KENYA FUEL AND BARK SUPPLY COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

BOARD OF DIRECTORS

Mamicha Kamau
Chairman

J. Mwangi Mworia
Board Secretary

Peter Kamu Maina
Vice Chairman

Charles Macharia
Director

Naomi W. Gachucha
Director

Lydia Wambui Gitagia
Director

Sarah W. Gichuru
Director

COMPANY INFORMATION

BOARD OF DIRECTORS	J. Mamicha Kamau	-	Chairman
	Victor P. Mwangi	-	Vice Chairman-Deceased
	Mwangi Mworia	-	Board Secretary
	Lydia W. Gitagia	-	Director
	Naomi W. Gachucha	-	Director
	Sarah W. Gichuru	-	Director
	Peter M. Kamau	-	Director
	Charles M. Muringi	-	Director

SECRETARIES

Leading Secretaries
Company Secretaries and Registrars
Portal Place House, 1st Floor, Suite 10
P.O Box 6399-00300
Nairobi

REGISTERED OFFICE

LR 209/136/33
Kiburi House
Kirinyaga Road
P.O Box 42436
Nairobi.

CONTACT US

Tel: 0789 981 896
Email: kenyafuel@yahoo.com
Website: www.kenyafuel.co.ke

AUDITOR

Wokabi & Company
Certified Public Accountants (Kenya)
P.O Box 70268 – 00400
Nairobi.

BANKERS

Kenya Commercial Bank Limited
Moi Avenue Branch
P.O Box 30081 – 00100
Nairobi.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 72nd Annual General Meeting of **Kenya Fuel & Bark Supply Plc** will be held via electronic communication, on Monday 17th August, 2020 at 11.00 a.m. to transact the following business:

AGENDA

1. The Secretary to read the Notice convening the meeting and determine if a quorum is present.

2. **Confirmation of Minutes**

To confirm the minutes of 71st Annual General Meeting held on 13th April 2019.

Ordinary Business

3. **Financial Statements**

To receive, consider and adopt the audited Financial Statements for the year ended 31 December, 2019 together with Chairman's, Directors' and Auditor's Reports thereon.

4. **Declaration of Dividend**

To declare a first and final dividend of Kshs.50/-per fully paid up and issued ordinary share of Kshs.50/- each in respect of the financial year ended 31 December, 2019.

5. **Election of Directors**

To elect Directors:

(i) Ms. Lydia Wambui Gitagia, a director retires on rotation in accordance with articles 86 and 87 of the Company's Articles of Association and, being eligible, offers herself for re-election.

(ii) Mr. Charles Macharia Muringi who was appointed to the Board on 6th March, 2020 to replace Mr. Victor P. Mwangi who ceased to be a member of the Board by virtue of his death on 12th September 2019, retires by rotation in accordance with article 91 of the Company's Articles of Association , and, being eligible offers himself for re-election.

6. **Directors Remuneration**

To approve the Directors remuneration as indicated in the financial statements for the year ended 31st December, 2019.

7. **Auditors**

To re-appoint that M/S Wokabi &Company as the Auditors of the Company in accordance with Section 721 (2) of the Companies Act 2015 and to authorize the Board to fix their remuneration.

Special Business

8. To consider and if thought appropriate pass the following resolutions as Special Resolutions:

(i). **THAT** Article 59 of the Company's Articles of Association of the Company on 'Notice of General Meetings' be amended by adding Article 59(a) as follows:
"The Company may give such notice in writing or by electronic means or by a combination of means permitted by the Statutes'.

(ii). **THAT** Article 61 of the Company's Articles of Association be amended by inserting the following new Article 61 (a) and 61 (b) as follows:

61 (a) ATTENDANCE BY ELECTRONIC MEANS

61. (a)"In the case of any general meeting the Board may make arrangements for simultaneous attendance and participation by electronic means allowing persons not present together at the same place to attend, speak and vote at the meeting. The arrangements for simultaneous attendance and participation at any place at which persons are participating, using electronic means may include arrangements for controlling or regulating the level of attendance at any particular venue provided that such arrangements shall operate so that all members and proxies wishing to attend the meeting are able to attend at one or other of the venues, including venues chosen by such persons individually."

