

HESTER BIOSCIENCES KENYA LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

COMPANY INFORMATION

BOARD OF DIRECTORS	: Rajiv Gandhi (India) : Darayus Lakdawalla (India)
REGISTERED OFFICE	: Plot L.R No 7158/602 : Kalamu House, Grevillea Groove, Westlands : P.O. Box 47323, 00100 : NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya LLP : Certified Public Accountants : P.O. Box 14077, 00800 : NAIROBI
COMPANY SECRETARY	: Equatorial Secretaries and Registrars : Certified Public Secretaries : P.O. Box 47323, 00100 : NAIROBI
PRINCIPAL BANKER	: Standard Chartered Bank of Kenya Limited : NAIROBI
SUBSIDIARY	: Hester Biosciences Tanzania Limited : TANZANIA

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of its profit or loss for that year. The directors are responsible for maintaining proper accounting records that disclose, with reasonable accuracy, the financial position of the group and the company and that enable them to prepare financial statements of the group and the company that comply with the International Financial Reporting Standard. 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 International Financial Reporting Standard. 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 group and the company as at 31 March 2021 and of the group and company's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard.

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 26/03/2021 2021 and signed on its behalf by:



DIRECTOR



DIRECTOR



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**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF HESTER BIOSCIENCES KENYA LIMITED**

Opinion

We have audited the financial statements of Hester Biosciences Kenya Limited and its subsidiaries (the group) set out on pages 6 to 26, which comprise the consolidated and company statements of financial position as at 31 March 2021, consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity, consolidated and company 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 the Hester Biosciences Kenya Limited as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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.

Restriction on use

We draw attention to note 1(a) of the financial statements which describes the basis of preparation. The financial statements have been prepared to assist the parent company prepare combined financial statements and as a result may not be suitable for any purpose. Our report is intended solely for management of Hester Biosciences Kenya Limited and should not be used by parties other than these. Our report is not modified in that aspect

Other matters

The holding company's year end is 31 December, hence the last general purpose financial statements were 31 December 2020. This is the third set of special purpose financial statements prepared for the company as at 31 March 2021. The comparative are derived from the management accounts as at 31 March 2020 and partly from audited accounts for 31 December 2020.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF HESTER BIOSCIENCES KENYA LIMITED (CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises group information, report of the directors, statement of directors responsibilities, consolidated and company manufacturing account and consolidated and company schedule of expenditure 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.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, 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 consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF HESTER BIOSCIENCES KENYA LIMITED (CONTINUED)**

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Mike Njuguna Kimundu, Practising certificate No. 2235



**For and on behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya**

26 July, _____ **2021**

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Company	
		2021 Shs	2020 Shs	2021 Shs	2020 Shs
Revenue	2	59,842,403	39,344,029	-	-
Cost of sales		<u>(50,289,714)</u>	<u>(30,138,743)</u>	-	-
Gross profit		9,552,689	9,205,286	-	-
Other operating income	3	-	1,412,127	-	1,412,127
Administrative expenses		(14,431,095)	(12,372,968)	(1,166,729)	(1,711,033)
Other operating expenses		<u>(2,938,089)</u>	<u>(3,573,806)</u>	-	(1,750)
Operating (loss)	4	(7,816,495)	(5,329,361)	(1,166,729)	(300,656)
Finance income		<u>844,880</u>	<u>2,792,313</u>	<u>2,307,413</u>	<u>1,663,268</u>
(Loss)/profit before tax		(6,971,615)	(2,537,048)	1,140,684	1,362,612
Tax charge	5	<u>(299,250)</u>	-	-	-
(Loss)/profit for the year		<u><u>(7,270,865)</u></u>	<u><u>(2,537,048)</u></u>	<u><u>1,140,684</u></u>	<u><u>1,362,612</u></u>
Other comprehensive income					
Currency translation		<u>2,268,153</u>	<u>3,022,138</u>	-	-
Total other comprehensive (loss)/incom		<u><u>(5,002,712)</u></u>	<u><u>485,090</u></u>	<u><u>1,140,684</u></u>	<u><u>1,362,612</u></u>

The notes on pages 11 to 26 form an integral part of these financial statements.

