

TWIN HUTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANY INFORMATION

BOARD OF DIRECTORS	: Dr Moses Kinuthia : Nehemia Ndeta : Caroline Nkatha : Timothy Kuria : Timothy Sarun : Edgar Mokua : Silas Wafula
REGISTERED OFFICE	: 15th Floor, Postbank house : P.O. Box 1567 - 00100 : NAIROBI
INDEPENDENT AUDITOR	: Umuro Wario & Associates : Certified Public Accountants : P.O. Box 37216-00100 : NAIROBI
COMPANY SECRETARIES	: M.L Mugambi : Certified Public Secretaries : P.O Box 1567- 00100 : NAIROBI
PRINCIPAL BANKER	: Kenya Commercial Bank : Sarit Centre Branch : P.O.BOX 45422-00100 : NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2021

PRINCIPAL ACTIVITY

The company's principal activities continue to be resource mobilisation for investment in income generating activities and investment for the benefit of the members.

RESULTS	2021 Shs	2020 Shs
Loss before tax	(384,297)	(269,270)
Tax	<u>(1,079,794)</u>	<u>67,318</u>
Loss for the year	<u><u>(1,464,091)</u></u>	<u><u>(201,953)</u></u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the year

DIRECTORS

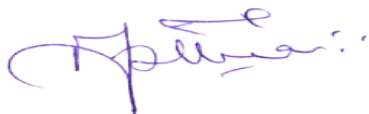
The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

INDEPENDENT AUDITOR

The company's auditor, Umuro Wario & Associates, has expressed willingness to continue in office in accordance with of the Kenyan Companies Act, 2015.

BY ORDER OF THE BOARD



DIRECTOR

9th June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; and that disclose, with reasonable accuracy, the financial position of the company and that enables them to prepare financial statements of the company that comply with the International Financial Reporting Standard for Small and Medium sized Entities (IFRS for SMEs) and the requirements of the Kenyan Companies Act, 2015. 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 the financial statements in accordance with the IFRS for SMEs and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances;

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs and the requirements of the Kenyan Companies Act, 2015.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

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

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on _9th June_ 2022 and signed on its behalf by:



Director



Director



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TWIN HUTS LIMITED

Opinion

We have audited the financial statements of Twin Huts Limited set out on pages 7 to 17, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Twin Huts Limited as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act (Cap. 486).

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 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 other 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.

Other Information

The directors are responsible for the other information. The other information comprises the report of the directors, the manufacturing account and schedule of expenditure and any other reports that comprise the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF TWIN HUTS LIMITED (CONTINUED)**

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan 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 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 company 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 International Standards of Auditing 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 the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF TWIN HUTS LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 control that we identify during our audit.

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Abi Dubat , Practicing certificate. 2464.

Umuro Wario & Associates

**For Umuro Wario & Associates
Certified Public Accountants
NAIROBI**

__14th June_2022

STATEMENT OF PROFIT OR LOSS

	Notes	2021 Shs	2020 Shs
Revenue	2	6,000	-
Administrative expenses		(390,297)	(269,270)
		<u>(384,297)</u>	<u>(269,270)</u>
Tax	4	<u>(1,079,794)</u>	<u>67,318</u>
Loss for the year		<u><u>(1,464,091)</u></u>	<u><u>(201,953)</u></u>

STATEMENT OF FINANCIAL POSITION

	Notes	2021 Shs	2020 Shs
CAPITAL EMPLOYED			
Share capital	5	30,740,000	30,740,000
Share premium		4,540,000	4,540,000
Unallocated shares		72,000	72,000
Membership fees		1,205,340	1,205,340
Revaluation reserve		41,280,155	41,280,155
Retained earnings		8,059,462	9,523,553
Shareholders' funds		85,896,957	87,361,048
Non-current liabilities			
Deferred tax	7	17,323,314	16,243,520
		17,323,314	16,243,520
		103,220,271	103,604,568
REPRESENTED BY			
Non-current assets			
Investments	6	117,059,659	115,979,659
		117,059,659	115,979,659
Current assets			
Tax recoverable		14,000	14,000
Receivables	8	3,206,885	3,206,885
Cash and cash equivalents	9	1,755,180	2,190,614
		4,976,065	5,411,499
Current liabilities			
Trade and other payables	10	18,815,453	17,786,590
		18,815,453	17,786,590
Net current assets		(13,839,388)	(12,375,091)
		103,220,271	103,604,568

The financial statements on pages 7 to 17 were approved and authorised for issue by the Board of Directors on _____ 2022 and were signed on its behalf by:

Director

Director

STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Membership fees Shs	Revaluation reserve Shs	Retained earnings Shs	Total Shs
Year ended 31 December 2020					
At start of year	35,352,000	1,205,340	41,280,155	9,725,506	87,563,001
Loss for the year	-	-	-	(201,953)	(201,953)
At end of year	<u>35,352,000</u>	<u>1,205,340</u>	<u>41,280,155</u>	<u>9,523,553</u>	<u>87,361,048</u>
Year ended 31 December 2021					
At start of year	35,352,000	1,205,340	41,280,155	9,523,553	87,361,048
Loss for the year	-	-	-	(1,464,091)	(1,464,091)
At end of year	<u>35,352,000</u>	<u>1,205,340</u>	<u>41,280,155</u>	<u>8,059,462</u>	<u>85,896,957</u>

STATEMENT OF CASH FLOWS

	2021 Shs	2020 Shs
Cash flows from operating activities		
Loss before tax	(384,297)	(269,270)
Adjustments for:		
- trade and other payables	<u>1,028,863</u>	<u>2,114,124</u>
Cash from operations	644,566	1,844,854
Interest paid	<u> </u>	<u> </u>
Net cash from operating activities	<u>644,566</u>	<u>1,844,854</u>
Investing activities		
Investments	<u>(1,080,000)</u>	<u>(1,247,690)</u>
Net cash (used in) investing activities	<u>(1,080,000)</u>	<u>(1,247,690)</u>
(Decrease)/increase in cash and cash equivalents	<u>(435,434)</u>	<u>597,165</u>
Movement in cash and cash equivalents		
At start of year	2,190,614	1,593,450
(Decrease)/increase	<u>(435,434)</u>	<u>597,165</u>
At end of year	<u>1,755,180</u>	<u>2,190,614</u>

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NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SME's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Notes 1 (b) and (c).

