

## INFORMATIENOTA (AANBIEDING AAN HET PUBLIEK)

### **INFORMATIENOTA OVER DE AANBIEDING VAN BIASHARA NA FEDHA OBLIGATIES DOOR BIASHARA NA FEDHA (VSK) LTD.**

*Dit document is opgesteld door Hands-on BV (Lendahand).*

*DIT DOCUMENT IS GEEN PROSPECTUS EN WERD NIET GECONTROLEERD NOCH GOEDGEKEURD DOOR DE AUTORITEIT VOOR FINANCIËLE DIENSTEN EN MARKTEN*

*25 januari 2021*

*WAARSCHUWING: DE BELEGGER LOOPT HET RISICO ZIJN BELEGGING VOLLEDIG OF GEDEELTELIJK TE VERLIEZEN EN/OF HET VERWACHTE RENDEMENT NIET TE BEHALEN*

*DE BELEGGINGSINSTRUMENTEN ZIJN NIET GENOTEERD: DE BELEGGER LOOPT HET RISICO GROTE PROBLEMEN TE ONDERVINDEN OM ZIJN POSITIE AAN EEN DERDE TE VERKOPEN INDIEN HIJ DAT ZOU WENSEN.*

#### **Deel I - Belangrijkste risico's die inherent zijn aan de uitgevende instelling en de aangeboden beleggingsinstrumenten, en die specifiek zijn voor de betrokken aanbieder**

Over het algemeen geldt hoe hoger het aangeboden of verwachte rendement, hoe hoger het risico. Het aangeboden of verwachte rendement op de obligaties is afhankelijk van de winst die de uitgevende instantie maakt. De kans bestaat dat de winst lager is dan verwacht of dat er zelfs sprake is van verlies, waardoor u mogelijk minder rendement krijgt uitgekeerd of zelfs uw inleg of een deel daarvan verliest. De belangrijkste redenen waardoor de uitgevende instelling mogelijk niet in staat is het aangeboden of verwachte rendement of zelfs uw inleg uit te keren, zijn:

Macro-economische, sociale en politieke landenrisico's: er is sprake van het risico dat macro-economische, sociale en politieke factoren leiden tot een lastig zakelijk klimaat voor de uitgevende instelling. Deze risico's zijn aan elkaar gerelateerd en lastig te beheersen. Economische, financiële en sociale instabiliteit, een complex en snel veranderende juridisch systeem, natuurrampen, etc. hebben een grote impact op het zakelijk klimaat via o.a. devaluaties van lokale valuta, hoge inflatie en beperkte capaciteit tot terugbetaling door klanten.

Portefeuille risico: er is sprake van het risico op te veel slechte leningen in de portefeuille van de uitgevende instelling, bijvoorbeeld omdat de kredietbeoordeling en/of klantafhandeling niet op orde is, of door politieke instabiliteit of een natuurramp. Dit betekent dat leningen afgeboekt moeten worden wat een weerslag kan hebben op de kapitalisatie en winstgevendheid van de uitgevende instelling.

Wisselkoersrisico: er is sprake van het risico op verliezen door wisselkoersschommelingen omdat de uitgevende instelling inkomsten genereert die anders zijn dan de valuta waarin de obligaties zijn uitgegeven. Dit betekent dat de liquiditeit en solvabiliteit van de uitgevende instelling in gevaar kan komen bij heftige wisselkoersschommelingen.

De obligaties zijn niet verhandelbaar op een beurs of platform en daardoor beperkt verhandelbaar. Dat betekent dat er mogelijk geen koper is voor uw obligaties als u tussentijds van uw belegging af wilt. U loopt dan dus het risico dat u niet op het door u gewenste moment uw geld terug kan krijgen en uw belegging langer aan moet houden of uw obligaties voor een lagere prijs moet verkopen.

Fraude en corruptierisico's: er is sprake van het risico op fraude en/of corruptie omdat er over het algemeen een grote afstand is tussen de uitgevende instelling en de investeerders in de obligaties. Tevens is het fraude- en corruptieniveau in het land van de uitgevende instelling over het algemeen hoger dan in het land van verblijf van de investeerders in de obligaties. Dit betekent dat de (financiële) situatie bij de uitgevende instelling er beter voor kan lijken te staan dan dat het daadwerkelijk is.

Financieringsrisico: er is sprake van een financieringsrisico omdat de uitgevende instelling continue financiering nodig heeft voor haar activiteiten. Dit betekent dat het kan gebeuren dat de uitgevende instelling haar leenportefeuille moet verkleinen als ze niet meer voldoende financiering kan aantrekken wat een neerwaartse druk geeft op de winstgevendheid.

Vervroegde aflossing: er is sprake van het risico op vervroegde aflossing omdat de uitgevende instelling de obligaties op lagere kosten kan herfinancieren. Dit betekent voor u als belegger dat u eerder de beschikking heeft over uw geld dan verwacht, hetgeen gederfde (rente)inkomsten als gevolg kan hebben.

Rangorde uitbetaling: uitkering van het rendement gebeurt nadat operationele uitstaande kosten voldaan zijn zoals lonen en facturen van leveranciers. Het risico bestaat dat de uitgevende instelling onvoldoende liquide middelen overhoudt om het rendement uit te keren. Dit betekent voor u als belegger dat het rendement lager kan zijn dan verwacht en eventueel dat u niet uw volledige inleg terugkrijgt.

In geval van faillissement hebben de volgende uitkeringen voorrang op de uitbetaling van het rendement op de obligaties: operationele uitstaande kosten, belastingen, deposito's, vreemd vermogen met onderpand. Let op dat deze lijst niet per se uitputtend is. Dit betekent voor u dat het rendement lager kan zijn dan verwacht en eventueel dat u niet uw volledige inleg terugkrijgt.

Beperkt eigen vermogen: het eigen vermogen van de uitgevende instelling is beperkt ten opzichte van het vreemd vermogen. Dit betekent dat de buffer aan eigen vermogen klein is waardoor bij tegenvallende resultaten de uitgevende instelling relatief snel niet meer aan haar verplichtingen op de obligaties zal kunnen voldoen. Het risicoprofiel van de obligaties lijkt daardoor op het risicoprofiel van aandelen.

Operationeel risico: er is sprake van het risico op operationele tekortkomingen omdat de kosten langdurig te hoog kunnen zijn versus de opbrengsten. Dit betekent dat de uitgevende instelling niet meer aan haar financiële verplichtingen kan voldoen.

