ZIMELE ASSET MANAGEMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

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COMPANY INFORMATION

DIRECTORS	David Ndii Ph.D. - Chairman George Ooko Njeri Kariuki Peter Waa Caroline Karanja Thomas Kiyai
REGISTERED OFFICE	Ecobank Towers 7th Floor, Muindi Mbingu Street P.O. Box 76528-00508 Nairobi, Kenya
PRINCIPAL PLACE OF BUSINESS	Ecobank Towers 7th Floor, Muindi Mbingu Street P.O. Box 76528-00508 Nairobi, Kenya
BANKERS	Standard Chartered Bank Ltd Yaya Branch P.O. Box 76175-00508 Nairobi, Kenya
	I&M Bank Kenya Ltd Riverside Branch P.O. Box 30238-00100 Nairobi, Kenya
INDEPENDENT AUDITOR	Leslie and Associates Certified Public Accountants P.O. Box 2592-00200 Nairobi, Kenya
COMPANY SECRETARY	King'ara & Advocates Certified Public Secretaries P.O. Box 79510-00100 Nairobi, Kenya

REPORT OF THE DIRECTORS

The Board of Directors have pleasure in submitting their annual report together with the audited accounts for the year ended 31 December 2023, which discloses the state of affairs of the Company.

INCORPORATION

The company is incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The address of the registered office is as set out on page 1.

PRINCIPAL ACTIVITIES

The principal activity of the company is to carry on the business of investment management services

RESULTS AND DIVIDENDS

The net profit for the period of KShs. 13,029,716 is retained in equity. The directors shall make the dividend decision during the Board Meeting.

DIRECTORATE

The directors who held office during the period and to the date of this report are set out on page 1.

AUDITORS

The auditor Messrs Leslie and Associates, Certified Public Accountants who were appointed into office during the year have indicated their willingness to continue in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

DIRECTOR

……………………………….2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the 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 for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Kenyan Companies Act, 2015. 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 as at 31st December 2023 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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.

Approved by the Board of Directors on…………………………….... 2024 and signed on its behalf by:

DIRECTOR **DIRECTOR**

Leslie & Associates

Leslie & Associates
Certified Public Accountants of Kenya
First Floor, Adams Arcade
Nairobi
P.O. Box 2952 – 00200
Nairobi

Email: leslie@leslieassociates.co.ke

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZIMELE ASSET MANAGEMENT LIMITED

Report on the financial statements

We have audited the accompanying financial statements of ZIMELE ASSET MANAGEMENT COMPANY LIMITED, set out on pages 7 to 23 which comprise the statement of financial position as at 31 December 2023 and statement of comprehensive income and statements of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory information.

Opinion

Conclude on the appropriateness of management'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.

Auditor's responsibility

Our responsibility is to express an independent 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 that the financial statements are free from material misstatement.

We conducted our audit in accordance with International Standards on Auditing (ISASs). Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standard Board for Accountants Code of Ethics for professional Accountants (IESBA code) together with the ethical requirements that are relevant to an audit of financial statements in Kenya, and have fulfilled our ethical responsibilities in accordance with the requirements of the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's 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, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements 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 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.

Key Audit Matters

Key Audit matters are those that, in our professional judgement, were of most significance in the Company Financial Statements of the current year .These matters were addressed in the context of our Audit of the company Financial Statements as a whole ,and in forming our opinion, and we do not provide a separate opinion on those matters, subject to the note on intangible assets. Our Opinion on the Company Financial Statements does not cover the other information and we do not express any form of assurance or conclusion there on.

Other information

The Board members are responsible for the other information. Other information comprises the information included in 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Directors are responsible for the preparation of the company's 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, 2015 and for such internal control, as the Directors determine is necessary to enable the preparation of company financial statements that are free from material misstatement, whether due to fraud or error.

Directors' Responsibility for the Financial Statements

In preparing the company 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional

We also:

Identify and assess the risks of material misstatement of the company 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 disclosurers made by management.

