

TWIN HUTS LIMITED

**REPORTS AND
FINANCIAL STATEMENTS**

31 DECEMBER 2015

TWIN HUTS LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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TWIN HUTS LIMITED

CORPORATE INFORMATION

DIRECTORS

S.M Karima	Chairman
S.G Mwangi	Vice-chairman
I. Nyakera	Treasurer
N. Ndeta	
I.G Maina	
E. Kalya	
J Wanjiru	

SECRETARY

M.L Mugambi
P.O. Box 1567 – 00100
Nairobi

REGISTERED OFFICE

15th Floor, Postbank house
P.O. Box 1567 – 00100
Nairobi

AUDITORS

Umuro Wario and Associates
Certified Public Accountants
P.O. Box 50051-00100
Nairobi.

BANKERS

Kenya Commercial Bank Limited
P.O. Box 45422 – 00100
Nairobi.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

RESULTS

	KSh
Profit before taxation	53,749
Taxation charge	(16,125)
	<hr/>
Profit for the year transferred to revenue reserve	37,624

The present directors are set out on page 2.

Umuro Wario & Associates have expressed their willingness to continue in office in accordance with the provisions of Section 159 (2) of the Companies Act.

MUNGANIA, L. MUGAMBI
CERTIFIED PUBLIC SECRETARY
No. MCPSB/567
Box 1567 - 00100, NRB. TEL: 225099

SECRETARY

10th May 2016

Nairobi

TWIN HUTS LIMITED

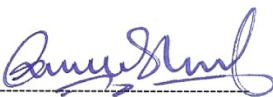
STATEMENT OF DIRECTORS' RESPONSIBILITIES


The Kenyan Companies Act 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 the operating results of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

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 in the manner required by the Kenyan Companies Act and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.


Director


Director

10th May 2016



UMURO WARIO & ASSOCIATES

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TWIN HUTS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Twin Huts Limited set out on pages 7 to 17 which comprise the statement of financial position as at 31 December 2015, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes.

Directors' Responsibility 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 Kenyan Companies Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation and of financial statements that give a true and fair view in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of Twin Huts Limited as at 31 December 2015 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Suite A3 MNG Apartments, United Bible Societies Turnoff, Ndemi road, Off Ngong road
P.O. BOX 50051 - 00100 Nairobi.

Tel: +254 202427610 Cell: +254 718944466/ +254 722709615



UMURO WARIO & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TWIN HUTS LIMITED
(Continued)

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

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

The engagement partner responsible for the audit resulting in this independent auditors report is
CPA Umuro Wario Galgalo – P/No. 1472.

Umuro Wario & Associates

Certified Public Accountants (Kenya)

Nairobi, Kenya



2016

TWIN HUTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 Shs	2014 Shs
INVESTMENT INCOME	3	1,765,060	1,891,406
ADMINISTRATION EXPENSES	4	(1,711,311)	(891,890)
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		53,749	999,516
TAXATION CHARGE	5 (a)	(16,125)	(299,854)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		37,624	699,662
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Surplus on revaluation of investment		-	-
Deferred taxation on revaluation surplus	8	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		37,624	699,662
		<hr/> <hr/>	<hr/> <hr/>

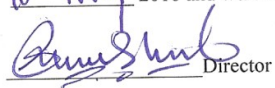
TWIN HUTS LIMITED

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Notes	2015 Shs	2014 Shs
ASSETS			
Non-current assets			
Office equipment	10	30,306	45,020
Investments	11	91,000,000	71,000,000
Loan to members	12	-	-
		<hr/>	<hr/>
		91,030,306	71,045,020
		<hr/>	<hr/>
Current assets			
Tax recoverable		14,000	215,958
Deposit for land		-	20,000,000
Receivables	6	7,826,525	-
Other receivables		47,000	-
Cash and bank balances	13(b)	2,033,364	5,756,514
		<hr/>	<hr/>
		9,920,889	25,927,473
		<hr/>	<hr/>
Total assets		<u>100,951,195</u>	<u>97,017,493</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	29,840,000	28,800,000
Share premium		2,740,000	660,000
Unallocated shares		72,000	72,000
Membership fees		888,340	680,340
Revaluation surplus		41,280,155	41,280,155
Revenue reserve		7,155,469	7,117,845
		<hr/>	<hr/>
Shareholders' funds		81,975,964	78,610,340
		<hr/>	<hr/>
Non-current liabilities			
Deferred taxation	8	17,578,805	17,578,518
		<hr/>	<hr/>
		17,578,805	17,578,518
		<hr/>	<hr/>
Current liabilities			
Payables and accruals	9	1,380,588	529,088
Taxation payable		15,838	299,546
		<hr/>	<hr/>
		1,396,426	828,634
		<hr/>	<hr/>
Total equity and liabilities		<u>100,951,195</u>	<u>97,017,493</u>

