equipment	-	166,389
	-	**6,248,496**

9.3 Contingent liabilities

The Group does not recognise contingent liabilities in the statement of financial position until it is probable that an outflow of resources will take place and a reliable estimate can be made.

a) Contingent consideration
In the previous year, Centum Investments Company Plc. (CICP) entered into a Sales and Purchase Agreement (SPA) with Coca-Cola Beverages Africa (CCBA) relating to the disposal of CICP's stakes in Almasi Beverages Limited and Nairobi Bottlers Limited. Under the terms of the SPA, CCBA required CICP to provide a guarantee of USD 34.4 Million against general and contingent tax liabilities that were unresolved as at the transaction date. CICL obtained a third party guarantee of USD 34.4 Million from Stanbic Bank Kenya Limited. This guarantee is secured by an equivalent charge on its Marketable Securities Portfolio of KES 3.5 billion.

b) Letters of credit and performance bonds
In the ordinary course of business, Sidian Bank conducts business involving letters of credit, performance bonds and guarantees. Letters of guarantee and performance bonds are issued by the Bank, on behalf of customers, to guarantee performance by a customer to third parties. The Bank holds cash collateral to the extent of the guarantee that is realised in the events of default by customers.

	Group	
	2021 Ksh'000	**2020 Ksh'000**
Letters of credit and performance bonds	11,820,395	11,898,896

10 Financial risk

10.1 Financial risk management and financial instruments

Risk management framework

Introduction
The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risk include:

a) Market risk - currency risk, interest rate risk and price risk;
b) Credit risk; and
c) Liquidity risk.

The Group's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Group recognises that in order to pursue its objectives and take advantage of opportunities, it cannot avoid taking risks, and that no risk management programme can aim to eliminate risk fully.

The Group's general risk management approach is to increase the likelihood of success in its strategic activities, that is, to raise the potential reward of its activities relative to the risks undertaken.

Accordingly, the Group's approach to risk management is intended to increase risk awareness and understanding, and thus support taking risks where appropriate, in a structured and controlled manner. The Group recognises that in pursuit of its mission and investment objectives it may choose to accept a lower level of reward in order to mitigate the potential hazard of the risks involved.

To assist in implementing its risk management policy, the Group has:
- identified, analysed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten its ongoing survival as a leading investment Group and Company;
- raised awareness of and integrated risk management into its management policies. Promoted an understanding of the importance and value of risk management, particularly associated with investment opportunities; and
- established risk management roles responsibilities for its board of directors, audit risk committee and the risk department.

The risk management function is supervised by the Board Audit Committee. Management identifies, evaluates and manages financial risks under policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as price risk, foreign exchange risk, interest rate risk, credit risk. and investing excess liquidity.

The Board has put in place a Group Risk and Internal Audit function to assist it in assessing the risk faced by the Group on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Notes to the financial statements (continued)

10 Financial risk

10.1 Financial risk management and financial instruments

Financial instruments by category

a) Financial assets	Group At fair value through profit or loss Ksh'000	Group At fair value through other comprehensive income Ksh'000	Group At amortised cost Ksh'000	Company At fair value through profit or loss Ksh'000	Company At fair value through other comprehensive income Ksh'000	Company At amortised cost Ksh'000
At 31 March 2021						
Government securities	806,439	-	9,211,218	-	-	4,235,342
Corporate bonds and commercial papers	-	-	1,815,477	-	-	-
Loans and advances	-	-	21,120,123	-	-	-
Finance lease receivables	-	-	165,445	-	-	-
Call deposits	-	-	419,618	-	-	309,192
Bank balances	-	-	4,702,877	-	-	557,528
Trade and other receivables	-	-	5,694,180	-	-	431,189
Shareholder loans advanced to subsidiaries	-	-	-	-	-	11,803,965
Quoted investments	-	429,104	-	-	156,411	-
Unquoted investments	-	4,060,015	-	-	3,585,229	-
Non financial assets						
Investment in subsidiaries	-	-	-	-	26,258,390	-
Investment in associates	-	-	-	-	-	-
Investment in joint ventures	-	-	-	-	-	-
	806,439	**4,489,119**	**43,128,938**	**-**	**30,000,030**	**17,337,216**
At 31 March 2020						
Government securities	1,639,048	-	6,463,945	-	-	3,150,557
Corporate bonds and commercial papers	-	-	634,940	-	-	-
Loans and advances	-	-	15,877,311	-	-	-
Finance lease receivables	-	-	154,393	-	-	-
Call deposits	-	-	2,742,671	-	-	2,366,694
Bank balances	-	-	5,439,660	-	-	545,266
Trade and other receivables	-	-	7,466,708	-	-	628,856
Shareholder loans advanced to subsidiaries	-	-	-	-	-	15,631,051
Quoted investments	-	398,174	-	-	71,015	-
Unquoted investments	-	4,550,450	-	-	3,585,229	-
Non financial assets						
Investment in subsidiaries	-	-	-	-	27,695,567	-
Investment in associates	-	-	-	-	-	-
Investment in joint ventures	-	-	-	-	-	-
	1,639,048	**4,948,624**	**38,779,628**	**-**	**31,351,811**	**22,322,424**

b) Financial liabilities

All the Group's financial liabilities are measured at amortised cost. The carrying value of the Group's and the Company's financial liabilities at the end of 2021 and 2020 are shown under respective notes.