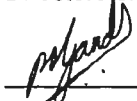

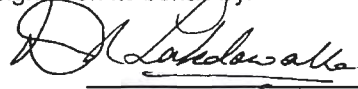

Report of the independent auditor - pages 3 to 5.

STATEMENT OF FINANCIAL POSITION

CAPITAL EMPLOYED	Notes	Group As at 31 March		Company As at 31 March	
		2021 Shs	2020 Shs * As restated	2021 Shs	2020 Shs * As restated
Share capital	7	15,060,300	15,060,300	15,060,300	15,060,300
Capital grant	8	56,169,607	56,169,607	56,169,606	56,169,606
Capital contribution	17	50,675,949	50,675,949	50,675,949	50,675,949
Translation reserve		1,988,331	(279,822)	-	-
Accumulated losses		(30,196,002)	(22,925,137)	(9,647,399)	(10,788,083)
Shareholders' funds		93,698,185	98,700,897	112,258,456	111,117,772
Non current liabilities					
Lease liabilities		1,144,945	-	-	-
		94,843,130	98,700,897	112,258,456	111,117,772
REPRESENTED BY					
Non-current assets					
Property and equipment	9	2,482,774	805,438	-	-
Right-of-use assets	10	4,170,869	-	-	-
Investment in subsidiary	11	-	-	56,169,606	56,169,606
		6,653,643	805,438	56,169,606	56,169,606
Current assets					
Inventories	12	14,549,531	8,934,371	-	-
Trade and other receivables	13	103,855,182	101,955,060	53,012,495	50,832,657
Cash and cash equivalents	14	14,054,669	8,311,329	3,447,695	4,453,256
		132,459,382	119,200,760	56,460,190	55,285,913
Current liabilities					
Trade and other payables	15	42,339,648	21,305,301	371,340	337,747
Lease Liabilities	16	1,628,113	-	-	-
Current tax		302,134	-	-	-
		44,269,895	21,305,301	371,340	337,747
Net current assets		88,189,487	97,895,459	56,088,850	54,948,166
		94,843,130	98,700,897	112,258,456	111,117,772

The financial statements on pages 6 to 26 were authorised and approved for issue by the Board of

Directors on 26/05/2021 2021 and were signed on its behalf by:

 **DIRECTOR**   **DIRECTOR** 

The notes on pages 11 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 3 to 5.

* Refer to Note 18

Hester Biosciences Kenya Limited
 Report and consolidated financial statements
 For the year ended 31 March 2021