Platform risico: er is sprake van het risico op discontinuatie van het platform omdat de aanbieder de exploitatie niet rendabel kan maken. Dit betekent dat het lastiger zal zijn om terugbetalingen te faciliteren voor investeerders in de obligaties.

## **Deel II - Informatie over de uitgevende instelling en de aanbieder van de beleggingsinstrumenten**

### ***A. Identiteit van de uitgevende instelling***

1. De uitgevende instelling is een besloten vennootschap, opgericht op 18 Juni 2015 en gevestigd in Kenia. Het adres van de uitgevende instelling is is 3rd floor Western Heights, Karuna Road, Westlands, Nairobi, Kenia. De website van de uitgevende instelling is venturesouth.net.
2. Dit zijn de belangrijkste activiteiten van de uitgevende instelling: het financieren van solar bedrijven dmv het opkopen van vorderingen van solar bedrijven op hun klanten.
3. Voor zover die informatie bekend is bij de uitgevende instelling of de aanbieder, identiteit van de personen die meer dan 5% van het kapitaal van de uitgevende instelling in bezit hebben, en omvang (uitgedrukt als percentage van het kapitaal) van de deelnemingen in hun bezit. De enige aandeelhouder van BnF (VSK) is George Morris Petty.
4. Het bedrag aan uitstaande leningen is EUR 338.840. Dit betreft een intercompany lening door de moedermaatschappij van EUR 81.963 tegen 0% rente, die mogelijk wordt omgezet in equity en het resterende bedrag aan uitstaande leningen betreft eerdere obligatieleningen verkregen via het Lendahand platform.
5. De uitgevende instelling wordt bestuurd door de volgende natuurlijke personen: George Petty and Cristian Canis.
6. Bezoldiging bestuurders: onbekend bij aanbieder.
7. voor de sub 4° bedoelde personen, vermelding van elke veroordeling als bedoeld in artikel 20 van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen, of een passende negatieve verklaring: niet van toepassing
8. beschrijving van de belangenconflicten tussen de uitgevende instelling en de sub 3° tot 5° bedoelde personen, of met andere verbonden partijen, of een passende negatieve verklaring: niet van toepassing
9. in voorkomend geval, identiteit van de commissaris: niet van toepassing

### ***B. Financiële informatie over de uitgevende instelling***

Verklaring door de uitgevende instelling dat het werkkapitaal naar haar oordeel toereikend is om aan haar behoeften voor de volgende twaalf manden te voldoen: ja

Beschrijving van elke wijziging van betekenis in de financiële of handelspositie die zich heeft voorgedaan na het einde van het laatste boekjaar waarop de sub 1° hierboven bedoelde jaarrekening betrekking heeft, of een passende negatieve verklaring: niet van toepassing

***C. Uitsluitend wanneer de aanbieder en de uitgevende instelling verschillende personen zijn: identiteit van de aanbieder***

De aanbieder is niet de uitgevende instelling van de obligaties. Na uitvoerig onderzoek biedt de aanbieder de uitgevende instelling toegang tot haar website waarmee de uitgevende instelling financiering kan aantrekken ten behoeve van verschillende projecten. Hiervoor krijgt de aanbieder een vergoeding van de uitgevende instelling. Er is dus een financiële relatie tussen de aanbieder en de uitgevende instelling. Meer informatie over de uitgevende instelling is te vinden op de website van de aanbieder.

De aanbieder is opgericht op 17 juli 2012 en gevestigd in Rotterdam onder het KvK-nummer 55711766. Het adres van de aanbieder is Eendrachtsplein 3, Unit 2A, 3015 LA Rotterdam, Nederland. De website van de aanbieder is [www.lendahand.com](http://www.lendahand.com)

De aanbieder wordt bestuurd door Le Theta B.V., Wiggerd B.V en Daniel Sebastiaan van Maanen

Contactpersoon: Koen The, [koen.the@lendahand.com](mailto:koen.the@lendahand.com), +31 10 7171815.

***D. Uitsluitend wanneer de aangeboden beleggingsinstrumenten een onderliggend actief hebben: beschrijving van het onderliggende actief***

Niet van toepassing.

**Deel III - Informatie over de aanbidding van beleggingsinstrumenten**

***A. Beschrijving van de aanbidding***

De totale opbrengst van de aanbidding bedraagt EUR 300.000, verdeeld over diverse projecten gedurende de looptijd van de aanbidding.

Dit bedrag kan ook lager zijn als niet op alle obligaties wordt ingeschreven. De minimale opbrengst is EUR 500

De aanbiddingsperiode begint op 27-01-2021 en eindigt op 26-01-2022, of zoveel eerder als op de gehele aanbidding is ingeschreven.

Gedurende de aanbiddingsperiode biedt de uitgevende instelling projecten aan op de Lendahand website op basis waarvan obligaties worden uitgegeven.

De uitgiftedatum van de obligaties is doorlopend gedurende de aanbiddingsperiode.

De startdatum van een obligatie is de eerste dag van de maand volgend op de dag dat het onderliggende project volledig gefinancierd is.

Over uw inleg betaalt u geen emissiekosten. Bij verkoop van uw obligaties betaalt u geen kosten.

Van elke euro van uw inleg wordt EUR 0,- gebruikt om kosten af te dekken. EUR 1,- wordt geïnvesteerd in obligaties van de uitgevende instelling. Er is dus geen sprake van kosten voor de belegger.

***B. Reden voor de aanbidding***

De opbrengst wordt gebruikt voor het financieren van zonne-installaties en andere zonne-energie producten voor huishoudens, micro, kleine en middelgrote ondernemingen in Kenia, Uganda and Tanzania. Van de opbrengst wordt 0% gebruikt voor kosten, tenzij er sprake is van een eenmalige vooruitbetaalde platform vergoeding welke over het algemeen niet hoger is dan 4% per jaar

**Deel IV - Informatie over de aangeboden beleggingsinstrumenten**

#### **A. Kenmerken van de aangeboden beleggingsinstrumenten**

U belegt in een obligatie.

De nominale waarde van de obligaties is EUR 50,00.

De intrinsieke waarde van de obligaties is EUR 50,00.

De prijs van de obligaties is EUR 50,00.

Deelname is mogelijk vanaf EUR 50,00.

De uitgiftedatum van een obligatie is de eerste dag van de maand volgend op de dag dat het onderliggende project volledig gefinancierd is.