10 Financial risk

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices, and foreign exchange rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both floating and fixed interest rates and also holds cash deposits with financial institutions. The interest rates on the cash deposits are fixed and agreed upon in advance. Interest rates on overdrafts are pegged to the bank's base lending rate or prevailing Treasury Bills rates.

Management closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For facilities with variable rates, the Group is in regular contact with the lenders in a bid to obtain the best available rates. The Group may also review the level of holding of such facilities downwards in order to mitigate the attaching cash flow interest rate risk.

As at 31 March 2021, Group and Company held deposits of Ksh 419,618,000 and Ksh 309,192,000 respectively (2020: Ksh 2,742,671,000 and Ksh 2,366,694,000 respectively) and the Company had unutilised bank credit facilities of Ksh Nil (2020: Ksh 3,046,126,000).

As at 31 March 2021, a 1% increase/decrease of the annual interest rate would have resulted in an increase/ decrease in pre-tax profit and equity of Ksh 21 million (2020: Ksh 219 million) for Group and Ksh 15 million (2020: Ksh 91 million) for Company respectively as a result of exposures in bank deposits and borrowings.

The Group has invested in corporate bonds and Government securities with fixed interest rate which is not affected by interest rate fluctuations.

ii) Price risk

The Group's private equity holdings are valued in accordance with International Private Equity and Venture Capital guidelines and International Financial Reporting Standards, which set out the valuation methodology for fair valuation. Valuation is relatively subjective and may change from time to time. In addition the valuation is also affected by the volatility of the stock prices since the Group uses the earnings multiple method which entails the use of the share prices of similar/comparable quoted companies among other components. Valuation risks are mitigated by comprehensive quarterly reviews of the underlying investments by management every quarter. The appropriateness of the investment valuations are then considered by the Board Audit Committee.

Quoted equity are valued at their market prices. These values are subject to frequent variations and adverse market movements. This risk is mitigated by choice of defensive stocks with low price volatility, and weekly monitoring of the value changes.

10 Financial risk

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

ii) Price risk (continued)

At 31 March 2021, if the prices at the Nairobi Securities Exchange and other exchanges had appreciated/ depreciated by 5% with all other variables held constant, the impact on the Group and Company comprehensive income and equity would have been Ksh 21,455,200 (2020: Ksh 20,026,607) and Ksh 7,820,550 (2020: Ksh 1,129,346) higher/lower respectively.

iii) Investment holding period risk

89% and 98% (2020: 88% and 98%) of the Group and Company's investments respectively are not traded on any formal exchange. Disposal of these investments is constrained in many instances by pre-emptive rights, shareholder agreements and the absence of willing trade buyers or an active secondary market. The timing of realised proceeds on disposal may pose a risk to the Group.

The Group/Company mitigates this risk by seeking influence in the investee company's operations through large shareholding or board representation. The Group/Company also seeks compensation for this risk through high return hurdles during the investment appraisal and laying emphasis on dividend generating potential. However, the Group/Company has no fixed time horizon for its investments, and does not enforce exit options on investments as it believes current practice makes it easier to acquire attractive investments.

iv) Concentration risk

82% (2020: 82%) of the Group's assets are located in Kenya with 17% (2020: 16%) in the wider East African Region and 1% (2020: 2%) outside East Africa.

Investment portfolio sectoral allocation

The allocation of Centum's investments to the different sectors is as disclosed in note 2.

Each investment asset is considered independently by the Board's Investment Committee and the Board of Directors according to a structured process that includes extensive due diligence, industry analysis, consideration of existing assets and future capital commitments. Whereas sector limits are in place, concentration in the Real estate and financial sectors have mainly been brought about by organic growth and appreciation of market value.

To reduce exposure to country risk the Group is actively looking for regional investment opportunities.

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The Group operates internationally and is exposed to currency risk arising from various currency exposures. Refer to the table below for the Group's exposure to foreign currency risk based on notional amounts. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is also exposed to translation risk as holding companies do not report in the same currencies as operating entities.

The Group has foreign subsidiaries whose assets are exposed to foreign currency translation risk, which is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

The Group's exposure to fluctuations in the foreign currency rates relate to conversion rates for valuation of overseas holdings.

The mean exchange rates ruling at 31 March 2021 and 31 March 2020 were:

	2021 Ksh'000	2020 Ksh'000
1 US dollar (USD)	109.51	104.69
1 Euro (Eur)	128.60	113.69
1 British pound (GBP)	150.69	130.00
1 Ugandan shilling (UGX)	0.03	0.03
1 Tanzania shilling (Tshs)	0.05	0.04
1 Ghana cedi (Ghc)	18.49	18.79

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk (continued)

Below is a summary of the financial assets and liabilities denominated in foreign currencies at their carrying amounts:

	Group		Company	
	2021 Ksh'000	**2020 Ksh'000**	**2021 Ksh'000**	**2020 Ksh'000**
Financial assets				
Quoted investment (EGP)	41,636	-	-	-
Balances due from banks (USD)	1,439,836	255,651	-	-
Balances due from banks (EUR)	234,313	71,610	-	-
Balances due from banks (GBP)	2,599	-	-	-
Cash and equivalents (USD)	1,744,043	54,680	11,310	11,310
Cash and equivalents (EUR)	73,689	33,395	-	-
Cash and equivalents (GBP)	12,246	9,801	-	-
Loans and advances (USD)	1,414,133	1,099,071	5,931,506	5,817,005
Loans and advances (EUR)	23,736	28,010	-	-
	4,986,231	**1,552,218**	**5,942,816**	**5,942,816**
Financial liabilities				
Customer deposits (USD)	813,411	1,000,224	-	-
Customer deposits (EUR)	98,543	141,199	-	-
Customer deposits (GBP)	-	1,152	-	-
Borrowings (USD)	10,387,951	19,032,040	524,467	8,275,711
	11,299,905	**20,174,615**	**524,467**	**8,275,711**