61. (b)"The members or proxies at the place or places at which persons are participating via electronic means shall be counted in the quorum for, and be entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available throughout the meeting to ensure that the members or proxies attending at the place or places at which persons are participating via electronic means are able to:
(i) participate in the business for which the meeting has been convened; and
(ii) see and hear all persons who speak (whether through the use of microphones, loud speakers, computer, audio-visual communication equipment or otherwise, whether in use when these Articles are adopted or developed subsequently in the place at which persons are participating and any other place at which persons are participating via electronic means".

BY ORDER OF THE BOARD

Lucy Kibera
LEADING SECRETARIES
PORTAL PLACE
P O BOX 6399-00300
NAIROBI

Dated at Nairobi this 17th July, 2020

Notes:

1. In view of the ongoing novel coronavirus**("COVID19")** pandemic and the related Public Health Regulations, directives and health protocols communicated by the Government of Kenya precluding *interalia* public gatherings, it is impractical, as contemplated under section 280 of the Companies Act 2015, for Kenya Fuel & Bark Supply Plc to hold a physical Annual General Meeting (AGM) in the manner prescribed in its Articles of Association.

2. That on 15th June 2020, the High Court of Kenya in Miscellaneous Civil Application No. E721 of 2020, made under the provisions of Section 280 of the Companies Act, 2015 issued an order granting special dispensation to any company which is impracticable to conduct its general meeting in the manner required by its Articles of Association and the Companies Act due to the ongoing Covid-19 pandemic restrictions under the Public Health Act and other related public health laws , regulations and directives currently in force and as may be passed from time to time, and subject to the regulations and guidelines issued by the Registrar General, to hold, convene and/or otherwise conduct a Hybrid and Virtual General Meeting.

3. Shareholders wishing to participate in the AGM should register by visiting the online portal https://eagm.creg.co.zw/eagmCDSCR/Login.aspx or dialing***483*560#**on their Safaricom, Airtel or Telkom mobile telephone and following the various prompts regarding the registration process.
Shareholders can contact our helpline No.0789981896 or CDSC Registrars No.0710888000 for assistance.

5. Registration of AGM will commence at 9.00a.m. on Friday ,July 31,2020 and will close on Thursday ,August 13,2020

6. In accordance with Section 283(2) (c) of the Companies Act, 2015, the following documents may be
viewed on the Company's website www.kenyafuel.co.ke (i) a copy of this notice and the proxy form, (ii) Minutes of the last AGM held on 13th April, 2019; (iii) The Company's audited financial statements for
the year ended 31 December 2019. (iv) Chairman's Statement.

7. Shareholders wishing to raise any questions or clarifications regarding the AGM may:

a) Send their written questions by email kenyafuel@yahoo.com or
b) to the extent possible, physically deliver their written questions with a return postal address or email address to the registered office of the company at Kiburi House, Kirinyaga Road Nairobi or
c) Send their written questions with a return postal address or email address by Registered post to the Company's address P.O. Box 42436 – 00100 Nairobi. Shareholders must provide their full details (full name, ID number and the membership number) when submitting their questions and/or clarifications. All questions and clarification must reach the Company not later than 2.00p.m. Thursday, 13th August 2020

8. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a form of proxy which can be downloaded from the website, must be duly completed by the member and must either be lodged at the Registered Office of the Company, Kiburi House, Kirinyaga Road, P.O Box 42436 - 00100, Nairobi or posted, so as to reach the Company not later than 2.00 p.m. on 13th August 2020.