STATEMENT OF CHANGES IN EQUITY

Group		Share capital Shs	Capital grant Shs	Capital contribution Shs	Translation reserve Shs	Accumulated losses Shs	Total Shs
Year ended 31 March 2020	Note						
At start of year as previously stated		15,060,300	57,232,375	-	(3,301,960)	30,287,860	99,278,575
Prior year adjustments:							
- transfer to capital contribution	17	-	-	50,675,949	-	(50,675,949)	-
*As restated		15,060,300	57,232,375	50,675,949	(3,301,960)	(20,388,089)	99,278,575
Capital grant released on disposal		-	(1,062,768)	-	-	-	(1,062,768)
Total other comprehensive profit/(loss)		-	-	-	3,022,138	(2,537,048)	485,090
At end of year		<u>15,060,300</u>	<u>56,169,607</u>	<u>50,675,949</u>	<u>(279,822)</u>	<u>(22,925,137)</u>	<u>98,700,897</u>
Year ended 31 March 2021							
At start of year		15,060,300	56,169,607	-	(279,822)	27,750,812	98,700,897
Prior year adjustments:							
- transfer to capital contribution	17	-	-	50,675,949	-	(50,675,949)	-
		15,060,300	56,169,607	50,675,949	(279,822)	(22,925,137)	98,700,897
Total other comprehensive profit/(loss)		-	-	-	2,268,153	(7,270,865)	(5,002,712)
At end of year		<u>15,060,300</u>	<u>56,169,607</u>	<u>50,675,949</u>	<u>1,988,331</u>	<u>(30,196,002)</u>	<u>93,698,185</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 3 to 5.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Company		Share capital Shs	Capital grant Shs	Capital contribution Shs	Accumulated losses Shs	Total Shs
Year ended 31 March 2020	Note					
At start of year as previously stated		15,060,300	57,232,375	-	38,525,254	110,817,929
Prior year adjustments:						
- transfer to capital contribution	17	-	-	50,675,949	(50,675,949)	-
*As restated		15,060,300	57,232,375	50,675,949	(12,150,695)	161,493,878
Capital grant released on disposal		-	(1,062,769)	-	-	(1,062,769)
Total other comprehensive profit		-	-	-	1,362,612	1,362,612
At end of year		<u>15,060,300</u>	<u>56,169,606</u>	<u>50,675,949</u>	<u>(10,788,083)</u>	<u>161,793,721</u>
Year ended 31 March 2021						
At start of year		15,060,300	56,169,606	-	39,887,866	161,793,721
Prior year adjustments:						
- transfer to capital contribution	17	-	-	50,675,949	(50,675,949)	-
		15,060,300	56,169,606	50,675,949	(10,788,083)	161,793,721
Total other comprehensive (loss)		-	-	-	1,140,684	1,140,684
At end of year		<u>15,060,300</u>	<u>56,169,606</u>	<u>50,675,949</u>	<u>(9,647,399)</u>	<u>162,934,405</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 3 to 5.

STATEMENT OF CASH FLOWS

Cash from/(used in) operations	Notes	Group As at 31 March		Company As at 31 March	
		2021 Shs	2020 Shs	2021 Shs	2020 Shs
(Loss)/profit before tax		(6,971,615)	(2,537,048)	1,140,684	1,362,612
Adjustments for:					
Depreciation on equipment	9	201,605	109,146	-	3,062
Changes in working capital:					
- inventory	12	(5,615,160)	(2,307,433)	-	-
- trade and other receivables	13	(1,900,122)	(5,911,835)	(2,179,838)	(1,919,004)
- being disposal of shares	11	-	(1,062,768)	-	-
- trade and other payables	15	21,034,347	9,683,134	33,593	(673,947)
Net cash from/(used in) operating activities		<u>6,749,055</u>	<u>(2,026,804)</u>	<u>(1,005,561)</u>	<u>(1,227,277)</u>
Investing activities					
Cash used in purchase of equipment	9	<u>(1,828,054)</u>	<u>(360,642)</u>	-	-
Net cash (used in) operating activities		<u>(1,828,054)</u>	<u>(360,642)</u>	-	-
Increase/(decrease) in cash and cash equivalents		<u>4,921,001</u>	<u>(2,387,446)</u>	<u>(1,005,561)</u>	<u>(1,227,277)</u>
Movement in cash and cash equivalents					
At start of year		8,311,329	7,707,346	4,453,256	5,680,533
Translation adjustment		822,339	2,991,429	-	-
Increase/(decrease)		<u>4,921,001</u>	<u>(2,387,446)</u>	<u>(1,005,561)</u>	<u>(1,227,277)</u>
At end of year	14	<u>14,054,669</u>	<u>8,311,329</u>	<u>3,447,695</u>	<u>4,453,256</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 3 to 5.

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.

Transition to the IFRS

The group's financial statements for the year ended 31 March 2021 are its first annual financial statements prepared under accounting policies that comply with the International Financial Reporting Standard. The financial statements for the previous period were prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. Material change in transition include recognition of right of use-assets and lease liabilities. Impairment impact assessment on receivable balances has not had a material impact on the financial statements.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the group is set out in the report of the directors and in the statement of profit or loss and retained earnings. The financial position of the group is set out in the statement of financial position.

During the year ended 31 March 2021 the group incurred a loss of Shs. 7,270,865 (2020: Shs. 2,537,048). The directors are of the opinion that the group will remain a going concern for the foreseeable future.