10 Financial risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk (continued)

If all other variables were held constant, at 31 March 2021 and 31 March 2020, the impact on profit and equity of the Shilling weakening or strengthening by 5% against the above currencies would have been as below:

	Group		Company	
	2021 Ksh'000	**2020 Ksh'000**	**2021 Ksh'000**	**2020 Ksh'000**
1 US dollar (USD)	629,168	(572,311)	270,917	(116,645)
1 Euro (EUR)	10,473	(1,810)	-	-
1 British pound (GBP)	742	432	-	-
1 Eqyptian pound (EGP)	2,082	-	-	-
1 Ghana cedi (GHC)	-	-	-	-
	642,465	**(573,688)**	**270,917**	**(116,645)**

b) Liquidity risk

This is the risk that the Group will encounter difficulties in meeting its financial commitments from its financial liabilities, including off balance sheet items. Prudent liquidity risk management includes maintaining sufficient cash to meet its obligations. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Group manages liquidity risk by:

- maintaining adequate cash reserves and banking facilities on the parent Company and operating subsidiaries' balance sheets;
- holding cash, near cash assets and other fixed income marketable securities in two special purpose liquidity vehicles (Centum Exotics Limited and Oleibon Investments Limited); and
- continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk also relates to the risk that the Group would miss out attractive investment opportunities due to lack of funding. This risk is mitigated by the fact that the available for sale quoted investments can be converted to cash when funds are required. The risk is also minimised by use of annually renewable credit facilities.

The Group has developed internal control processes and contingency plans for managing liquidity risk including maturity gaps that incorporates an assessment of expected cash flows. The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

At 31 March 2021, 11.8% (2020: 9%) of the Group's assets were held in quoted securities which are quickly convertible to cash. The Group utilised all the credit facilities available (2020: Ksh 3,046,000,000) unutilised credit facility (Note 9.1).

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

Group At 31 March 2021	**Up to 1 month Ksh'000**	**1-3 months Ksh'000**	**3-12 months Ksh'000**	**1-3 years Ksh'000**	**3-5 years Ksh'000**	**Over 5 years Ksh'000**	**Total Ksh'000**
Financial assets							
Investment in associates	-	-	-	-	1,094,479	-	1,094,479
Investment in joint ventures	-	-	-	-	2,108,890	-	2,108,890
Unquoted equity investments	-	-	-	-	4,060,015	-	4,060,015
Quoted investments	-	-	-	429,104	-		429,104
Loans and advances	2,782,861	652,781	1,317,952	7,163,107	5,854,024	2,651,808	20,422,533
Finance lease receivable	-	-	75,482	89,963	-	-	165,445
Government securities at fair value through profit and loss	-	86,265	200,000	-	-	520,174	806,439
Government securities at amortised cost	250,001	2,625,925	2,471,268	99,498	-	1,785,828	9,859,086
Corporate bonds at amortised cost	-	1,609,418	-	-	206,059	-	1,815,477
Receivables and prepayments	650,431	855,432	1,828,495	4,866	35,801	2,319,155	5,694,180
Cash and cash equivalent	4,651,522	945,247	280,500	-	-	-	5,877,269
	8,334,815	**9,401,634**	**6,173,697**	**7,786,538**	**13,359,268**	**7,276,965**	**52,332,917**
Financial liabilities							
Customer deposits	5,528,785	11,518,903	4,964,400	1,057,641	-	-	23,069,729
Borrowings	777,202	4,121,584	8,207,007	8,639,266	3,756,038	-	25,501,097
Other liabilities and accrued expenses	862,458	1,306,600	2,113,692	44,816	-	-	4,327,566
Lease liabilities	29,150	58,300	262,348	1,157,875	-	-	1,507,672
Unclaimed dividends	-	310,303	-	-	-	-	310,303
	7,197,595	**17,315,690**	**15,547,447**	**10,899,598**	**3,756,038**	**-**	**54,716,367**
Net liquidity	**1,137,220**	**(7,914,056)**	**(9,373,750)**	**(3,113,060)**	**9,603,230**	**7,276,965**	**(2,383,451)**
Financial guarantees	**1,213,135**	**1,522,860**	**6,075,239**	**2,535,520**	**167,222**	**60,140**	**11,574,116**