The financial statements on pages 7 to 17 were approved and authorised for issue by the board of directors on

10th May 2016 and were signed on its behalf by:

 Director

 Director

TWIN HUTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital Shs	Membership fees Shs	Revaluation surplus Shs	Revenue reserve Shs	Total equity Shs
At 1 Jan 2015	29,532,000	680,340	41,280,155	7,117,845	78,610,340
Registration	3,120,000	208,000	-	-	3,328,000
Profit for the year	-	-	-	37,624	37,624
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	37,624	37,624
At 31 December 2015	<u>32,652,000</u>	<u>888,340</u>	<u>41,280,155</u>	<u>7,155,469</u>	<u>81,975,964</u>
At 1 Jan 2014	29,532,000	586,340	41,280,155	12,218,183	83,616,678
Profit for the year	-	-	-	699,662	699,662
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	699,662	699,662
Registration	-	94,000	-	-	94,000
Dividends paid				<u>(5,800,000)</u>	<u>(5,800,000)</u>
At 31 December 2014	<u>29,532,000</u>	<u>680,340</u>	<u>41,280,155</u>	<u>7,117,845</u>	<u>78,610,340</u>

The revaluation surplus is not distributable and represents the surplus arising from the revaluation of the Windsor estate

Revenue reserve represents accumulated profit from the normal operations of the company

TWIN HUTS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 Shs	2014 Shs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13(a)	13,130,640	25,712,827
Taxation paid		(155,291)	(2,110,574)
		<hr/>	<hr/>
Net cash generated from operating activities		12,975,349	23,602,253
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(20,000,000)	1,980,781
Purchase of plant and equipment		(26,499)	(58,000)
Loan to member		-	4,719,928
		<hr/>	<hr/>
Net cash generated from investing activities		(20,026,499)	6,642,709
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Membership fees		208,000	-
Share capital		1,040,000	-
Share premium		2,080,000	-
Dividends		-	(5,800,000)
Deposits		-	(20,000,000)
		<hr/>	<hr/>
Net cash used in financing activities		3,328,000	(25,706,000)
		<hr/>	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS		(3,723,150)	4,538,962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,756,514	1,217,552
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	13(b)	<u>2,033,364</u>	<u>5,756,514</u>

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES

Statement of compliance

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

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

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC)

- (i) *Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2014*

New and Amendments to the standards

*Effective for annual periods
beginning on or after*

IFRS 9, Financial Instruments

1 January 2015

Amendments to IFRS 9 and IFRS 7, Mandatory Effective Date of
IFRS 9 and Transition Disclosures

1 January 2015

- (ii) *Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 31 December 2014 and future annual periods*

- **IFRS 9, Financial Instruments**

IFRS 9 *Financial Instruments* issued in November 2010 and amended in October 2010 and December 2013 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for de-recognition.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that IFRS 9 will be adopted in the company's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 will not have a significant impact on amounts reported in respect of the company's financial assets and financial liabilities.

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Basis of preparation

The financial statements are prepared under the historical cost convention. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out below:

Revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Plant and equipment

Plant and equipment are stated at cost or as professionally revalued less accumulated depreciation.

The basis of valuation of the plant and machinery is the depreciated replacement cost.

Plant and machinery are revalued at periodic intervals, usually after every five years.

Increases in the carrying amounts of property, plant and equipment resulting from revaluation are recognised in other comprehensive income and accumulated in equity under the heading revaluation surplus. However, an increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Decreases that offset previous increases of the same asset are recognised in other comprehensive income and charged against the revaluation surplus; all other decreases are charged to profit or loss.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined are carried at cost, less any identified impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use

Depreciation

Depreciation is calculated to write off the cost or revaluation of plant and equipment on the straight line basis over their expected remaining useful lives. The annual rates used are:

Computer and office equipment	30%
Furniture and fittings	12.5%

Impairment

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

Any impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income immediately.

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Taxation

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred taxation is provided, under 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 income taxation.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the banks repayable within three months from the dates of advance.