9. Any member may by notice duly signed by him or her delivered to the Secretary not less than 7 and not more than 21 days before the day appointed for the Annual General Meeting propose any other person for election to the Board. Such notice to be accompanied by a notice signed by the person proposed indicating his or her willingness to be elected.

10. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM as a reminder of the AGM. A second (SMS/USSD) prompt shall be sent one hour prior to the AGM, being a final reminder together with a link to download live stream.

11. Voting will be done via USSD by dialing ***483*560#** and clicking on the voting option. Shareholders will be required to vote for each resolution.

12. Results of the AGM shall be posted on our website within 24 hours following conclusion of the AGM.

CHAIRMAN'S STATEMENT

I am pleased to present to you our Annual report and financial statements for the year ended 31 December 2019. The Company has in three consecutive years improved profitability despite operating in a difficult environment.

Economic Overview

Kenya's G D P growth was 5.7% in 2019 a decline in growth rate from 6% in 2018 . Despite the tough operating environment , the board is glad to report on performance of last year .

Financial performance

Despite the challenging local business environment, the Company made a profit before tax of KShs 7.1 m in 2019 compared to 7 m. in 2018

Dividends

The Board is pleased to propose a dividend of Shs. 50/- per share for the year ended 31st December 2019. (**In 2018 we had paid with shs 45/- per share**)

Board Changes

During the year in review **, Mr Victor P. Mwangi** a long serving Director passed on in sept 2019. Mr Mwangi had served this company for many years, May **God** rest his soul in internal peace. I also take this opportunity to welcome Mr Charles Macharia Muringi who was appointed to the board in March 2020. I look forward to his contribution to the further success of the company

Future Outlook

During the year the company bought **10 acres** of land in Nanyuki (**Tithigi Matanya**) at a cost of shs 6 million , our future plans on this land is to sell it at a profit at a later date .

Acknowledgement

On behalf of the Board of Directors, I wish to express gratitude to our esteemed customers, shareholders and other stakeholders for the confidence they have placed in the Company, whilst appreciating all staff for their demonstrated professionalism, commitment and zeal towards building an enduring Company. To my colleagues on the Board, I want to thank you for the oneness you have reposed in the business.

I pledge that we will continue to add Shareholders value through the execution of prudent and responsible business strategies while ensuring that we contribute towards the achievement of important priorities.

Thank you,

MAMICHA KAMAU
CHAIRMAN

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be property letting.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net profit after tax for the year ended 31 December 2019 of Kshs 5,060,852. This represented a decrease of 0.09% from the net profit after tax of the prior year of Kshs 5,065,337.

Company revenue increased by 3.48% from Kshs 10,866,200 in the prior year to Kshs 11,244,000 for the year ended 31 December 2019.

Company net cash flows from operating activities increased by 555.84% from Kshs 1,396,735in the prior year to Kshs 9,160,400 for the year ended 31 December 2019.

DIRECTORS

The directors who held office during the year and to the date of this report are listed on Page 2.

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

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

INDEPENDENT AUDITOR

The Auditor Wokabi & Company, Certified Public Accountants (K) continue in office in accordance with Section 719 (2) of the Kenyan Companies Act, 2015.

RELEVANT AUDIT INFORMATION

The directors in office at the date of this report confirm that;

a) There is no relevant audit information of which the company's auditor is unaware; and

b) Each of the directors has taken all the steps that they ought to take as a director so as to be aware of any relevant information and to establish that the company's auditor is aware of that information.

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 8 to 18 were approved at a meeting by the board on

________________________________, and were signed on its behalf by:

______________________________	______________________________
Director	Director

REPORT OF THE INDEPENDENT AUDITOR

OPINION

We have audited the Annual Financial Statements of Kenya Fuel and Bark Supply Company limited set out on pages 8 to 18, which comprise the Statement of Financial Position as at 31 December 2019, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Kenya Fuel and Bark Supply Company Limited as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence has obtained is sufficient and appropriate to provide a basis for the opinion.