Based on the financial performance and position of the group and its risk management policies, the directors are of the opinion that the group 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.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New and amended standards adopted by the group

The group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018: The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the group.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018): The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS

Amendments to IFRS 3: Definition of a Business (issued in October 2018): The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. These amendments had no impact on the financial statements of the group, but may impact future periods should the group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (issued in September 2019): The amendments, applicable to annual periods beginning on or after 1 January 2020, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the group as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (issued on 28 May 2020): The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the group.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these consolidated financial statements the following standards and interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
- Amendments to IFRS 3 Business Combinations - The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The group plans to apply the changes above from their effective dates.

b) Critical Accounting Estimates and Judgement

In the application of the accounting policies, the Directors are required to make 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.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical Accounting Estimates and Judgement (continued)

- Measurement of Expected Credit Losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
 - Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
 - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.
- Assessment of significant increase in credit risk:**
The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical Accounting Estimates and Judgement (continued)

- Assessment of significant increase in credit risk (continued):

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- Useful lives, depreciation methods and residual values of property and equipment and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment and right-of-use assets are disclosed in notes 9 and 10 respectively.

- Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the Organisation: -

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g.. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Organisation is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Organisation is typically reasonably certain to extend (or not terminate).
- Otherwise, the Organisation considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Organisation could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Organisation becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The group 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 have been met for the group's activities. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Sales of goods are recognised upon delivery of products and customer acceptance.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

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. Land, buildings and plant and machinery are subsequently shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is delimitated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve in equity through the statement of other comprehensive income. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost 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.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property, plant and equipment (continued)

Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Leasehold land and buildings are depreciated over the remaining period of the lease, on a straight line basis. Depreciation on all other assets is calculated on a straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Motor vehicles	25.00%
Furniture and fittings	12.50%
Computers and equipment	12.50%

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 property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

f) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the group has power over the investee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The purchase method of accounting is used to account for the acquisition of a subsidiary by the group. The cost of an acquisition is measured at the fair value of consideration given (i.e. the fair values of assets given, equity instruments issued and liabilities incurred or assumed, plus costs that can directly attributed to the acquisition) at the date of exchange. Identifiable assets acquired, liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill generated on the acquisition of a subsidiary is subject to annual impairment review. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference (negative goodwill) is recognised directly in profit or loss as income.

Subsidiaries are fully consolidated from the date at which the group starts controlling them and are de-consolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

All financial assets are recognised initially using the trade date accounting which is the date the group commits itself to the purchase or sale.

- Financial assets

The group classifies its financial assets into the following:

i) Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognised.

At initial recognition of a financial asset, the group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the group has not identified a change in its business models.

Derecognition/write off

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

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

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

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

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial instruments (continued)

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

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

- Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at **amortised cost**.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

- Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a currently enforceable legal right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of all inventories comprises raw materials, direct labour, other direct costs and related production overheads, attributable to bringing the inventory to its present location and condition but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks net of bank overdrafts.

In the statement of financial position, bank overdrafts and advances from related parties, which are specifically used to fund working capital requirements are included within borrowings in current liabilities.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Taxation

The tax expense for the period comprises current and deferred tax. Tax 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.

k) Accounting for leases

The group as lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

Leased assets are recorded at historical cost less depreciation.

Depreciation is calculated on the straight line basis to write down the cost of leased assets to their residual values over their estimated useful life using annual rates consistent with the normal depreciation policies for similar assets under property, plant and equipment.

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

The group as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used.