De looptijd van de verschillende obligaties varieert tussen de 12 en 24 maanden. De betreffende looptijd wordt per project aangegeven. Terugbetalingen vinden elke 6 maanden plaats, inclusief rente, op de 15<sup>e</sup> van de maand.

De rente op de obligaties varieert tussen de 2-5% per jaar. Het betreffende percentage wordt per project aangegeven. De obligaties kennen geen bonusrente.

Rang van de beleggingsinstrumenten in de kapitaalstructuur van de uitgevende instelling bij insolventie: obligaties zijn niet preferent noch achtergesteld.

#### **B. Uitsluitend in het geval waarin door een derde een garantie wordt toegekend in verband met de beleggingsinstrumenten: beschrijving van de garant en van de garantie**

Niet van toepassing.

#### **C. In voorkomend geval, bijkomende informatie voorgelegd door de markt waar de beleggingsinstrumenten toegelaten zijn.**

Niet van toepassing.

#### **Deel V - Alle andere belangrijke informatie die mondeling of schriftelijk aan één of meer beleggers wordt gericht**

Onder verwijzing naar de Wet van 18 december 2016 tot regeling van de erkenning en de afbakening van crowdfunding en houdende diverse bepalingen inzake financiën, wordt de volgende informatie gedeeld:

De volledige identiteit en contactgegevens van de gereguleerde onderneming die de alternatieve-financieringsdiensten verstrekt:

Hands-on B.V. (een besloten vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht op 17 juli 2012 en gevestigd te Rotterdam)  
Eendrachtsplein 3, Unit 2A  
3015 LA Rotterdam, Nederland  
[www.lendahand.com](http://www.lendahand.com)

Geregistreerd bij de Nederlandse Kamer van Koophandel onder nummer 55711766  
De aanbieder wordt bestuurd door Engelcke B.V., Le Theta B.V. en Wiggerd B.V.  
Contactpersoon: Koen The, koen.the@lendahand.com, +31 10 7171815.

De naam en het adres van de bevoegde autoriteit die de vergunning heeft verleend aan de gereguleerde onderneming:

Autoriteit Financiële Markten (AFM)  
Vijzelgracht 50  
1017 HS Amsterdam, Nederland

De kosten van de alternatieve-financieringsdiensten voor de cliënten: geen.

De in het kader van het verstrekken van de alternatieve-financieringsdiensten in ontvangst genomen vergoedingen: een fee van de uitgevende instellingen.

De gereglementeerde onderneming beschikt over een belangenconflictenbeleid, ten einde zich op loyale, billijke en professionele wijze in te kunnen zetten voor de belangen van haar cliënten.

De gereglementeerde onderneming verwijst naar bovengenoemde Wet van 18 december 2016 voor de geldende (gedrags)regels voor het verstrekken van alternatieve-financieringsdiensten.

De te financieren projecten worden op de volgende wijze geselecteerd:

Lendahand voert een boekenonderzoek uit waarbij onder andere gekeken wordt naar de track record, de sociale missie, het business model en enkele financiële datapunten (zoals de unit economics en marges, winstgevendheid, groeicijfers, de balansgrootte, samenstelling van de bezittingen en schulden). Dit boekenonderzoek wordt ter goedkeuring voorgelegd aan een externe credit committee bestaande uit impact investing professionals.

Het is de gereglementeerde onderneming verboden:

- om gelden die haar cliënten toebehoren in ontvangst te nemen en aan te houden
- om beleggingsdiensten te verlenen, met uitzondering van het in ontvangst nemen en doorgeven van orders
- om een mandaat of volmacht te hebben op de rekeningen van haar cliënten

Voornaamste kenmerken van de beleggingsinstrumenten die de gereglementeerde onderneming commercialiseert: vast rentende obligatieleningen met tussentijdse aflossingen.

**BIASHARA NA FEDHA (VSK) LIMITED**  
**AUDITED FINANCIAL STATEMENTS YEAR ENDED 31**  
**DECEMBER, 2019**

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**BIASHARA NA FEDHA (VSK) LIMITED AUDITED**  
**FINANCIAL STATEMENTS YEAR ENDED 31**  
**DECEMBER, 2019**

**Independent Auditor**

Crowe Erastus & Co.  
Certified Public Accountants  
P. O. Box 55268  
00200 – City Square  
NAIROBI, KENYA  
Tel: +254 20 386 0513 / 386 0521 / 386 0524  
Cell Phone: +254 722 39 56 11 / 733 48 78 96  
Email: [croweerastus@crowe.co.ke](mailto:croweerastus@crowe.co.ke)  
Website: [www.croweerastus.com/ke](http://www.croweerastus.com/ke)

## **BIASHARA NA FEDHA (VSK) LIMITED – YEAR ENDED 31 DECEMBER, 2019**

### **COMPANY INFORMATION**

**Directors** : George Morris Petty  
Cristian Canis  
Rose Wanjohi

**Key Management** : Juddie Mmosi, Country Operations Director

**Registered Office** : Western Heights  
3rd Floor, Karuna Road, Westlands P.O. Box 45390 – 00100  
Nairobi, KENYA

**Accountants** : Mbaya & Associates  
Certified Public Accountants P.O. Box 45390 – 00100  
Nairobi, KENYA

**Bankers** : Kenya Commercial Bank  
Sarit Centre Branch P.O. Box 14959 – 00800  
Nairobi, KENYA

Diamond Trust Bank Garden City Branch P.O. Box  
61711 – 00200  
Nairobi, KENYA

Stanbic Bank Kenya Ltd. The Hub Karen Branch  
P.O BOX 30238 Nairobi, KENYA

**Independent Auditor** : Crowe Erastus & Co.,  
Certified Public Accountants  
2<sup>nd</sup> Floor, Morningside Office Park Ngong Road  
P.O. Box 55268 – 00200  
Nairobi, KENYA

**Company Secretary** : Savanna Associates  
Certified Public Secretaries P.O Box 45390 – 00100  
Nairobi, KENYA

**BIASHARA NA FEDHA (VSK) LIMITED - YEAR ENDED 31 D CEMBER, 2019**

**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended 31 December, 2019 which disclose the state of affairs of the company as at that date.

**Principal Activity**

Biashara Na Fedha (VSK) Limited principal activity is to advance loans to Partner Agents to enable financing of micro and small scale enterprises in Kenya.