Conclude on the appropriateness of management'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 company's Financial Statements, including the disclosures, and whether the company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion

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

We also provide Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory 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 balance sheet and profit and loss account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Leslie Keith Bwire – P/No 2094.

Certified Public Accountants
Nairobi

Leslie & Associates

LESLIE & ASSOCIATES
Tel: 0722 629 467
P.O. Box 2952-00200, NAIROBI

__________ 28TH MARCH 2024

ZIMELE ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 KSHS	2022 KSHS
Revenue	3	76,563,070	66,959,787
Direct Cost	4	828,650	1,062,915
Gross Profit		**75,734,420**	**65,896,872**
Administrative expenses	5	50,925,059	42,995,491
Staff Costs	6	5,042,886	5,104,565
Operating expenses	7	883,017	783,598
Operating Profit (Loss)		**18,883,459**	**17,013,218**
Taxation	8	5,853,743	2,756,122
Profit (Loss) after tax		**13,029,716**	**14,257,096**

ZIMELE ASSET MANAGEMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 KSHS	2022 KSHS
ASSETS			
NON-CURRENT ASSET			
Property and Equipment	13	1,928,347	1,915,645
Intangible Assets	14	23,008,751	20,671,170
Right to Use Asset	19	11,190,951	3,290,411
		36,128,049	25,877,226
CURRENT ASSETS			
Cash and cash equivalent	9	6,057,686	9,155,205
Fixed Deposit Accounts	10	23,883,772	12,000,000
Prepayments, Trade and other Receivables	13	15,010,731	13,004,050
Unit Trust Funds	16	7,507,316	6,807,152
Prepaid Tax	17	-	973,144
		52,459,505	41,939,551
TOTAL ASSETS		**88,587,553**	**67,816,777**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	12	31,460,000	31,460,000
Share Premium		345,000	345,000
Retained earnings		30,795,895	21,572,725
		62,600,895	53,377,725
NON-CURRENT LIABILITIES			
Shareholders Loan		5,600,000	5,600,000
Finance Lease Liability	14	11,190,951	3,290,411
		16,790,951	8,890,411
CURRENT LIABILITIES			
Trade and other payables	9	5,136,324	2,792,519
Tax Payable	11	4,059,383	2,756,122
		9,195,707	5,548,641
TOTAL EQUITY AND LIABILITIES		**88,587,553**	**67,816,777**

The financial statements were approved and authorized for issue by the board of Directors on………...2024 and were signed on it's behalf by:

…………………

DIRECTOR **DIRECTOR**

ZIMELE ASSET MANAGEMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	SHARE CAPITAL KSHS	SHARE PREMIUM KSHS	RETAINED EARNINGS KSHS	TOTAL KSHS
As at 1 January 2022	31,460,000	345,000	9,606,174	41,411,174
Dividends Paid	-	-	(2,000,000)	(2,000,000)
Prior Year Adjustments*	-	-	(290,545)	(290,545)
Profit (Loss) for the year			14,257,096	14,257,096
As at 31 December 2022	**31,460,000**	**345,000**	**21,572,725**	**53,377,725**
As at 1 January 2023	31,460,000	345,000	21,572,725	53,377,725
Dividends Paid			(2,500,000)	(2,500,000)
Prior Year Adjustments*			(1,306,546)	(1,306,546)
Profit (Loss) for the year			13,029,716	13,029,716
As at 31 December 2023	**31,460,000**	**345,000**	**30,795,895**	**62,600,895**