For leases that contain non-lease components, the group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the group at the end of the lease term, the estimated useful life would not exceed the lease term.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Accounting for leases (continued)

The group as lessee (continued)

In cases where the right-of-use assets include a class of asset that is not present under property, plant and equipment, the entity must disclose the depreciation rates applicable to the assets classified under right-of-use Assets. The disclosure may be similar to the depreciation rate under the policy for property, plant and equipment.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the retained earnings to revaluation surplus reserve.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

The above accounting policy has been applied from 1 January 2019. Note 1 (a) sets out the equivalent policy applied in the previous year and the impact of the change in accounting policy.

l) Capital grant

These represents grants received for the purpose of capital expenditure including investments

Grants received for investments are classified as part of capital employed if there are no specific conditions on disposal. Where there are conditions in the event of disposal the same is classified as non-current liabilities.

m) Retirement benefit obligations

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

n) Employee entitlements

Employee entitlements to gratuity and long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

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

o) Share capital

Ordinary shares are classified as equity.

p) Comparatives

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

NOTES (CONTINUED)

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
2. Revenue				
Revenue from sale of goods	59,842,403	39,344,029	-	-
3. Other operating income				
Capital grant released on disposal	-	1,062,768	-	1,062,768
Related party balances	-	349,359	-	349,359
	-	1,412,127	-	1,412,127
4. Operating (loss)				
The following items have been charged in arriving at the operating (loss):				
Depreciation on equipment (Note 9)	201,605	109,146	-	1,750
Audit fees	1,752,973	535,944	732,700	332,000
Rent and rates	-	2,676,742	-	-
Repairs and maintenance	-	9,656	-	-
Staff costs (Note 6)	4,771,442	5,366,188	-	-
5. Tax				
Current tax	299,250	-	-	-
The tax on the group's (loss)/profit before tax differs from the theoretical amount that would arise using the basic rate as follows:				
(Loss)/profit before tax	(6,971,615)	(2,537,048)	1,140,684	1,362,612
Tax calculated at a tax rate of 30% (2020: 30%)	(2,091,485)	(761,114)	342,205	408,784
Tax effect of:				
- expenses not deductible for tax purposes	2,390,735	761,114	(342,205)	(408,784)
Tax	299,250	-	-	-
6. Staff costs				
Salaries and wages	4,583,740	5,134,739	-	-
Pension costs:				
- National Social Security Fund	147,315	180,344	-	-
- W.C.F Expenses	40,387	51,105	-	-
	4,771,442	5,366,188	-	-
7. Share capital				
Authorised:				
151,000 (2020: 151,000 ordinary shares of Shs. 100 each)	15,100,000	15,100,000	15,100,000	15,100,000
Issued and fully paid:				
150,603 (2020: 150,603) ordinary shares of Shs. 100 each	15,060,300	15,060,300	15,062,810	15,060,300
8. Capital grant				
Capital grant	56,169,606	56,169,606	56,169,606	56,169,606
The capital grant were funds received specifically for purpose of purchasing shares in Hester Biosciences Tanzania Limited.				

NOTES (CONTINUED)

9. Equipment

Group

	Furniture and fittings Shs	Computers and equipment Shs	Office Equipment Shs	Total Shs
As at 31 March 2021				
Cost				
At start of year	353,237	71,741	603,887	1,028,865
Additions	52,379	348,974	1,426,701	1,828,054
Transfer adjustments	15,883	6,516	39,397	61,796
At end of year	421,499	427,231	2,069,985	2,918,715
Depreciation				
At start of year	92,101	14,258	117,068	223,427
Charge for the year	50,946	99,770	50,890	201,605
Transfer adjustments	4,498	1,592	4,820	10,909
At end of year	147,544	115,619	172,778	435,941
Net book values	273,955	311,612	1,897,208	2,482,774

	Furniture and fittings Shs	Computers and equipment Shs	Total Shs
As at 31 March 2020			
Cost			
At start of year	326,732	302,939	629,671
Additions	13,019	347,623	360,642
Transfer adjustments	13,486	25,066	38,552
At end of year	353,237	675,628	1,028,865
Depreciation			
At start of year	47,936	58,502	106,438
Charge for the year	40,656	68,490	109,146
Transfer adjustments	3,509	4,334	7,843
At end of year	92,101	131,326	223,427
Net book values	261,136	544,302	805,438

Company

Equipment - telephone	2021 Shs	2020 Shs
Cost		
At start and end of year	17,500	17,500
Depreciation		
At start of year	17,500	14,438
Charge for the year	-	3,062
At end of year	17,500	17,500
Net book value	-	-