**Results and Dividends**

The net profit for the year of KES 3,013,106/= [2018: KES 544,307/=] has been carried forward in retained earnings. The Directors do not recommend the declaration of a dividend for the year.

**Directorate**


The Directors who were in office during the year and to the date of this report are listed on page 1.

**Independent Auditor**

Crowe Erastus & Co., Certified Public Accountants have expressed their willingness to continue in office in accordance with Section 719 (2) of the Kenyan Companies Act, No. 17 of 2015 (Laws of Kenya).

**BY ORDER OF THE BOARD**

(For and on its behalf)

  
\_\_\_\_\_  
**Rose Wanjohi**  
(Director)

Nairobi  2020



**BIASHARA NA FEDHA (VSK) LIMITED-YEAR ENDED 31 DECEMBER, 2019 STATEMENT OF DIRECTORS RESPONSIBILITIES**

The Directors of Biashara Na Fedha (VSK) Limited are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of each financial year and of its operating results for that year. The Directors are required to ensure that proper accounting records that are sufficient to show and explain the transactions of the Company and disclose, with reasonable accuracy, the financial position of the Company are maintained. The Directors are also responsible for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

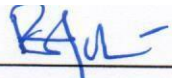
The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having made an assessment of the 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 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 responsibilities.

Approved by the Directors on... 1 ..... 2020 and signed by:

  
\_\_\_\_\_  
**Rose Wanjohi**  
(Director)

## REPORT OF THE INDEPENDENT AUDITOR

### BIASHARA NA FEDHA (VSK) LIMITED – YEAR ENDED 31 DECEMBER, 2019

#### Independent Opinion

We have audited the accompanying financial statements of Biashara Na Fedha (VSK) Limited set out on pages 6 to 15, which comprise the statement of comprehensive income, statement of financial position as at 31 December, 2019, the statement of changes in equity and statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Biashara na Fedha (VSK) Limited as at 31 December, 2019 and of its financial performance and its cash flows for the year ended in accordance with international financial reporting standards for small and medium-sized entities and the requirements of the Kenyan Companies Act No.17, 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 Biashara Na Fedha (VSK) Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Key Audit Matter	How the matter was addressed
<p>VSK principle activity is advancing loans to partners at an interest. Some loan advances are tracked manually off the accounting system.</p> <p>Due to the inherent risk of errors associated with manual tracking of partner loan balances and the significance of the loan advances to the financial statements as a whole accuracy and completeness of the Loan Receivable balances was considered a key audit matter</p>	<p>Our audit procedures in relation to the audit matter included, among others;</p> <ul style="list-style-type: none"><li>• Held discussions with management and reviewed adequacy of the existing control procedures in place.</li><li>• Reviewed compliance with loan agreements terms that govern loan issuance and repayments.</li><li>• Obtained and verified the accuracy of the sampled loan schedules and repayment transactions.</li></ul>

#### Responsibility for the Financial Statements

As stated in page 3, the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the international financial reporting standards for small and medium-sized entities and the requirements of the Kenyan Companies Act No. 17 of 2015. That responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Organization or to cease operations or have no realistic alternative but to do so.

#### Responsibility of the Independent Auditor

Our objectives and responsibility 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 independent auditor's report that includes our opinion.

# REPORT OF THE INDEPENDENT AUDITOR (CONT...) BIASHARA NA

## FEDHA (VSK) LIMITED

YEAR ENDED 31 DECEMBER, 2019

### Responsibility of the Independent Auditor (Cont...)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Biashara Na Fedha (VSK) Limited 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 company to express an opinion on the financial statements. We are responsible for direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

### Report on Other Legal Requirements

As required by the Kenyan Companies Act, No.17 of 2015 we report to you, based on our audit, that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- c) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

*CPA Francis Ugango practices in CROWE ERASTUS & Co. as a firm with other partners. The engagement partner responsible for the audit resulting in the independent auditor's report is CPA Francis Ugango – Practicing Certificate No. P/2227.*

**BIASHARA NA FEDHA (VSK) LIMITED****STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER, 2019**

	<b>2019</b>	<b>2018</b>
	<b>Note KES</b>	<b>Restated KES</b>
<b>REVENUE</b>		
Interest Income	13,075,025	9,554,535
Direct Costs	<b>6 (a)</b> (4,651,627)	(2,368,076)
<b>Gross Profit</b>	<u>8,423,398</u>	<u>7,186,459</u>
Other Income	478,538	4,295,977
<b>Net Income</b>	<u><b>8,901,936</b></u>	<u><b>11,482,436</b></u>
<b>EXPENDITURE</b>		
Administrative Expenses	<b>6 (b)</b> 5,740,849	10,705,820
Exchange Loss	147,981	232,309
<b>Total Expenditure</b>	<u><b>5,888,830</b></u>	<u><b>10,938,129</b></u>
<b>Profit Before Tax</b>	<b>3,013,106</b>	<b>544,307</b>
Income Tax Expense (Appendix I)	0	0
<b>Profit for the year (Page 8)</b>	<u><b>3,013,106</b></u>	<u><b>544,307</b></u>

BIASHARA NA FEDHA (VSK) LIMITED

STATEMENT OF FINANCIAL POSITION -YEAR ENDED 31 DECEMBER, 2019

<b>2019</b>		<b>2018</b>
<b>Restated</b>		
<b>ASSETS</b>	<b>Note</b>	<b>KES</b>
<b>Non-Current Assets</b>		
Property & Equipment	7	<u>130,369</u> <u>165,993</u>
<b>Current Assets</b>		
Cash and Bank Balance	11	6,732,895      303,574
Loans Receivable	8	43,604,401      44,098,704
Interest Receivable	10	2,852,649      901,487
Related Party Receivable	15 (ii)	3,187,782      2,044,409
Shares on Call	9	2,514,347      7,399,197
Trade Receivables	12	600      39,037
Tax Receivable		4,095,330      2,972,248
<b>Total Current Assets</b>		<u><b>62,988,004</b></u> <u><b>57,758,656</b></u>
<b>Less: Current Liabilities</b>		
Trade Payables	13	1,565,581      1,646,900
Related Party payable	15 (i)	1,769,775      (1,352,491)
<b>Total Current Liabilities</b>		<u><b>3,335,356</b></u> <u><b>294,409</b></u>
<b>Net Current Assets</b>		<u><b>59,652,648</b></u> <u><b>57,464,247</b></u>
<b>Net Assets</b>		<u><b>59,783,017</b></u> <u><b>57,630,240</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	17	30,000,000      30,000,000
Retained Earnings		(3,256,543)      (6,269,649)
<b>Net Shareholders' Equity (Page 8)</b>		<u><b>26,743,457</b></u> <u><b>23,730,351</b></u>
<b>Non Current Liabilities</b>		
Borrowings	11	33,039,560      33,899,889
<b>Total Equity and Liabilities</b>		<u><b>59,783,017</b></u> <u><b>57,630,240</b></u>