At 31 March 2020							
Financial assets							
Investment in associates	-	-	-	-	1,449,966	-	1,639,048
Investment in joint ventures	-	-	-	-	2,889,797	-	2,889,797
Unquoted equity investments	-	-	-	-	4,550,450	-	4,550,450
Quoted investments	-	-	-	398,174	-		398,174
Loans and advances	2,782,861	652,781	1,317,952	4,595,197	2,960,832	2,651,808	14,961,431
Finance lease receivable	-	-	-	154,393	-	-	154,393
Government securities at fair value through profit and loss	-	(1,219)	694,337	-	-	945,890	1,144,671
Government securities at amortised cost	250,001	2,621,439	1,782,745	23,932	-	1,785,828	6,463,945
Corporate bonds at amortised cost	-	529,118	-	-	105,822	-	634,940
Receivables and prepayments	650,431	527,814	1,901,118	857,142	35,801	3,494,401	7,466,707
Cash and cash equivalent	5,388,305	2,513,526	280,500	-	-	-	8,182,321
	9,071,598	**6,843,459**	**5,976,692**	**6,028,838**	**11,992,668**	**8,877,927**	**48,791,181**
Financial liabilities							
Customer deposits	5,528,786	5,909,593	4,964,400	1,057,641	-	-	17,460,420
Borrowings	777,202	6,967,703	4,840,738	7,571,375	2,039,747	-	22,196,765
Other liabilities and accrued expenses	713,746	1,544,009	1,396,076	1,187,974	2,224,492	-	7,066,297
Lease liabilities	31,979	63,957	287,807	1,270,237	-	-	1,653,979
Unclaimed dividends	-	275,038	-	-	-	-	275,038
	7,051,713	**14,760,300**	**11,489,021**	**11,087,227**	**4,264,239**	**-**	**48,652,499**
Net liquidity	**2,019,885**	**(7,916,841)**	**(5,512,329)**	**(5,058,389)**	**7,728,429**	**8,877,927**	**138,682**
Financial guarantees	**1,213,135**	**1,522,860**	**6,075,239**	**2,535,520**	**167,222**	**60,140**	**11,574,116**

Notes to the financial statements
(continued)

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

Company At 31 March 2021	Up to 1 month Ksh'000	1-3 months Ksh'000	3-12 months Ksh'000	1-3 years Ksh'000	3-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Financial assets							
Investment in subsidiaries	3,667	-	1,363,081	8,827,118	22,638,471	5,230,018	38,062,355
Unquoted equity investments	-	-	-	-	3,585,229	-	3,585,229
Quoted investments	-	-	156,411	-	-	-	156,411
Receivables and prepayments	104,690	-	326,499	-	-	-	431,189
Cash and cash equivalent	557,528	309,192	-	-	-	-	866,720
	665,885	**309,192**	**1,845,991**	**8,827,118**	**26,223,700**	**5,230,018**	**43,101,904**
Financial liabilities							
Payables and accruals	40,475	10,022	-	442,215	-	-	492,712
Due to subsidiary companies	-	296	-	-	-	-	296
Borrowings	-	-	4,121,584	-	-	-	4,121,584
Unclaimed dividends	-	249,205	-	61,098	-	-	310,303
	40,475	**259,523**	**4,121,584**	**503,313**	**-**	**-**	**4,924,895**
Net liquidity	**625,410**	**49,669**	**(2,275,593)**	**8,323,805**	**26,223,700**	**5,230,018**	**38,177,009**

Company At 31 March 2020	Up to 1 month Ksh'000	1-3 months Ksh'000	3-12 months Ksh'000	1-3 years Ksh'000	3-5 years Ksh'000	Over 5 years Ksh'000	Total Ksh'000
Financial assets							
Investment in subsidiaries	1,017	3,579,405	520,501	9,519,753	26,263,306	5,983,488	45,867,470
Unquoted equity investments	-	-	-	-	4,126,484	-	4,126,484
Quoted investments	-	-	22,586	-	-	-	22,586
Receivables and prepayments	129,076	-	499,780	-	-	-	628,856
Cash and cash equivalent	545,266	2,366,694	-	-	-	-	2,911,960
	675,359	**5,946,099**	**1,042,867**	**9,519,753**	**30,389,790**	**5,983,488**	**53,557,356**
Financial liabilities							
Payables and accruals	50,479	10,022	-	340,907	-	-	401,408
Borrowings	-	3,594,825	1,123,566	2,767,132	-	-	7,485,523
Unclaimed dividends	-	213,940	-	61,098	-	-	275,038
	50,479	**3,818,787**	**1,123,566**	**3,169,137**	**-**	**-**	**8,161,969**
Net liquidity	**623,863**	**(1,452,093)**	**(623,786)**	**(3,169,137)**	**-**	**-**	**45,395,387**

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Group-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Group carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

Notes to the financial statements
(continued)

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk and expected credit losses

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Group clusters financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Group

Basis for measurement of loss allowance	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**			
		(a)	**(b)**	**(c)**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 31 March 2021					
Government securities	10,017,657	-	-	-	10,017,657
Corporate bonds and commercial papers	2,463,345	-	-	-	2,463,345
Loans and advances	16,856,146	1,005,149	2,404,382	-	20,265,677
Finance lease receivables	165,445	-	-	-	165,445
Call deposits	419,618	-	-	-	419,618
Bank balances	4,702,877	-	-	-	4,702,877
Trade and other receivables	-	-	-	5,578,369	5,578,369
Gross carrying amount	34,625,088	1,005,149	2,404,382	5,578,369	43,612,988
Loss allowance	(697,590)	-	-	(761,617)	(1,459,207)
Exposure to credit risk	**33,927,498**	**1,005,149**	**2,404,382**	**4,816,752**	**42,153,781**
At 31 March 2020					
Government securities	8,102,993	-	-	-	8,102,993
Corporate bonds and commercial papers	810,435	-	-	-	810,435
Loans and advances	12,033,600	890,147	2,953,564	-	15,877,311
Finance lease receivables	154,393	-	-	-	154,393
Call deposits	2,742,671	-	-	-	2,742,671
Bank balances	5,439,660	-	-	-	5,439,660
Trade and other receivables	-	-	-	7,369,566	7,369,566
Gross carrying amount	29,283,752	890,147	2,953,564	7,369,566	40,497,029
Loss allowance	(915,880)	-	-	(857,934)	(1,773,814)
Exposure to credit risk	**28,367,872**	**890,147**	**2,953,564**	**6,511,632**	**38,723,215**