GOING CONCERN

The financial statements of the company have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless the director intend to either liquidate the company or cease operations, or have no realistic alternative but to do so. As part of our audit of the company's financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The directors have not identified a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern, and accordingly none is disclosed in the financial statement of the company. Based on our audit of the financial information of the company, we have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Kenyan Companies Act, 2015 which we obtained prior to the date of this report.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR *(CONTINUED)*

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual 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. The directors are responsible for overseeing the company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

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

- As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Annual 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 Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT OF THE INDEPENDENT AUDITOR *(CONTINUED)*

We communicate with the 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

As required by the Kenyan Companies Act, 2015 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 accounts have been kept by the company, so far as appears from our examination of those books;

iii) In our opinion, the financial information given in the directors' report for the year ended 31 December 2019 is consistent with the company's annual financial statements; and

iv) The company’s statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor’s report is FCPA J.W. Wokabi - P/No. 1008.

Wokabi & Co.
Certified Public Accountants (Kenya)
Nairobi ______________________________**2020**

STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 Kshs	2018 Kshs
TURNOVER	14	11,244,000	10,866,200
Profit on sale of plots		2,415,389	2,453,851
		13,659,389	2,453,851
Dividend income		49,963	23,191
Advertisement income		693,921	670,401
Gain/(Diminution) on revaluation of quoted Shares		63,441	(156,669)
Interest income		446,684	224,859
Title processing fees – Net		25,000	55,000
Sundry income		1,041	2,110
		1,280,050	**818,892**
TOTAL INCOME		14,939,439	14,138,943
EXPENDITURE			
Staff costs	11	1,103,268	1,052,617
Establishment expenses	12	3,394,075	2,931,391
Administration expenses	13	3,248,039	3,134,196
Total Expenditure		**7,745,382**	**7,118,204**
PROFIT BEFORE TAX		**7,194,057**	**7,020,739**
TAXATION	8	(2,133,204)	(1,955,402)
PROFIT FOR THE YEAR BEFORE DIVIDENDS		**5,060,853**	**5,065,337**
Proposed final dividends for the year		**(4,946,500)**	**(4,448,700)**
NET PROFIT FOR THE YEAR TRANSFERRED TO RESERVES		**114,353**	**616,637**
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Report of the auditors – Page 7 - 10

The notes on pages 12 to 18 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

	Note	2019 Kshs	2018 Kshs
ASSETS			
NON – CURRENT ASSETS			
Property & Equipment	2	88,021	110,700
Investment Properties	4	33,499,521	33,499,521
Investments held for sale -Plots		17,882,701	16,307,312
Investments held for sale -Securities	5	980,771	498,199
		52,451,014	50,415,732
CURRENT ASSETS			
Trade and other Receivables	6	7,282,059	11,229,253
Cash and Bank Balances	7	8,774,579	4,191,937
Tax Recoverable	8	944,070	794,681
		17,000,708	16,215,871
TOTAL ASSETS		69,451,724	66,631,603
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	9	4,946,500	4,943,000
Share Premium		14,148,200	14,120,200
Revenue Reserve		10,679,935	10,565,582
Revaluation Reserve		4,216,000	4,216,000
Capital Reserve		15,517,537	15,517,537
TOTAL SHAREHOLDERS FUNDS		49,508,172	49,362,319
CURRENT LIABILITIES			
Trade and other Payables	10	2,398,080	2,005,612
Dividends Payable	15	12,598,972	10,814,972
Proposed Dividends		4,946,500	4,448,700
TOTAL LIABILITIES		19,943,552	17,269,284
TOTAL EQUITY AND LIABILITIES		69,451,724	66,631,603

The financial statements were approved by the Board of Directors on________________________________2020
and signed on its behalf by:-