These financial statements were approved by Directors on

2020

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ctor)

  
\_\_\_\_\_  
Rose Wai  
(Direct

**BIASHARA NA FEDHA (VSK) LIMITED****STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER, 2019****Ordinary Share**

	<b>Capital</b>	<b>Retained Earnings</b>	<b>Net Equity</b>
<b>Movement in Equity</b>	<b>KES</b>	<b>KES</b>	<b>KES</b>
<b>Year 2019</b>			
As at 01 January, 2019	30,000,000	(6,269,649)	23,730,351
Profit for the year (Page 6)	0	3,013,106	3,013,106
<b>As at 31 December, 2019</b>	<b><u>30,000,000</u></b>	<b><u>(3,256,543)</u></b>	<b><u>26,743,457</u></b>
<b>Year 2018</b>			
As at 01 January, 2018	9,730,000	(4,670,187)	5,059,813
Prior year adjustment	0	(2,143,769)	(2,143,769)
<b>As Restated</b>	<b><u>9,730,000</u></b>	<b><u>(6,813,956)</u></b>	<b><u>2,916,044</u></b>
Increase in share capital	20,270,000	0	20,270,000
Profit for the year (Page 6)	0	544,307	544,307
<b>As at 31 December, 2018</b>	<b><u>30,000,000</u></b>	<b><u>(6,269,649)</u></b>	<b><u>23,730,351</u></b>

# BIASHARA NA FEDHA (VSK) LIMITED

## STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER, 2019

	2019	2018
	KES	Restated KES
<b>Cash Flows from Operating Activities</b>		
Profit Before Tax (Page 6)	3,013,106	544,307
Tax Paid	(1,123,082)	(1,524,591)
<b>Adjustments for:</b>		
Prior year adjustment	0	(2,143,769)
Depreciation	35,624	26,571
Net Exchange Loss	147,981	232,309
<b>Working Capital Changes</b>		
Increase in Trade and Other Receivables	(1,104,936)	(3,873,452)
Increase in Interest Receivable	(1,951,162)	(86,633)
(Decrease) / Increase in Trade and Other Payables	(81,319)	577,996
<b>Net Cash Used in Operating Activities</b>	<b><u>(1,063,788)</u></b>	<b><u>(6,247,262)</u></b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property and Equipment	0	(100,000)
Increase / (Decrease) in Loan Advances	494,303	(8,924,430)
<b>Net Cash From / (Used in) Investing Activities</b>	<b><u>494,303</u></b>	<b><u>(9,024,430)</u></b>
<b>Cash Flows from Financing Activities</b>		
Issue of Additional Share Capital	0	20,270,000
(Decrease) / Increase in Borrowings	(860,329)	2,947,220
Shares on Call	4,884,850	(7,399,197)
(Decrease) / Increase in Intercompany Balances	3,122,266	(3,551,509)
<b>Net Cash From Financing Activities</b>	<b><u>7,146,787</u></b>	<b><u>12,266,514</u></b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b><u>6,577,302</u></b>	<b><u>(3,005,179)</u></b>
<b>Movement in Cash and Cash Equivalents</b>		
Cash and Cash Equivalents - 01 January	303,574	3,541,061
Net Increase / (Decrease) in Cash and Cash Equivalents	6,577,302	(3,005,179)
Effects of Exchange Differences	(147,981)	(232,309)
<b>Cash and Cash Equivalents - 31 December</b>	<b><u>6,732,895</u></b>	<b><u>303,574</u></b>

**BIASHARA NA FEDHA (VSK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019**

	<b>2019</b>	<b>2018</b>
	<b>KES</b>	<b>Restated KES</b>
<b>6. EXPENDITURE</b>		
<b>(a) Direct Costs</b>		
Interest Expense	1,919,428	1,990,889
Loan Loss Provision	1,600,000	240,887
Loan Administration Fees	1,132,199	136,300
<b>Total Direct Costs</b>	<b><u>4,651,627</u></b>	<b><u>2,368,076</u></b>
<b>(b) Administrative Expenses</b>		
Consultancy Fee	3,783,344	8,006,821
Accounting Fees	1,142,136	643,104
Bank Service Charges	183,063	137,032
Audit Fee	162,618	173,250
Rent and Rates	140,000	420,000
Travel and Accommodation	106,264	581,038
Secretarial Fee	63,080	325,000
Software Expense	46,992	67,950
Depreciation Expense	35,624	26,570
Marketing and Training	35,008	0
Office Expenses	16,000	183,038
Telephone	12,000	11,000
Postage & Delivery	8,430	5,340
Printing & Stationery	6,290	10,976
Internet Expense	0	71,693
Electricity Expense	0	43,008
<b>Total Administrative Expenses</b>	<b><u>5,740,849</u></b>	<b><u>10,705,820</u></b>

	<b>Furniture &amp; Office Equipment</b>	<b>Computer &amp; Accessories</b>	<b>Total</b>
<b>Cost</b>	<b>KES</b>	<b>KES</b>	<b>KES</b>
At start of year	120,900	100,000	220,900
<b>As at 31 December, 2019</b>	<b><u>120,900</u></b>	<b><u>100,000</u></b>	<b><u>220,900</u></b>
<b>Depreciation</b>			
At start of year	39,907	15,000	54,907
Charge for the year	10,124	25,500	35,624
<b>As at 31 December, 2019</b>	<b><u>50,031</u></b>	<b><u>40,500</u></b>	<b><u>90,531</u></b>
<b>Net Book Value</b>			
<b>As at 31 December, 2019</b>	<b><u>70,869</u></b>	<b><u>59,500</u></b>	<b><u>130,369</u></b>
<b>As at 31 December, 2018</b>	<b><u>80,993</u></b>	<b><u>85,000</u></b>	<b><u>165,993</u></b>



**BIASHARA NA FEDHA (VSK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019**

	<b>2019</b>	<b>2018</b>
	<b>KES</b>	<b>Restated KES</b>
<b>8. Loans Receivable</b>		
Loan Receivable	45,445,288	44,339,591
	<u>45,445,288</u>	<u>44,339,591</u>
<b>Less: Loan Loss Provision</b>	(1,840,887)	(240,887)
<b>Net Loans Receivable</b>	<u><u>43,604,401</u></u>	<u><u>44,098,704</u></u>

Loans receivable are advances made to partner companies for disbursement to various clusters (groups) in Kenya and Uganda as financing to micro and small enterprises.