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk and expected credit losses (continued)

Company

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below) (a)	(b)	(c)	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2021					
Call deposits	309,192	-	-	-	309,192
Bank balances	557,528	-	-	-	557,528
Government securities and corporate bonds	10,017,657				10,017,657
Trade and other receivables	-	-	-	426,300	426,300
Shareholder loans advanced to subsidiaries	12,407,685	-	-	-	12,407,685
Gross carrying amount	23,292,062	-	-	426,300	23,718,362
Loss allowance	(603,720)	-	-	-	(603,720)
Exposure to credit risk	**22,688,342**	**-**	**-**	**426,300**	**23,114,642**
At 31 March 2020					
Call deposits	2,366,694	-	-	-	2,366,694
Bank balances	545,266	-	-	-	545,266
Government securities and bonds	8,102,993				8,102,993
Trade and other receivables	-	-	-	596,801	596,801
Shareholder loans advanced to subsidiaries	16,886,880	-	-	-	16,886,880
Gross carrying amount	27,901,833	-	-	596,801	28,498,634
Loss allowance	(1,255,829)	-	-	-	(1,255,829)
Exposure to credit risk	**26,646,004**	**-**	**-**	**596,801**	**27,242,805**

Notes to the financial statements
(continued)

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk and expected credit losses (continued)

The loss allowances at the end of each year relate to the following:

Group **Basis for measurement of loss allowance**	**12-month expected credit losses Ksh'000**	**Lifetime expected credit losses (see note below) (a) Ksh'000**	**(b) Ksh'000**	**(c) Ksh'000**	**Total Ksh'000**
At 31 March 2021					
Loans and advances	16,856,146	1,005,149	2,404,382	-	20,265,677
Trade and other receivables	-	-	-	5,578,369	5,578,369
	16,856,146	**1,005,149**	**2,404,382**	**5,578,369**	**25,844,046**
At 31 March 2020					
Loans and advances	12,033,600	890,147	2,953,564	-	15,877,311
Trade and other receivables	-	-	-	7,369,566	7,369,566
Total	**12,033,600**	**890,147**	**2,953,564**	**7,369,566**	**23,246,877**

The Group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

(a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;

(b) financial assets that are credit impaired at the balance sheet date;

(c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy

The Group specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1
Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.

Level 2
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.

Level 3
Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The following table shows an analysis of financial instruments reflected at fair value by level of the fair value hierarchy.

Group

	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
At 31 March 2021				
Financial assets:				
Unquoted equity instruments	-	-	4,060,015	4,060,015
Quoted equity instruments	429,104	-	-	429,104
Government securities at fair value through profit and loss	-	806,439	-	806,439
	429,104	**806,439**	**4,060,015**	**5,295,558**
Non financial assets:				
Investment property	-	-	41,528,010	41,528,010
Property, Plant and equipment	-	-	388,259	388,259
	-	**-**	**41,916,269**	**41,916,269**
31 March 2020				
Financial assets:				
Unquoted equity instruments	-	-	4,550,450	4,550,450
Quoted equity instruments	398,174	-	-	398,174
Government securities at fair value through profit and loss	-	1,639,048	-	1,639,048
	398,174	**1,639,048**	**4,550,450**	**6,587,672**
Non financial assets:				
Investment property	-	-	41,181,081	41,181,081
Property, Plant and equipment	-	-	357,519	357,519
	-	**-**	**41,538,600**	**41,538,600**

Notes to the financial statements
(continued)

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy (continued)

The following summarises the carrying amount of those assets and liabilities not held at fair value. The carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

At 31 March 2021	Carrying amount Ksh'000	Fair value Ksh'000	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000
Financial assets:					
Loans and advances	20,422,533	20,422,533	-	-	20,422,533
Finance lease receivable	165,445	165,445	-	-	165,445
Cash and cash equivalent	5,877,269	5,877,269	-	-	5,877,269
Other assets	5,694,180	5,694,180	-	-	5,694,180
	32,159,427	**32,159,427**	**-**	**-**	**32,159,427**
Financial liabilities					
Customer deposits	23,069,729	23,069,729	-	-	23,069,729
Borrowings	25,501,097	25,501,097	-	-	25,501,097
Dividend payable	310,303	310,303	-	-	310,303
Other liabilities	7,925,174	7,925,174	-	-	7,925,174
	56,806,303	**56,806,303**	**-**	**-**	**56,806,303**
31 March 2020					
Financial assets					
Loans and advances	14,961,431	14,961,431	-	-	14,961,431
Finance lease receivable	154,393	154,393	-	-	154,393
Cash and cash equivalent	8,182,331	8,182,331	-	-	8,182,331
Other assets	7,466,708	7,466,708	-	-	7,466,708
	30,764,863	**30,764,863**	**-**	**-**	**30,764,863**
Financial liabilities					
Customer deposits	17,460,420	17,460,420	-	-	17,460,420
Borrowings	22,196,765	22,196,765	-	-	22,196,765
Dividend payable	275,038	275,038	-	-	275,038
Other liabilities	3,770,922	3,770,922	-	-	3,770,922
	43,703,145	**43,703,145**	**-**	**-**	**43,703,145**

Reconciliation of level 3

	Note
Loans and advances	7.1
Finance lease receivable	8.3
Cash and cash equivalents	4.3

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy

Company	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
At 31 March 2021				
Financial assets:				
Investment in subsidiaries	665,897	-	25,592,493	26,258,390
Government securities and corporate bonds	-	-	4,235,342	4,235,342
Unquoted equity instruments	-	-	3,585,229	3,585,229
Quoted equity instruments	156,411	-	-	156,411
	822,308	**-**	**33,413,064**	**34,235,372**
31 March 2020				
Financial assets:				
Investment in subsidiaries	869,275	-	29,367,144	30,236,419
Government securities and corporate bonds	-	-	3,150,557	3,150,557
Unquoted equity instruments	-	-	4,126,484	4,126,484
Quoted equity instruments	22,586	-	-	22,586
	891,861	**-**	**36,644,185**	**37,536,046**

There were no transfers into or out of level 3 in 2021 and 2020. The following is a movement of financial assets classified under level 3.