DIRECTOR DIRECTOR

Report of the auditors – Page 15 - 19
The notes on pages 10 to 18 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	Share Capital **Kshs.**	Share Premium **Kshs**	Revenue Reserve **Kshs**	Capital Reserve **Kshs**	Revaluation Reserve **Kshs**	Total **Kshs**
At 1 January 2019	4,943,000	14,120,200	10,565,582	15,517,537	4,216,000	49,362,319
Shares Subscribed	3,500	28,000	-	-	-	31,500
Profit for the year	-	-	114,353	-	-	114,353
At 31 December 2019	4,946,500	14,148,200	10,679,935	15,517,537	4,216,000	49,508,172

YEAR ENDED 31 DECEMBER 2018

	Share Capital **Kshs.**	Share Premium **Kshs**	Revenue Reserve **Kshs**	Capital Reserve **Kshs**	Revaluation Reserve **Kshs**	Total **Kshs**
At 1 January 2018	4,861,200	13,465,800	9,948,945	15,517,537	4,216,000	48,009,482
Shares Subscribed	81,800	654,400	-	-	-	736,200
Profit for the year	-	-	616,637	-	-	616,637
At 31 December 2018	4,943,000	14,120,200	10,565,582	15,517,537	4,216,000	49,362,319

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF CASH FLOW

	Notes	2019 Kshs	2018 Kshs
Cash Flow from Operating Activities			
Net Profit before Taxation		7,194,057	7,020,739
Adjustments for:			
Depreciation		22,679	30,248
Dividend Income		(49,963)	(23,191)
Diminution / (Appreciation) in value of investments		(63,441)	156,669
Operating Profit Before Working Capital Changes		7,103,332	7,184,464
Working capital changes;			
Receivables		3,947,194	(3,583,866)
Payables		392,468	274,556
		11,442,994	3,875,153
Income Tax Paid		(2,282,593)	(2,478,418)
Net cash flow from operating activities		9,160,401	1,396,735
Cash Flow From financing Activities			
Shares subscribed		31,500	736,200
Dividends Paid		(2,664,700)	(2,304,258)
Bank Loan repayment		-	(4,517,853)
Net cash flow to financing activities		(2,633,201)	(6,085,911)
Cash Flow From Investing Activities			
Dividend Income		49,963	23,191
Purchase of Convertible securities		(559,332)	-
Sale of shares		114,700	-
Purchase of Office Equipment		-	(59,500)
Proceeds from sale of Investment Property		(1,575,389)	3,646,149
Redemption of Kengen bond		25,500	25,000
Net cash to / from investing activities		(1,944,558)	**3,634,840**
Net Increase /decrease in Cash & Cash Equivalents		**4,582,642**	**(1,054,335)**
Cash & Cash Equivalents at 1st January	7	4,191,937	5,246,272
Cash & Cash Equivalents at 31st December	7	**8,774,579**	**4,191,937**
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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) **Basis of preparation and summary of significant accounting policies**

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Shs), rounded to the nearest shilling. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

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b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the organization and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized;-

Income

Rent is recognized in the period in which the company leases the premises; the tenant has accepted the terms and the collectability of rent is reasonably assured.

Revenue represents fair value of the consideration receivable from tenants in occupied premises, and is stated gross.

Other income

Other income is recognized when received.

c) Share capital, Share premium, and Dividends

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of the par value are classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

d) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only where it is probable that future economic benefits associated with the item will flow to the organization and the cost of the item can be reliably measured. All other repairs and maintenance costs are charged to the profit and loss account in the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis, at annual rates estimated to write off the carrying values of the property, plant and equipment over their expected useful lives.