**9. Shares on Call**

Shares on call: Venture South International	3,295,257	2,270,000
Shares on call: SDG	(300,000)	5,129,197
Shares on call: VSI	(480,910)	0
<b>Total Shares on call</b>	<u><u>2,514,347</u></u>	<u><u>7,399,197</u></u>

**10. Loan Interest receivable**

<u><u>2,852,649</u></u>	<u><u>901,487</u></u>
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The loan interest receivable is interest payable at an agreed rate. The interest together with any outstanding balance and the principal amount is payable monthly at any time from the first disbursement date to the maturity date, or such earlier date on which the principal amount will be repaid. Interest is calculated on the basis of 30 (thirty) days in a month and 365 (three hundred and sixty five) days in a year. The loan portfolio may be purchased at a discount.

**11. Cash and Bank Balance**

Cash in Hand	6,980	19,154
Diamond Trust Bank - KES	35,260	1,260
Kenya Commercial Bank- KES	252,872	51,105
Kenya Commercial Bank- KES	15,712	38,669
Stanbic KES 6410892	916,071	0
Diamond Trust Bank - Euro	13,927	13,927
Kenya Commercial Bank - Euro	47,069	(431)
Stanbic Bank Euro 6410884	3,849	0
Kenya Commercial Bank (TSH)	3,835	158
Kenya Commercial Bank - USD	5,431,857	179,732
Stanbic Bank USD 6410868	4,064	0
Stanbic Bank UGX 6410892	1,399	0
<b>Total Cash and Bank</b>	<u><u>6,732,895</u></u>	<u><u>303,574</u></u>

# BIASHARA NA FEDHA (VSK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

2019 Restated		2018
<b>12. Trade Receivables</b>	<b>KES</b>	<b>KES</b>
Accounts Receivable	600	39,037
<b><u>Total Trade Receivables</u></b>	<b><u>600</u></b>	<b><u>39,037</u></b>
<b>13. Trade Payables</b>		
Mbaya & Associates	120,281	122,582
Accrued Interest	48,042	1,290,500
Audit Fee	162,617	154,875
Suntransfer Kenya	1,133,198	0
Stewards Concepts International	22,500	0
Accrued WHT	78,943	78,943
<b><u>Total Trade Payables</u></b>	<b><u>1,565,581</u></b>	<b><u>1,646,900</u></b>
<b>14. Borrowings</b>		
LendaHand	32,362,356	33,899,888
SDG-Bridge Loan	677,204	0
<b><u>Total Borrowings</u></b>	<b><u>33,039,560</u></b>	<b><u>33,899,888</u></b>

The loan balance of KES 32,362,356/= was received from LendaHand to finance household and micro small medium enterprises in Kenya. Interest and principal are payable to creditors at agreed times.

### 15. Related Party - Venture South International

During the year ended 31 December, 2019, Biashara na Fedha (VSK) Ltd had transactions in the ordinary course of operations with related parties. Venture South International and Venture South Uganda share common directorship with Biashara na Fedha (VSK) Ltd. Transactions and trading balances as at 31 December, 2019 are as follows :-

i) Due to / (From) Venture South International	<u>1,769,775</u>	<u>(1,352,491)</u>
ii) Due from Venture South Uganda	<u>3,187,782</u>	<u>2,044,409</u>

### Terms and conditions with related parties:-

- Outstanding balances due to related parties are interest free, unsecured and repayable within the credit period allowed.
- There were no guarantees provided for related parties balances.
- There were no emoluments paid to the Directors during the year.

## BIASHARA NA FEDHA (VSK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

#### 16. Restatement (KES 1,692,403/=)

Year 2018 retained earnings have been restated to correct an understatement of consultancy fee of KES 4,802,572/=, consultancy income of KES 2,495,977/=, interest expense of KES 1,185,809/= and grant income of KES 1,800,000/=.

#### The effect is as shown below:

	KES
Decrease in Loan Balance	2,306,594
Increase in Accrued Interest	1,185,809
Decrease in Related Party Balance	(1,800,000)
<b><u>Net Effect - Decrease in Equity</u></b>	<b><u>1,692,403</u></b>

#### 17. Share Capital

##### **Authorized and Issued:**

<u>30,000 ordinary shares of Kshs 1,000/=</u>	<b>30,000,000</b>	<b>30,000,000</b>
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##### **Issued and Fully Paid:**

27,486 Ordinary Shares of Kshs 1,000/=	27,485,653	22,600,803
2,514 Ordinary Shares Alloted & Receivable	2,514,347	7,399,197
<b><u>30,000,000</u></b>	<b><u>30,000,000</u></b>	

#### 18. Employees

The company had no employees as at 31 December, 2019. It relied on outsourced services.

#### 19. Capital Commitments

The Directors have committed to pay the outstanding shares receivable of KES 2,514,347/= in the next financial year.

#### 20. Presentation Currency

The financial statements are presented in Kenya Shillings (KES) as the base currency.