ZIMELE ASSET MANAGEMENT COMPANY LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
		KSHS	**KSHS**
OPERATING ACTIVITIES	**NOTES**		
Profit before tax		18,883,459	17,013,218
Add back			
Depreciation		675,617	663,995
Dividends Paid		(2,500,000)	(2,000,000)
Prior Year Adjustments		(1,306,546)	(290,545)
Corporation Tax	8	(5,853,743)	(2,756,122)
Operating profit before working capital changes		9,898,787	12,630,546
(Increase) in trade and other receivables	10	(2,006,681)	(934,357)
Increase in trade and other payables	11	(412,317)	(296,543)
Increase in provision for income tax		1,041,403	2,015,403
Decrease in provision for impaiment		(132,821)	-
Tax Paid		4,123,997	(207,662)
Net cash generated from operating activities		**12,512,368**	**13,207,387**
INVESTING ACTIVITIES			
Software development		(2,337,581)	(5,178,000)
Fixed Deposit Account		(11,883,772)	(1,509,555)
Effects of Right to use Assets		(7,900,540)	(3,100,455)
Purchase of Fixed Assets	13	(688,319)	(1,216,337)
Investments (Unit Trust Fund)		(700,164)	(545,919)
Net cash (used in) investing activities		**(23,510,376)**	**(11,550,266)**
FINANCING ACTIVITIES			
Obligations under Finance Lease		7,900,540	3,100,455
Net cash (used in)/generated from financing activities		**7,900,540**	**3,100,455**
Movement in cash and cash equivalents			
Cash and cash equivalents at start of the year		9,155,154	4,397,578
Movement during the year		(3,097,468)	4,757,576
Cash and cash equivalent at end of the period		**6,057,686**	**9,155,154**

1 Presentation of Annual Report And Financial Statements

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards, and the Kenyan Companies Act, 2015. The annual report and financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Shillings.

The principal accounting policies adopted in the preparation of these financial statements are set out as below:

1.1 Basis of preparation

1.1a New and amended standards adopted by the company

Amendments to IFRS 9, IAS 39, and IFRS 7 titled Interest Rate Benchmark Reform Phase 2 (issued in August 2020). The amendments, applicable to periods beginning on or after 1st January 2021, complement those issued in 2019 and focus on the effects on financial statements when a

Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.

Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.

Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.

Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to measurement of previously held interests on a joint operation on obtaining control.

Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortised cost classification.

1.1b Changes in significant accounting policies

The company has initially applied IFRS 9 and IFRS 16 from 1 January 2019.Due to the transition methods chosen by the company in applying these standards,comprative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

i IFRS 9 Financial Instruments

IFRS 9 set out requirements for recognising and measuring financial assets, financial liabilities and same contracts to buy and sell non-financial items. This standard replaces IAS 39 Financial Instruments Recognition and Measurement. As a result of the adoption of IFRS 9,the company has adopted consequential amendments to IAS 1 presentation of financial statement, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously the company's approach was to include the impairment of trade receivables in other expenses.

The company classifies its financial assets as those measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss(FVTPL) generally based on the business model in which a financial asset is managed and contractual cash flow characteristics as per IFRS 9 requirements.

1.1 Basis of preparation (continued)

1.1c) New standards, amendments and interpretations issued but not effective that may have an effect on the Company in future periods

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

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020). The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

Amendments to IFRS 9 Financial Instruments. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment 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 borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39

Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.

Amendments to IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

Amendment to IFRS 1 titled Subsidiary as a First-time Adopter (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020). The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020). The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS.

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021). The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021). The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

1.1 Basis of preparation (continued)

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014). The amendments, 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 recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

1.1 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

-the amount of revenue can be measured reliably
-it is probable that the economic benefits associated with the transaction will flow to the
-the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

1.2 Direct Costs

The related cost of providing services recognised as revenue in the current period is included in cost of sales

Direct Cost comprise:
-Costs that relate directly to the specific contract;
-Costs that are attributable to contract activity in general and can be allocated to the contract; and
-Such other costs as are specifically chargeable to the customer under the terms of the contract.