NOTES (CONTINUED)

10. Right of use asset	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
At start of year	-	-	-	-
Additions	6,256,303	-	-	-
Depreciation charge for the year	2,085,434	-	-	-
At end of year	<u>4,170,869</u>	<u>-</u>	<u>-</u>	<u>-</u>

This relates to the company's leased office space for a period of 2 years with effect from November 2018 for \$ 1,850 monthly rental charges exclusive of VAT and renewed the contract for further 2 years from January 2021 for \$ 1,250 monthly rental charges. The related liability accounted for under IFRS 16 is disclosed in Note 8.

11. Investment in subsidiary	% Holding	Group		Company	
		2021 Shs	2020 Shs	2021 Shs	2020 Shs
	98%				
	(2020:				
Hester Biosciences Tanzania Limited	100%)	-	-	56,169,606	56,169,606
The movement on investment in subsidiary was as follows:					
At start of year		-	-	56,169,606	57,232,374
Disposal		-	-	-	(1,062,768)
At end of year		<u>-</u>	<u>-</u>	<u>56,169,606</u>	<u>56,169,606</u>

12. Inventory

Finished goods	<u>14,549,531</u>	<u>8,934,371</u>	<u>-</u>	<u>-</u>
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13. Trade and other receivables

Trade receivables	3,032,244	1,042,176	-	-
Provisions for bad debts	(2,730,224)	-	-	-
	302,020	1,042,176	-	-
Other receivables and prepayments	163,320	1,831,463	163,320	156,408
Deposit for vaccine (Note 19)	52,848,875	50,675,949	52,848,875	50,675,949
Receivable from related parties (Note 19)	50,540,667	48,405,173	-	-
Amount receivable from shareholders	300	300	300	300
	<u>103,855,182</u>	<u>101,955,060</u>	<u>53,012,495</u>	<u>50,832,657</u>

Movement in provisions

At start of year	-	-	-	-
Additions	2,730,224	-	-	-
At end of year	<u>2,730,224</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. Cash and cash equivalents

Cash at bank and in hand	<u>14,054,669</u>	<u>8,311,329</u>	<u>3,447,695</u>	<u>4,453,256</u>
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For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the above.

NOTES (CONTINUED)

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
15. Trade and other payables				
Trade payables	68,340	130,997	68,340	130,997
Other payables and accruals	2,965,052	758,793	303,000	206,750
Amount payable to related party (Note 19)	39,306,255	20,415,512	-	-
	<u>42,339,648</u>	<u>21,305,301</u>	<u>371,340</u>	<u>337,747</u>

16. Lease liabilities

Non-current	1,144,945	-	-	-
Current	1,628,113	-	-	-
	<u>2,773,057</u>	<u>-</u>	<u>-</u>	<u>-</u>

The total cash outflow for leases in the year was:

Payments of principal portion of the lease liability	1,315,336	-	-	-
Interest paid on lease liabilities	312,777	-	-	-
	<u>1,628,113</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of lease liabilities arising from financing activities:

At start of year	-	-	-	-
IFRS 16 transition adjustment	5,828,306	-	-	-
Cash flows:				
- Operating activities (interest paid)	179,098	-	-	-
- Payments under leases	(3,234,346)	-	-	-
At end of year	<u>2,773,057</u>	<u>-</u>	<u>-</u>	<u>-</u>

The lease liabilities relate to the office property rentals. Right of use asset disclosed in Note 10.

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
17. Capital contribution				
At start of year as previously stated	-	-	-	-
Prior year adjustments:				
- transfer from retained earnings (Note 18)	50,675,949	50,675,949	50,675,949	50,675,949
At the start and end of the year as restated	<u>50,675,949</u>	<u>50,675,949</u>	<u>50,675,949</u>	<u>50,675,949</u>

Capital contribution relates to expenses paid on behalf of the Kenyan entity which was not reimbursed to them and therefore classified as a capital contribution.