#### 21. Abbreviations

DTB	-	Diamond Trust Bank
KCB	-	Kenya Commercial Bank
KES	-	Kenya Shillings
VSI	-	Venture South International
VSK	-	Venture South Kenya Limited
VSU	-	Venture South Uganda Limited
WHT	-	WithHolding Tax

BIASHARA NA FEDHA ( VSK) LIMITED PIN:

P051569515L

## TAX COMPUTATION - YEAR ENDED 31 DECEMBER, 2019

2019		2018
KES		KES
Profit Before Tax	3,013,106	544,307
<b>Add back disallowable expenses:</b>		
Depreciation	35,624	26,571
Unrealized Exchange Gain	147,981	232,309
Wear and tear allowance	(39,683)	(18,660)
<b>Adjusted Profit</b>	<b><u>3,157,028</u></b>	<b><u>784,527</u></b>
Corporate Tax at 30%	(947,108)	0
<b>Tax loss b/f</b>	<b>(5,344,140)</b>	<b>(6,128,667)</b>
<b>Adjusted Tax loss c/f</b>	<b><u><u>(3,134,220)</u></u></b>	<b><u><u>(5,344,140)</u></u></b>

WEAR & TEAR ALLOWANCE	Class IV 12.5%	Class III 30%	Total
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<b>KES</b>		<b>KES</b>	<b>KES</b>
	W.D.V at 01/01/2019	113,462	85,000
		<u>113,462</u>	<u>113,462</u>
		<b>85,000</b>	<b>198,462</b>
	Wear and Tear Allowance	14,183	39,683
	<b>W.D.V at 31/12/2019</b>	<u><b>99,279</b></u>	<u><b>158,779</b></u>

# Crowe

**B I A S H A R A N A f E D H A ( V S K ) L I M I T E D A U D I T E D F I N A N C I A L  
S T A T E M E N T S Y E A R E N D E D 3 1 D E C E M B E R , 2 0 1 8**

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## REPORT AND FINANCIAL STATEMENTS

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# Crowe Erastus & Co

Chartered Certified Public Accountants

Morningside Office Park,  
2nd Floor (Wing **B**), Ngong Road  
**P.O.** Box 55268-00200  
Nairobi, Kenya.  
E-mail: [croweerastus@crowe.co.ke](mailto:croweerastus@crowe.co.ke)  
Website: [www.crowe.com/ke](http://www.crowe.com/ke)

**BIASHARA NA FEDHA (VSK) LIMITED AUDITED FINANCIAL  
STATEMENTS YEAR ENDED 31 DECEMBER, 2018**

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**BIASHARA NA FEDHA (VSK) LIMITED  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER, 2018**

Independent Auditor

Crowe Erastus & Co. Certified  
Public Accountants P. O. Box  
55268  
00200 - City Square  
NAIROBI, KENYA  
Tel: +254 20 386 0513 / 386 05211386 0524  
Cell Phone: +254 722 39 56 11 / 733 48 78 96  
Email: [croweerastus@crowe.co.ke](mailto:croweerastus@crowe.co.ke)

Em

Website: [www.croweerastus.com/ke](http://www.croweerastus.com/ke)

**BIASHARA NA FEDHA (VSK) LIMITED - YEAR ENDED 31 DECEMBER, 2018 COMPANY  
INFORMATION**

<b>Directors</b>	George Morris Petty Peter Maigua Kiaritha (left in June 2018) Cristian Canis Rose Wanjohi
<b>Key Management</b>	Juddie Mmosi, Country Operations Director (from June, 2018) Western
<b>Registered Office</b>	Heights 3rd Floor, Karuna Road, Westlands P.O. Box 45390 - 00100 Nairobi, KENYA
<b>Accountants</b>	Mbaya & Associates Certified Public Accountants P.O. Box 45390 - 00100 Nairobi, KENYA
<b>Bankers</b>	Kenya Commercial Bank Sarit Centre Branch P.O. Box 14959 - 00800 Nairobi, KENYA  Diamond Trust Bank Garden City Branch P.O. Box61711-00200 Nairobi, KENYA
<b>Independent Auditor</b>	Crowe Erastus & Co. Certified Public Accountants 2 <sup>nd</sup> Floor, Morningside Office Park Ngong Road P.O. Box 55268 - 00200 Nairobi, KENYA
<b>Company Secretary</b>	Savanna Associates Certified Public Secretaries P.O Box 45390 - 00100 Nairobi, KENYA



**BIASHARA NA FEDHA (VSK) LIMITED-YEAR ENDED 31 DECEMBER, 2018**

**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended 31 December, 2018 which disclose the state of affairs of the company as at that date.

**Principal Activity**

Biashara Na Fedha (VSK) Limited principal activity is to advance loans to Partner Agents to enable financing of micro and small scale enterprises in Kenya .

**Results and Dividends**

The net profit for the year of KES 2,236,710/= (2017: KES 149,349/=) has been carried forward in retained earnings. The Directors do not recommend the declaration of a dividend for the year.

**Directorate**

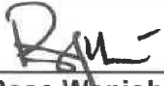
The Directors who were in office during the year and to the date of this report are listed on page 1 .

**Independent Auditor**

Crowe Erastus & Co., Certified Public Accountants have expressed their willingness to continue in office in accordance with Section 719 (2) of the Kenyan Companies Act, No. 17 of 2015 (Laws of Kenya).

**BY ORDER OF THE BOARD**

(For and on its behalf)

Nai   
\_\_\_\_\_  
Rose Wanjohi  
(Director)

, 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors of Biashara Na Fedha (VSK) Limited are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of each financial year and of its operating results for that year. The Directors are required to ensure that the Company maintains proper accounting records that are sufficient to show and explain the transactions of the Company and disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having made an assessment of the 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 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 responsibilities.

Approved by the Directors on **2.1** ..... **a**      ||||| || 2019 and signed by:

  
\_\_\_\_\_  
**s Wanion Rose**  
(Director)

## **REPORT OF THE INDEPENDENT AUDITOR**

### **BIASHARA NA FEDHA (VSK) LIMITED-YEAR ENDED 31 DECEMBER, 2018**

#### **Independent Opinion**

We have audited the accompanying financial statements of Biashara Na Fedha (VSK) Limited set out on pages 6 to 16, which comprise the statement of comprehensive income , statement of financial position as at 31 December, 2018, the statement of changes in equity and statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, proper books of account have been kept and the accompanying financial statements, which are in agreement therewith, give a true and fair view of the financial position of Biashara na Fedha (VSK) Limited as at 31 December, 2018 and of its financial performance and its cash flows for the year ended in accordance with international financial reporting standards for small and medium- sized entities and the requirements of the Kenyan Companies Act No.17, 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 Biashara Na Fedha (VSK) Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibility for the Financial Statements**

As stated in page 3, the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the international financial reporting standards for small and medium-sized entities and the requirements of the Kenyan Companies Act No. 17 of 2015. That responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Organization or to cease operations or have no realistic alternative but to do so.

#### **Responsibility of the Independent Auditor**

Our objectives and responsibility 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 independent 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.