1.3 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities /(assets) for the current and prior periods are measured at the amount expected to be paid to /(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

Taxation expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
-A transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

1.4 Employee benefits

Defined benefits plan

Employee entitlements to 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 company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The company's contributions to the defined contribution staff retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

Retirement benefits costs

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

The company's obligations to the schemes are recognized in the statement of comprehensive income.

1.5 Property and Equipment

The cost of an item of property and equipment is recognised as an asset when:
-it is probable that future economic benefits associated with the item will flow to the company;
-the cost of the item can be measured reliably

Property and equipment is initially measured at cost.
Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised

Depreciation is calculated on the staright line basis to write down the cost of each asset,to its residual value over its estimated useful life using the following annual rates:

Assets Class	Rate per annum(%)
Computers equipment	30%
Motor Vehicles	25%
Furniture and Fittings	12.5%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

1.6 Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

-Financial assets
The company classifies its financial assets into the following categories:

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;

-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 recognised and measured.

Fair Value Through Other Comprehensive Income (FVTOCI):
Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified equity instruments are not reclassified.

1.7 Financial instruments (continued)

Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value, through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement.

Notwithstanding the above, the company may:
-on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income

-on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

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.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

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

Impairment

The company 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 compressive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

- there is observable evidence of impairment (a credit-impaired financial asset).

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

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

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

1.8 Financial instruments (Cont'd)

Impairment (Cont'd)

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable 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.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit o r loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

1.8 Financial instruments(Cont'd)

Trade and other receivables
Trade and other receivables are classified as loans and receivables. Trade receivables are carried at anticipated realisable value. An estimate is made for the doubtful receivables on a review of all outstanding amounts at the period-end. Bad debts are written off in the period in which they are identified.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.9 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposit held at call with banks and cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2 Share capital and equity
Ordinary shares are classified as equity.

2.1 Translation of foreign currencies
Foreign currency transactions
A foreign currency transaction is recorded, on initial recognition in Kenyan Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
-non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
-non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual report and financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Kenyan Shillings by applying to the foreign currency amount the exchange rate between the Kenyan Shilling and the foreign currency at the date of the cash flow.

2.2 Provisions and contingencies

Provisions are recognised when:
-the company has a present obligation as a result of a past event;
-it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
-a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.3 Critical accounting estimates and judgements

In the process of applying the company's accounting policies, the management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below

Critical judgment's in applying the company's accounting policies:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

-The classification of finance assets and liabilities; and
- Whether assets are impaired

Key sources of estimation uncertainty:

Key estimates and assumptions concerning the future are based on historical experiences and on various other factors as at the date of the statement of the financial position that have a significant risk causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

The following are the key assumption concerning the future.

Property and equipment:

Critical estimates are made by the directors in determining the depreciation rates on property and equipment.

2.4 Significant judgements and sources of estimation uncertainty

In preparing the annual report and financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual report and financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual report and financial statements. Significant judgements include:

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 9 – Deferred tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

2.41 Financial and Business Risk Management

The company risk limits are regularly assessed to ensure alignment with the company's objectives and prevalent market conditions. The directors are closely involved in ensuring that a variety of techniques are used to assess and manage said risks.

Currency amount the exchange rate between the Kenya shilling and the foreign currency at the date of the cash flow

Currency risk:

The company is exposed to risk through transactions in foreign currencies. The company's exposures give rise to foreign currency gains and losses that are recognized in the Statement of Comprehensive Income. The company ensures that its net exposure is kept to an acceptable level by careful monitoring of exchange rates and currency hedging