	Group		Company	
	2021 Ksh'000	**2020 Ksh'000**	**2021 Ksh'000**	**2020 Ksh'000**
At start of year	4,550,450	4,146,239	33,493,628	69,445,641
Additions	40,914	110,482	-	246,205
Disposals	-	-	-	(32,394,405)
Impairment	-	(5,000)	-	(2,105,978)
Translation differences	-	-	-	-
Reserves released on disposal	-	-	-	-
Reclassification	-	-	-	-
Fair value (losses)/gains	(531,349)	298,729	(4,315,906)	(1,697,835)
At end of year	**4,060,015**	**4,550,450**	**29,177,722**	**33,493,628**
Total (losses)/gains on level 3 financial assets held at the end of the year as recognised in other comprehensive income	**(531,349)**	**298,729**	**(4,315,906)**	**(1,697,835)**

Financial assets under level 3 are valued using earnings multiples that are based on the market prices of comparable entities. If the market prices of the comparable entities listed on the Nairobi Securities Exchange appreciated or depreciated by 5%, the fair values of the financial assets under level 3 would change by the following:

	Group		Company	
	2020 Ksh'000	**2019 Ksh'000**	**2020 Ksh'000**	**2019 Ksh'000**
5% change in market value	2,192	6,200	27,415	31,591

The following table summarises the carrying amount of those assets and liabilities not held at fair value. Except for held-to-maturity investment securities, the carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Capital management

The Group's objectives when managing capital are:
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders; and
- To maintain a strong capital base to support the current and future development needs of the business.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is important and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain a gearing ratio within 20% to 50%. The gearing ratios at 31 March 2021 and 31 March 2020 were as follows:

	Group		Company	
	2021 Ksh'000	**2020 Ksh'000**	**2021 Ksh'000**	**2020 Ksh'000**
Share capital	332,721	332,721	332,721	332,721
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	1,813,737	1,900,292	19,321,343	23,533,462
Retained earnings	40,168,721	40,373,757	21,360,631	22,184,830
Dividends proposed	217,599	798,530	217,599	798,530
Non controlling interest	3,926,172	5,278,029	-	-
Equity	**47,048,703**	**49,273,082**	**41,822,047**	**47,439,296**
Total borrowings	21,008,981	18,090,076	4,121,584	7,485,523
Less: cash and cash equivalents	(5,877,269)	(8,182,331)	(866,720)	(2,911,960)
Net borrowings	**15,131,712**	**9,907,745**	**3,254,864**	**4,573,563**
Gearing (%)	**32.16%**	**20.11%**	**7.78%**	**9.64%**

10 Financing risk (continued)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Capital management (continued)

Loan covenants

Group

Sidian Bank Limited
The loans financial covenants relating to the non-performing loans, cost to income ratio and operational self-sufficiency ratios were not met at 31 March 2021. The three lenders, Oiko Credit, FMO and IFU have not recalled the loans.

Two Rivers Development Limited
The loans financial covenants relating to the non-performing loans, cost to income ratio and operational self-sufficiency ratios were not met at 31 March 2021. The three lenders, Oiko Credit, FMO and IFU have not recalled the loans.

Company

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

a) Leverage ratio: the ratio of total liabilities to the net assets value less restricted cash and marketable securities is equal to or more than 1.5:1;
b) Asset cover Ratio: the ratio of the total assets to the total debts shall be equal or more than 2:1 and
c) Marketable securities cover ratio: the ratio of total marketable securities to the current and contigent liabilities is equal to or more than 1.35:1.

The Company was in compliance with the debt covenants.

Statutory capital requirements

Sidian Bank Limited, a financial institution, is regulated by the Central Bank of Kenya and is required to maintain minimum capital ratios throughout the financial period. As at year end, the bank was in compliance with all the statutory capital requirements. The bank had a Core capital of Ksh. 3.6 billion (2020: Ksh 3.4 billion) against a requirement of Ksh 1 billion.

11 Equity structure

11.1 Ordinary share capital and share premium

Ordinary shares are classified as 'share capital' in equity. Any amounts received over and above the par value of the shares is classified as 'share premium' in equity.

	Number of shares (in thousands)	Ordinary shares Ksh'000	Share premium Ksh'000
At 1 April 2019, 31 March 2020 and 31 March 2021	665,442	332,721	589,753

The total authorised number of ordinary shares is 800,000,000 with a par value of Ksh 0.50 per share. 665,441,714 shares were issued and fully paid up as at 31 March 2021 and 31 March 2020.