# REPORT OF THE INDEPENDENT AUDITOR (CONT...) BIASHARA NA

## FEDHA (VSK) LIMITED

YEAR ENDED 31 DECEMBER, 2018

### Responsibility of the Independent Auditor (Cont...)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Biashara Na Fedha (VSK) Limited 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 company to express an opinion on the financial statements. We are responsible for direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

### Report on Other Legal Requirements

As required by the Kenyan Companies Act, No.17 of 2015 we report to you, based on our audit, that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- c) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

*CPA Francis Ugango practices in CROWE ERASTUS & Co. as a firm with other partners. The engagement partner responsible for the audit resulting in the independent auditor's report is CPA Francis Ugango - Practicing Certificate No. P/2227.*

  
**CROWE ERASTUS & Co.**  
Certified Public Accountants



Nairobi **e t \$ 4b** , 2019

## STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER, 2018


	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>	<b>Note</b>	<b>KES</b>
Interest Income		9,554,535
Direct Costs	<b>4 (a)</b>	<b>(1,182,267)</b>
		<b>8,372,267</b>
<b>Gross Profit</b>		<b>6,105,152</b>
Other income	<b>3</b>	<b>0</b>
<b>Net Income</b>		<b>6,105,538</b>
<b>EXPENDITURE</b>		
Administrative Expenses	<b>4 (b)</b>	5,903,248
Exchange Loss		232,309
		<b>5,907,589</b>
<b>Total Expenditure Profit</b>		<b>6,135,557</b>
<b>before Tax</b>		<b>5,956,189</b>
Income Tax Expense		<b>0</b>
<b>Profit for the year (Page 8)</b>		<b>149,349</b>

STATEMENT OF FINANCIAL POSITION - YEAR ENDED 31 DECEMBER, 2018

		2018	2017
ASSETS	Note	KES	KES
<b>Non-Current Assets</b>			
Property & Equipment	5	<u>165,993</u>	<u>92,564</u>
<b>Current Assets</b>			
Cash and Bank Balance	8	303,574	3,541,061
Loans Outstanding	6 (a)	46,405,296	35,174,273
Interest Receivable	7	901,487	814,721
Related Party Receivable	12 (ii)	2,044,409	133
Shares on Call	6 (b)	7,399,197	0
Trade Receivables	9	3,011,285	1,447,658
Prepayment		0	9,993
<b>Total Current Assets</b>		<b>60,065,249</b>	<b>40,987,839</b>
<b>Less: Current Liabilities</b>			
Accounts Payables	10	461,092	1,068,904
Related Party payable	12 (i)	447,509	3,999,018
<b>Total Current Liabilities</b>		<b>908,601</b>	<b>5,067,922</b>
<b>Net Current Assets</b>		<b>59,156,648</b>	<b>35,919,916</b>
<b>Net Assets</b>		<b>59,322,641</b>	<b>36,012,480</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	14	30,000,000	9,730,000
Retained Earnings		(4,577,247)	(4,670,188)
<b>Net Shareholders' Equity (Page 8)</b>		<b>25,422,753</b>	<b>5,059,812</b>
<b>Non Current Liabilities</b>			
Borrowing	11	33,899,888	30,952,668
<b>Total Equity and Liabilities</b>		<b>59,322,641</b>	<b>36,012,480</b>

These financial statements were approved by Directors on 21/12/2018, 2019 and signed by:

Rose Wan

  
injhi  
(Director)

BIASHARA NA FEDHA (VSK) LIMITED

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER, 2018

Note		Net Equity	Ordinary Share Capital	Retained Earnings
		KES	KES	KES
<b>Movement in Equity</b>				
<b>Year 2018</b>				
		9,730,000	(4,670,188)	5,059,812
	13	0	(2,143,770)	(2,143,770)
		<b>9,730,000</b>	<b>(6,813,957)</b>	<b>2,916,043</b>
	14	20,270,000	0	20,270,000
		0	2,236,710	2,236,710
		<b>30,000,000</b>	<b>(4,577,247)</b>	<b>25,422,753</b>
<b>Year 2017</b>				
		9,730,000	(4,819,537)	4,910,463
		0	149,349	149,349
		<b>9,730,000</b>	<b>{4,670,188}</b>	<b>5,059,812</b>

STATEMENT OF CASH FLOWS -YEAR ENDED 31 DECEMBER, 2018

	2018	2017
	KES	KES
<b>Cash Flows from Operating Activities</b>		
Profit Before Tax (Page 6)	2,236,710	149,349
Tax Paid	(1,524,591)	(1,277,334)
<b>Adjustments for:</b>		
Prior year adjustment	(2,143,770)	0
Depreciation	26,571	28,336
Net Exchange Loss	232,309	48,600
<b>Working Capital Changes</b>		
(Increase) / Decrease in Trade and Other Receivables	(2,083,446)	2,155,460
Increase in Interest Receivable	(86,633)	(433,396)
(Decrease)/ Increase in Trade and Other Payables	(597,805)	4,008,361
<b>Net Cash Used in / Generated from Operating Activities</b>	<b>(3,940,654)</b>	<b>4,679,376</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b><u>(3,940,654)</u></b>	<b><u>4,679,376</u></b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property and Equipment	(100,000)	0
Increase in Loan Advances	(11,231,023)	(3,909,632)
<b>Net Cash Used in Investing Activities</b>	<b><u>(11,331,023)</u></b>	
	<b><u>(3,909,632)</u></b>	<b>Cash</b>
<b>Flows from Financing Activities</b>		
Issue of Additional Share Capital	20,270,000	0
Borrowing	2,947,220	(1,831,231)
Shares on Call	(7,399,197)	0
Intercompany	(3,551,509)	0
<b>Net Cash Generated From / (Used in) Financing Activities</b>	<b><u>12,266,514</u></b>	<b><u>(1,831,231)</u></b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b><u>(3,005,163)</u></b>	<b><u>(1,061,487)</u></b>
<b>Movement in Cash and Cash Equivalents</b>		
Cash and Cash Equivalents at the start of period	3,541,061	4,553,948
Net Decrease in Cash and Cash Equivalents	(3,005,163)	(1,061,487)
Effects of Exchange Differences	(232,325)	48,600
<b>Cash and Cash Equivalents at end of period</b>	<b><u>303,574</u></b>	<b><u>3</u></b>
<b><u>541,061</u></b>		



**BIASHARA NA FEDHA (VSK) LIMITED**

Independent Auditor's Report - Page 4 to 5

The notes on pages 10 to 16 form part of these financial statements