Comparatives

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Property, plant and equipment

Critical estimates are made by the company management, in determining depreciation rates for plant and equipment. Plant and equipment are depreciated over their useful lives taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by technology innovations, maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight line which may not represent the actual usage of the asset.

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2015 Shs	2014 Shs
3	INVESTMENT INCOME		
	Interest income	1,765,060	1,891,406
		<u>1,765,060</u>	<u>1,891,406</u>
4	ADMINISTRATION EXPENSES		
	Salaries and wages	666,288	140,000
	Rent	111,000	-
	Bank charges	9,970	9,795
	Telephone	39,649	-
	Box rental	6,960	6,960
	Marketing expenses	199,700	-
	Shares commission	63,413	-
	Directors sitting allowance	201,030	274,865
	Professional fees – legal fees , returns	-	23,200
	Meeting expenses	74,270	16,500
	Photocopying and stationery	4,170	-
	Miscellaneous consumables	-	5,000
	Transport	53,797	-
	Audit fees	75,400	75,400
	Income tax penalties	83,588	-
	PAYE	26,293	-
	NSSF	10,560	-
	NHIF	9,800	-
	Valuation fees	-	30,000
	Directors retreat/Strategic Plan expenses	53,820	265,560
	OSS annual dinner	-	25,000
	Depreciation	21,603	19,610
		<u>1,711,311</u>	<u>891,890</u>
5	TAXATION		
(a)	Taxation charge:		
	Current taxation charge	15,838	299,546
	Deferred taxation charge – current year	287	309
		<u>16,125</u>	<u>299,854</u>
(b)	Reconciliation of taxation charge to expected tax based on accounting profit:		
	Accounting profit before taxation	<u>53,749</u>	<u>999,516</u>
	Tax at the applicable rate of 30%	<u>16,125</u>	<u>299,854</u>
	Taxation charge	<u>16,125</u>	<u>299,854</u>

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2015 Shs	2014 Shs
6 RECEIVABLES		
Receivables - Gatkeyland	7,826,525	-
	<u>7,826,525</u>	<u>-</u>
7 SHARE CAPITAL		
Authorised, issued and fully paid: 2,984 (2014 : 2,880) ordinary shares at Shs 10,000	<u>29,840,000</u>	<u>28,800,000</u>
8 DEFERRED TAXATION		
Deferred taxation is calculated on all temporary differences under the liability method using the currently enacted rate of 30%.		
The net deferred tax liability is made up as follows:		
Accelerated capital allowances	(1,947)	(2,234)
Tax losses	-	-
Revaluation surplus	17,580,752	17,580,752
	<u>17,578,805</u>	<u>17,578,518</u>
Movement on the deferred tax account is as follows:		
At beginning of year	17,578,518	17,578,209
Profit or loss credit/(charge) (note 6)	287	309
Charged to other comprehensive income	-	-
	<u>17,578,805</u>	<u>17,578,518</u>
9 PAYABLES AND ACCRUALS		
Audit fees	75,400	70,000
Wilfred Kigo Njiri	30,072	30,072
Transfer costs-Gatkeyland	1,095,000	-
Other payables	180,116	429,016
	<u>1,380,588</u>	<u>529,088</u>

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2015 Shs	2014 Shs
10 OFFICE EQUIPMENT		
Opening NBV	45,020	6,630
Additions	26,499	58,000
Depreciation	(41,213)	(19,610)
	<u>30,306</u>	<u>45,020</u>
11 INVESTMENTS		
Kenya government securities	1,000,000	1,000,000
Windsor estate	70,000,000	70,000,000
Gatkeyland Limited (25% stake)	20,000,000	-
	<u>91,000,000</u>	<u>71,000,000</u>
12 LOAN TO MEMBERS		
At start of the year	-	4,719,928
Interest receivable	-	300,000
Loan recovered	-	(5,019,928)
	<u>-</u>	<u>-</u>
At end of year	-	-
13 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	37,624	999,516
Adjustments for:		
Depreciation (note 7)	21,603	19,610
Surplus from valuation of investments		-
Working capital changes:		
(Increase)/decrease in receivables	(7,826,525)	25,321,000
Increase in payables and accruals	851,500	(627,299)
Deposits	20,000,000	-
Tax recoverable	105,665	-
	<u>13,130,640</u>	<u>25,712,827</u>
(b) Analysis of cash and cash equivalents		
Bank balances	<u>2,033,364</u>	<u>5,756,514</u>

TWIN HUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 INCORPORATION

The company is incorporated in Kenya under the Companies Act.

15 CURRENCY

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