11.2 Other reserves

	Group			Company
	Investment revaluation Ksh'000	Currency translation Ksh'000	Total other reserves Ksh'000	Investment revaluation Ksh'000
At 31 March 2019	1,297,074	(114,631)	1,182,443	37,798,090
Reserves released on disposal	(83,508)	-	(83,508)	-
Realised gains on disposal of investments	-	-	-	(13,293,973)
Fair value gains in subsidiaries	-	-	-	(2,161,160)
Revaluation deficit on property	(5,000)	-	(5,000)	-
Fair value losses in unquoted investments	298,729	-	298,729	292,750
Fair value gains in quoted investments	(126,243)	-	(126,243)	(29,992)
Currency translation differences	-	181,893	181,893	-
Deferred tax on revaluation gains	(1,137,581)	-	(1,137,581)	927,747
At 31 March 2020	**243,471**	**67,262**	**310,733**	**23,533,462**
Fair value gains in subsidiaries	-	-	-	(3,978,028)
Fair value losses in unquoted investments	(531,349)	-	(531,349)	(541,255)
Fair value gains in quoted investments	56,803	-	56,803	80,108
Currency translation differences	-	381,169	381,169	-
Deferred tax on revaluation gains	6,822	-	6,822	227,056
At 31 March 2021	**(224,253)**	**448,431**	**224,178**	**19,321,343**

Investment revaluation reserve
The investment revaluation reserve arises on the revaluation of financial assets at fair value through other comprehensive income financial assets and are distributable upon realisation. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, which is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in retained earnings.

Currency translation reserve
The currency translation reserve comprises all foreign currency differences arising from the translation of foreign operations and are distributable upon realisation.

11 Equity structure (continued)

11.3 Ordinary share capital and share premium

Dividends payable to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until declared.

i) Dividends paid	2021 Ksh'000	2020 Ksh'000
Final dividend in respect of the prior year	730,542	717,757

ii) Dividends proposed

The Board of Directors has recommended the payment of a dividend equivalent to Ksh 0.33 per share for the financial year ended 31 March 2021 (2020: Ksh 1.20 per share). The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 31 March 2021, but not recognised as a liability at year end, is Ksh 219,596,000 (2020: Ksh 798,530,000)

iii) Unclaimed dividend	Group		Company	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At start of year	275,038	211,675	275,038	211,675
Dividend	67,458	104,849	67,458	80,244
On disposal of subsidiary	-	(24,605)	-	-
Dividend paid	(32,193)	(16,881)	(32,193)	(16,881)
	310,303	**275,038**	**310,303**	**275,038**

12 Related parties

12.1 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals. Related party transactions are done at an armslength.

Centum Investment Company Plc is the ultimate parent of the Group. The Group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors.

The following transactions were carried out with related parties:

	Group		Company	
	2021	2020	2021	2020
i) Purchase of goods and services	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Office rent paid to a related party	26,783	45,264	16,101	7,848
Management fees paid to a subsidiary	-	3,851	319,116	341,374
At end of year	**26,783**	**49,115**	**335,217**	**349,222**

	Company	
	2021	2020
ii) Interest and dividend income	**Ksh'000**	**Ksh'000**
Interest income earned on advances and deposits placed with subsidiaries	1,182,500	1,202,892
Dividend income earned from subsidiaries and associate	-	222,260

iii) Key management compensation

Key management includes executive directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2021	2020	2021	2020
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Salaries	192,385	222,843	43,013	44,257
Performance bonus	-	53,428	-	-
Retirement benefit scheme contribution	14,209	14,681	3,228	3,322
	206,594	**290,952**	**46,241**	**47,579**

The analysis of performance bonus is as follows:

Chief Executive Officer	-	-	-	-
Others - Subsidiaries	-	53,428	-	-
	-	**53,428**	**-**	-

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Notes to the financial statements
(continued)

12 Related parties

12.1 Related party transactions

	Group		Company	
iv) Directors remuneration	**2021 Ksh'000**	**2020 Ksh'000**	**2021 Ksh'000**	**2020 Ksh'000**
Fees and expenses for services as a non-executive director	132,267	126,845	24,276	22,375
Other included in key management compensation above	46,241	45,428	46,241	45,428
	178,508	**172,273**	**70,517**	**67,803**
v) Outstanding related party balances				
Amounts due to related parties	1,453	1,445	296	-
Amounts due from related parties	**1,760,033**	**1,868,734**	**11,803,965**	**15,696,348**
vi) Shareholder loans advanced to related parties				
Two Rivers Development Limited	-	-	1,326,635	477,186
Two Rivers Lifestyle Centre Limited	1,760,033	1,747,360	-	-
Uhuru Heights Limited	-	-	580,377	580,377
Centum Exotics Limited	-	-	2,275,996	2,879,650
Centum Development Limited (Mauritius)	-	-	4,711,264	5,147,109
Centum Development Limited (Kenya)			-	488,707
Nabo Capital Limited	-	-	30,910	30,131
Centum Business Solutions Limited	-	-	307,975	303,503
Mvuke Limited	-	-	1,094,479	1,449,966
Tier Data Limited	-	-	3,512	-
Vipingo Development Limited	-	-	-	3,579,405
Rasimu Limited	-	-	31,253	31,253
Investpool Holdings Limited	-	-	3,935	3,600
Mwaya Investments Company Limited	-	-	5,106	4,237
Greenblade Growers Limited	-	-	142,480	84,406
Bakki Holdco Limited	-	-	1,266	1,266
Vipingo Estates Limited	-	-	-	17,270
Centum Real Estate Limited (Formerly Athena Properties Limited)	-	-	1,242,652	502,394
Zohari Leasing Limited	-	-	36,446	43,315
Tribus (TSG) Limited	-	-	6,000	(8,150)
Barium Capital Limited			12	12
Centum Capital Partners			3,667	1,017
Two Rivers Luxury Apartments Limited	-	-	-	14,397
	1,760,033	**1,747,360**	**11,803,965**	**15,631,051**

13 Disposal of investments

Year ended 31 March 2021
There were no disposal of investments during the year.