NOTES (CONTINUED)

18. Prior year adjustment

A prior year adjustment has been passed on retained earnings in respect of recognition of restricted funds

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Retained earnings				
At start of year as previously stated	27,750,812	30,287,860	39,887,866	38,525,254
Prior year adjustments:				
- transfer to capital contribution (Note 17)	<u>(50,675,949)</u>	<u>(50,675,949)</u>	<u>(50,675,949)</u>	<u>(50,675,949)</u>
At start of year as restated	(22,925,137)	(20,388,089)	(10,788,083)	(12,150,695)
Profit for the year	<u>(5,002,712)</u>	<u>485,090</u>	<u>1,140,684</u>	<u>1,362,612</u>
	<u><u>(27,927,849)</u></u>	<u><u>(19,902,999)</u></u>	<u><u>(9,647,399)</u></u>	<u><u>(10,788,083)</u></u>

19. Related party transactions and balances

The company is related to other entities through common directorship/shareholding. The following transactions and balances arose from related party transactions.

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Deposit for vaccines (Note 13)	<u>52,848,875</u>	<u>50,675,949</u>	<u>52,848,875</u>	<u>50,675,949</u>
Outstanding balances:				
- Receivable from shareholder (Note 12)	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
- Receivable from related parties (Note 13)	<u>50,540,667</u>	<u>48,405,173</u>	<u>-</u>	<u>-</u>
- Payable to related parties - long term (Note 15)	<u>39,306,255</u>	<u>20,415,512</u>	<u>-</u>	<u>-</u>

20. Deferred tax

No provision for deferred tax has been made in these financial statements as there are no material temporary differences.

SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Employment:				
Salaries and wages	4,583,740	5,134,739	-	-
N.S.S.F expenses	147,315	180,344	-	-
W.C.F expenses	40,387	51,105	-	-
Other staff expenses	32,522	1,924	-	-
	<u>4,803,964</u>	<u>5,368,113</u>	<u>-</u>	<u>-</u>
Other administrative expenses				
Legal and professional fees	2,276,352	3,445,245	274,800	197,200
Secretarial fees	87,000	93,407	87,000	93,407
Audit fees	1,752,973	535,944	732,700	332,000
Bank charges	225,574	120,298	16,686	13,378
Printing and stationery	107,602	40,934	25,543	3,000
Loss on disposal of investment in subsidiary	-	-	-	1,062,768
Miscellaneous expenses	-	9,280	-	9,280
Transport expenses	147,755	29,372	-	-
Entertainment and travelling	33,158	66,380	-	-
Fines and Penalties	30,000	-	30,000	-
Business promotion expense	1,193,029	-	-	-
Office expense	499,589	394,814	-	-
Vehicle running expense	-	6,221	-	-
Labour expense	43,025	5,199	-	-
Telephone & internet	50,508	48,879	-	-
Other expenses	-	280,467	-	-
Provisions for bad debts	2,730,224	-	-	-
VAT input expenses	450,343	-	-	-
	<u>9,627,131</u>	<u>7,004,855</u>	<u>1,166,729</u>	<u>1,711,033</u>
Total other administrative expenses				
	<u>14,431,095</u>	<u>12,372,968</u>	<u>1,166,729</u>	<u>1,711,033</u>
2. OTHER OPERATING EXPENSES				
Rent and rates	-	2,676,742	-	-
Licenses	19,642	442,060	-	-
Electricity and water	427,682	297,717	-	-
Insurance	80,836	37,621	-	-
Repai & Maintenance	-	9,656	-	-
Depreciation on equipment	201,605	110,010	-	1,750
City services levy	143,059	-	-	-
Depreciation on right of use asset	2,065,265	-	-	-
	<u>2,938,089</u>	<u>3,573,806</u>	<u>-</u>	<u>1,750</u>
3. FINANCE COSTS				
Lease liability interest	177,366	-	-	-
Foreign exchange loss/(gain)	(1,022,246)	(2,792,313)	2,307,413	(1,663,268)
	<u>(844,880)</u>	<u>(2,792,313)</u>	<u>2,307,413</u>	<u>(1,663,268)</u>