	2023 KSHS	2022 KSHS
3 REVENUE		
Fund Management fees	69,116,226	58,017,699
Interest on Investment	2,181,224	988,429
Business advisory and projects	5,132,799	7,953,660
Decrease in impairment losses	132,821	-
	76,563,070	66,959,787
4 BUSINESS ADVISORY		
Disbursements	828,650	1,062,915
5 ADMINISTRATIVE EXPENSES		
Salaries and wages	34,500,620	30,321,201
Risk and Compliance Services	1,200,000	1,200,000
Office Operational Expenses	1,444,320	1,284,785
Staff Training	160,800	105,388
Staff Welfare Expenses	-	138,850
Corporate Social Responsibility	50,000	-
Human Resource Costs	232,000	-
External audit fees	203,500	212,860
Internal audit	160,000	300,000
Business Development and marketing	5,890,476	3,492,612
Telephone	155,701	169,200
Transport	496,419	417,890
Accounts publication	363,313	353,792
Inpatient medical cover	1,611,790	1,328,476
Computer Expenses and ICT Costs	1,392,336	1,230,124
Group life cover	695,999	580,956
Professional indemnity	15,068	15,068
All risk, Burglary and fire	20,036	20,034
Newspapers and periodicals	64,560	80,660
Company Secretarial services	180,077	170,389
Board Meeting Expenses	1,316,690	655,000
Medical fees reimbursement	237,476	235,217
Printing and stationery costs	533,878	682,989
	50,925,059	42,995,491
6 ESTABLISHMENT EXPENSES		
Rent Expenses	4,133,940	4,133,940
Repairs & Maintenance	52,329	154,630
Licenses and subscriptions	181,000	152,000
Depreciation	675,617	663,995
	5,042,886	5,104,565
7 FINANCE COSTS		
Bank charges	53,311	64,621
Interest expense	801,379	603,163
Foreign Exchange Loss	28,327	115,815
	883,017	783,598
8 CORPORATION TAX		
Tax b/f	2,756,123	740,720
Current Tax	5,853,743	5,103,966
Less Installment paid	(2,997,688)	(983,130)
Income Tax Withheld	(261,115)	(2,105,433)
Tax Paid	(1,291,680)	-
Tax Pyable	4,059,383	2,756,123

	2023 KSHS	2022 KSHS
9 CASH AND CASH EQUIVALENTS		
Cash in hand	5,753	30,199
I&M Savanna Current Account	205	1,321,941
Cash Dividends Account	363,772	1,016,500
SCBK Current Account	5,687,956	6,786,565
	6,057,686	9,155,205
10 TRADE AND OTHER RECEIVABLES		
Accounts receivables	11,699,051	10,599,405
Withholding Tax	125,087	125,087
VAT Receivable	2,532,072	1,908,605
Prepayments and deposits	283,568	-
Dividends Refundable	26,458	26,458
Rent Deposits	344,495	344,495
	15,010,731	13,004,050

Effect of IFRS 9 on Trade Receivables

Using the Simplified Approach Model set out in IFRS 9, the Table below details the Risk Profile of Receivables based on the Company's Risk Matrix

	Band 1	Band 2	Band 3	Band 5
Time Bands	Within 30	31-60	61-90	Over 120
ECL Rate	0%	1%	2%	6%
Amount at Default	1,697,381	350,000		9,651,670
Lifetime ECL	-	-	-	-
		3,500.00		**579,100**
				582,600

All debtors have been assessed under one category. The Lifetime ECL has been collectively assessed and not individually assessed as they are closely homogenous. Other debtors are prepayments and deposits for services hence not assessed.

	2023 KSHS	2022 KSHS
11 TRADE AND OTHER PAYABLES		
Creditors and Accruals	3,364,367	1,946,561
Cash Dividends Payable	113,218	640,946
External Audit Fees	203,500	212,860
Impairment Provisions	582,600	(715,421)
Payroll Liabilities	872,639	707,573
Tax Payable	-	2,756,122
	5,136,324	5,548,641
12 SHARE CAPITAL		
Authorised Share Capital		
3,500,000 Ordinary Shares of Kshs 10/-	35,000,000	35,000,000
500,000 Preference Shares of Kshs 10/-	5,000,000	5,000,000
	40,000,000	40,000,000
Authorised, Issued, and fully paid		
3,146,000 ordinary Shares of Kshs 10/-	31,460,000	31,460,000
	31,460,000	31,460,000