Year ended 31 March 2020

On 30 September 2019, Centum Investment Company Plc completed the sale of its 53.9% shareholding in Almasi Beverages Limited and 27.6% shareholding in Nairobi Bottlers Limited to Coca-Cola Sabco East Africa Limited ("CCSEA"), a wholly owned subsidiary of Coca-Cola Beverages Africa Limited ("CCBA").

On 19 August 2019, Centum Investment Company Plc completed the sale of its 100% shareholding in King Beverage Limited to Danish Brewing Company EA Limited, a subsidiary of Bounty Global Management DWC LLC.

The arising gains on the disposals are set out below:

	Group			Company		
	Carrying value Ksh'000	**Proceeds Ksh'000**	**Gain on disposal Ksh'000**	**Carrying value Ksh'000**	**Proceeds Ksh'000**	**Gain on disposal Ksh'000**
Period ended 31 March 2020						
Investment in subsidiaries						
- Almasi Beverages Limited	5,565,078	10,843,201	5,278,123	3,268,573	10,843,201	7,574,628
- King Beverage Limited	-	147,532	147,532	616,341	147,532	(468,809)
	5,565,078	**10,990,733**	**5,425,655**	**3,884,914**	**10,990,733**	**7,105,819**
Investment in associates						
- Nairobi Bottlers Limited	-	8,579,696	7,142,250	133,020	8,579,696	8,446,676
	-	**19,570,429**	**12,567,905**	**4,017,934**	**19,570,429**	**15,552,495**
Gains during the year	**-**	**-**	**12,567,905**	**-**	**-**	**15,552,495**

Notes to the financial statements
(continued)

14 Restatement of prior year financial statements

Background

During the year, the following errors and misstatements in the Group's prior years' financial statements have been corrected as prior year restatements.

Prior year error relating to deferred income tax on fair value movements of investment properties

The Group holds significant investment properties which are measured at fair value. Management rely on external professional valuers to determine the fair value of the investment properties using either the market or income approach. The valuation result in fair value gains or losses, which are material to the Group's financial statements, given the significance of the investment properties.

IAS 12 - Income Taxes requires that recognition of deferred income tax should be based on the manner in which an entity expects to realise or settle the underlying asset or liability. For investment properties, where realization is expected to be through sale or development and sale of the property, management has established that deferred tax should be determined at the statutory income tax rate of 30% as the entity is deemed to be trading in land/properties rather than holding them for capital appreciation.

However, in previous years, management had estimated deferred income tax liabilities on gains arising from valuation of the investment properties owned under Centum Real Estate Limited (which are real estate entities within the Group) at the Capital Gains Tax (CGT) rate of 5%, instead of the statutory tax rate of 30%.

A recent ruling at the Tax Appeals Tribunal in a matter involving a property developer with similar business model to Vipingo Development/Vipingo Estates also concluded that the applicable tax rate for entities involved in sales and development of land is the income tax rate of 30%, and not the CGT rate of 5%. The ruling was based on a conclusion that such entities are deemed to be involved in trading in land, rather than investment holding. However, this ruling did not provide any additional information or clarification, as the law has always been clear that entities trading in property investments need to apply the income tax rate of 30% and only investment holding companies are allowed to apply the 5%.

This restatement, which impacts on prior years' retained earnings, deferred income tax and income tax expense.

Year	Revaluation gain on investment property			
	TOTAL	**Deferred tax assessed at 5%**	**Deferred tax assessed at 30%**	**Incremental impact**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
2019	**10,070,028**	503,501	3,021,008	**2,517,507**
2020	**3,328,240**	166,412	998,472	**832,060**
Total	**13,398,268**	**669,913**	**4,019,480**	**3,349,567**

14 Restatement of prior year financial statements (continued)

Accordingly, the Company has restated the prior year figures in line with the requirements of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The following tables summarise the impact on the financial statements:

Statement of comprehensive income (Extract)

Year ended 31 March 2019	As previously reported Ksh'000	Restatement Ksh'000	Restated Ksh'000
Deferred tax on revaluation gains	73,967	(1,760,008)	(1,686,041)

Year ended 31 March 2020	As previously Reported Ksh'000	Adjustment Ksh'000	Restated Ksh'000
Deferred tax on revaluation gains	451,978	(1,589,559)	(1,137,581)

Statement of financial position (Extract)

Year ended 31 March 2019	As previously reported Ksh'000	Restatement Ksh'000	Restated Ksh'000
Deferred tax liabilities	2,887,683	1,760,008	4,647,691
Retained earnings	38,095,995	(1,760,008)	36,335,987

Year ended 31 March 2020	As previously reported Ksh'000	Restatement Ksh'000	Restated Ksh'000
Deferred tax liabilities	2,119,955	3,349,567	5,469,522
Retained earnings	43,723,323	(3,349,566)	40,373,757

Statement of changes in Equity (Extract)

Year ended 31 March 2019	As previously reported Ksh'000	Restatement Ksh'000	Restated Ksh'000
Retained earnings	38,095,995	(1,760,008)	36,335,987

Period ended 31 March 2020	As previously reported Ksh'000	Restatement Ksh'000	Restated Ksh'000
Retained earnings	43,723,323	(3,349,566)	40,373,757

CENTUM

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