These financial statements comply with the requirements of the Companies Act, 2015. The statement of profit or loss represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the director's report and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Useful lives of equipment and intangible assets** - Management reviews the useful lives and residual values of the items of equipment and intangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) Significant judgements made by management in applying the company's accounting policies

The directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

- **Impairment of receivables** - the company reviews their portfolio of receivables on a periodic basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, in the ordinary course of business.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria has been met for company's activities. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

e) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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 company and the cost can be reliably measured. 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.

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, net of bank overdrafts.

h) Payables

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

i) Taxation

The tax expense for the year comprises current and deferred tax and is recognised in profit or loss.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

k) Share capital

Ordinary shares are classified as equity.

l) Comparatives

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

NOTES (CONTINUED)

	2021 Shs	2020 Shs
2. Revenue		
Interest income	-	-
Subscription fees	6,000	-
Dividend income	-	-
	<u>6,000</u>	<u>-</u>
3. Operating loss		
The following items have been charged/(credited) in arriving at the operating loss:		
Auditors' remuneration		
- current year	94,000	85,500
Directors' sitting allowance	<u>101,000</u>	<u>-</u>
4. Tax		
Deferred tax	<u>(1,079,794)</u>	<u>67,318</u>
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Loss before tax	<u>(384,297)</u>	<u>(269,270)</u>
Tax calculated at a tax rate of 30%.	(115,289)	(67,318)
Tax effect of:		
- overprovision of deferred tax in prior year	<u>(964,505)</u>	<u>-</u>
Tax credit	<u>(1,079,794)</u>	<u>(67,318)</u>
5. Share capital		
Authorised, Issued and fully paid:		
3,074 (2020: 3,074) ordinary shares of Shs. 10,000 each	<u>30,740,000</u>	<u>30,740,000</u>
6. Investments		
Windsor estate	70,000,000	70,000,000
Gatkeyland Limited (25% stake)	25,543,000	25,543,000
Syokimau Project	16,617,856	16,617,856
Low Cost Housing Project	<u>4,898,803</u>	<u>3,818,803</u>
	<u>117,059,659</u>	<u>115,979,659</u>

NOTES (CONTINUED)

7. Deferred tax

Deferred tax is calculated in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:

Year ended 31st December 2021	At start of year	Credited to profit or loss	At end of year
Deferred tax asset			
Tax loss carried forward	1,335,286	(1,079,794)	255,491
	<u>1,335,286</u>	<u>(1,079,794)</u>	<u>255,491</u>
Deferred tax liability			
Revaluation surplus	17,578,805	-	17,578,805
Net deferred tax liability recognised	<u>(16,243,520)</u>	<u>(1,079,794)</u>	<u>(17,323,314)</u>

Year ended 31st December 2020

Deferred tax asset			
Tax loss carried forward	1,267,968	67,318	1,335,286
	<u>1,267,968</u>	<u>67,318</u>	<u>1,335,286</u>
Deferred tax liability			
Revaluation surplus	17,578,805	-	17,578,805
Net deferred tax liability recognised	<u>(16,310,837)</u>	<u>67,318</u>	<u>(16,243,520)</u>

**2021
Shs**

**2020
Shs**

8. Receivables

Gatkeyland	3,175,885	3,175,885
Other receivables	<u>31,000</u>	<u>31,000</u>
	<u>3,206,885</u>	<u>3,206,885</u>

9. Cash and cash equivalents

Cash at bank	<u>1,755,180</u>	<u>2,190,614</u>
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For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

Cash at bank	<u>1,755,180</u>	<u>2,190,614</u>
	<u>1,755,180</u>	<u>2,190,614</u>

10. Payables and accruals

Owed to Low Cost Housing	12,720,095	14,596,095
Audit fees	87,000	80,000
Wilfred Kigo Njiri	30,072	30,072
LCH rent payable	5,695,198	2,737,335
Other payables	<u>283,088</u>	<u>343,088</u>
	<u>18,815,453</u>	<u>17,786,590</u>

NOTES (CONTINUED)

11. Incorporation

Twin Huts Limited is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company and is domiciled in Kenya.

12. Presentation currency

These financial statements are presented in Kenya Shillings (Shs.).

SCHEDULE OF EXPENDITURE

	2021 Shs	2020 Shs
1. ADMINISTRATIVE EXPENSES		
Salaries and wages	84,000	84,000
Bank charges	4,320	4,320
Post box rental	-	9,450
Directors sitting allowance	101,000	-
Meeting expenses	35,977	18,000
Website maintenance	14,000	12,700
Audit fees	94,000	85,500
Miscellaneous consumables	-	5,300
Repair & maintenance	7,000	-
Professional fees	50,000	50,000
	<hr/>	<hr/>
Total administrative expenses	390,297	269,270
	<hr/>	<hr/>