13 PROPERTY AND EQUIPMENT

	Furniture and Fittings KSHS 12.5%	Office Equipment KSHS 12.5%	Computers & Equipment KSHS 30.0%	TOTAL KSHS
Cost or Valuation				
As at 1 January 2023	3,657,820	370,080	11,125,806	15,153,706
Additions	222,319	-	466,000	688,319
As at 31 December 2023	3,880,139	370,080	11,591,806	15,842,025
Depreciation				
As at 1 January 2023	3,242,469	235,946	9,759,647	13,238,062
Charge for the year	79,709	46,260	549,648	675,617
As at 31 December 2023	3,322,178	282,206	10,309,295	13,913,678
Net book value				
As at 31 December 2023	**557,961**	**87,874**	**1,282,512**	**1,928,347**
As at 31 December 2022	**415,351**	**134,134**	**1,366,160**	**1,915,645**

		2023 KSHS	2022 KSHS
14	**INTANGIBLE ASSET**		
	Balance b/f	20,671,170	15,493,170
	Development during the period	2,337,581	5,178,000
		23,008,751	**20,671,170**
15	**FIXED DEPOSITS**		
	I&M Fixed Deposit Account	12,850,703	12,000,000
	I&M Call Account	11,033,069	-
		23,883,772	12,000,000
16	**ZIMELE UNIT TRUST**	7,507,316	6,807,152
17	**PREPAID TAX**	2,997,688	973,145
18	**SHAREHOLDERS LOAN**	5,600,000	5,600,000

This is a Long-Term Shareholder Loan from a related party at an agreed interest rate of 11.75% p.a.

19	**RIGHT TO USE ASSET**	**11,190,951**	**3,290,411**
20	**FINANCE LEASE LIABILITY**	**11,190,951**	**3,290,411**

21 LIQUIDITY RISK

The risk of not meeting financial obligations when they fall due. The company's liquidity is healthy since the current assets exceed current liabilities

	2023 KSHS	2022 KSHS
Current Assets	52,459,505	41,939,552
Current Liabilities	(9,195,707)	(5,548,641)
Net Current Assets	**43,263,798**	**36,390,911**

		2023	2022
22	**EMPLOYEES**	17	17

23 RELATED PARTY TRANSACTIONS

Transactions with related parties were at arms length i.e. willing buyer, willing seller

24 CURRENCY

These financial statements are presented in Kenyan Shillings (Kshs).

25 CAPITAL COMMITMENTS

In the opinion of the Directors, the company has no capital commitments.

26 CONTINGENT LIABILITES

The company does not have any contingent liabilities

27 COMPARATIVES

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

28 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

In the opinion of the Directors, there are no material events after the statement of financial position date which require disclosure.

29 INCORPORATION

The company is incorporated in Kenya under the Companies Act and domiciled in Kenya.

ZIMELE ASSET MANAGEMENT COMPANY LIMITED

TAX COMPUTATION

PIN:P051123916L

YEAR OF INCOME: 2023

	Business Income Kshs
1. Tax computation	
Profit (Loss) before taxation	18,883,459
Add:	
Depreciation	675,617
Interest expense	-
	675,617
Less:	
Wear and tear allowance	(46,600)
	(46,600)
Adjusted Profit (loss)	**19,512,476**
Less:	
Losses brought forward	-
2. Tax Account	
Tax Provision for the period @ 30%	5,853,743
Less:	
Withholding tax paid	-
Tax credits	**5,853,743**

3. Wear And Tear Schedule

	CLASS II 25% KSHS	CLASS IV 10.0% KSHS	TOTAL KSHS
As at 1st January 2023	-	-	-
Additions	-	466,000	466,000
	-	466,000	466,000
Less : Wear and tear allowance	-	(46,600)	(46,600)
WDV as at 31 December 2023	**-**	**419,400**	**419,400**

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DIRECTOR