Computers Equipment	30.0	%	p.a
Furniture and fittings	12.5	%	p.a
Office Equipment	12.5	%	p.a

The carrying values of property, plant and equipment are reviewed for impairment when events of changes in circumstances indicate that the carrying values may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If any such indications exist and where the carrying values exceed the recoverable amount, property, plant and equipment are written down to their recoverable amounts.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus/deficit.

f) Intangible assets

Costs associated with maintaining the computer software programs are recognized as an expense as incurred. However, expenditure that enhances or extends the benefit of computer software beyond their original specifications and lives is recognized as a capital improvement and added to the original cost of the software. Software development costs recognized as assets are amortized using the straight-line method over a period of four years.

g) Financial instruments

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument.

h) Receivables

Receivables are carried at anticipated realisable value as reduced by appropriate allowances for estimated irrecoverable amounts.

i) Trade payables

Trade payables are stated at their nominal value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
Rental payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

j) Comparative figures

Where necessary the previous year's figures have been reclassified for comparative purposes.

2. PROPERTY, PLANT AND EQUIPMENT

Cost	Office Equipment Kshs	Furniture & Fittings Kshs	Computer Equipment Kshs	Total Kshs
YEAR ENDED 31.12.2019				
Cost				
As at 1.1.2019	95,674	155,175	268,400	519,249
As at 31.12.2019	95,674	155,175	268,400	519,249
Depreciation				
As at 1.1.2019	79,877	110,792	217,880	408,549
Charge for the year	1,975	5,548	15,156	22,679
As at 31.12.2019	81,852	116,340	233,036	431,228
NBV as at 31.12.2019	13,822	38,835	35,364	88,021
YEAR ENDED 31.12.2018				
Cost				
As at 1.1.2018	95,674	142,175	221,900	459,749
Additions	-	13,000	46,500	59,500
As at 31.12.2018	95,674	155,175	268,400	519,249
Depreciation				
As at 1.1.2018	77,620	104,452	196,229	378,301
Charge for the year	2,257	6,340	21,651	30,248
As at 31.12.2018	79,877	110,792	217,880	408,549
NBV as at 31.12.2018	15,797	44,383	50,520	110,700

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. PROFIT BEFORE TAXATION

	2019 Kshs	2018 Kshs
Profit before taxation is arrived at after charging: -		
Directors remuneration	300,000	300,000
Depreciation	22,679	30,248
Dividend income	49,962	23,191

4. INVESTMENT PROPERTIES

Description and cost / valuation		
LR 209/2752/1 Yangu House	12,600,000	12,600,000
LR 209/136/33 Kiburi House	8,699,109	8,699,109
LR 209/ 17406 Mbotela House	11,692,761	11,692,761
Daykio Plantation Ltd	507,651	507,651
	33,499,521	33,499,521

Yangu House was revalued on market value basis on 20th May 2005 by Njihia Muoka Rashid Co. Ltd. Registered Valuers.

5. INVESTMENTS HELD FOR SALE

Quoted Securities		
Eveready Co Ltd - 1,900 Ordinary Shares @ Kshs 1.1	2,090	1,900
Mumias Sugar Co Ltd - 87,200 Ordinary Shares @ Kshs 0.27	23,544	25,288
Kenya Airways Ltd - 1,575 Ordinary Shares @ Kshs 2.05	3,229	14,018
British American Insurance Co. Ltd – 500 Ordinary Shares @ Kshs 9.00	4,500	5,000
HFCK - 5,413 Ordinary Shares @ Kshs 6.46	34,968	6,111
Kenol Kobil	-	9,525
Uchumi Supermarket - 18,200 Ordinary shares@Kshs 0.29	5,278	5,600
Home Africa - 25,200 Ordinary shares @Ksh 0.6	15,120	8,820
Nairobi Stock Exchange 2,000 Ordinary Shares @ Kshs 12.36	24,720	29,100
Standard chartered – 522 Ordinary Shares @ Kshs 202.5	105,705	43,179
National Bank –	-	5,852
Nation Media Group – 1,800 Ordinary Shares @ Kshs 39.8	71,640	27,400
KCB – 1,745 Ordinary Shares @ Kshs 54	94,230	38,386
I $ M-1,500 Ordinary Shares @ kshs 54	81,000	17,000
Equity Bank-800 Ordinary shares@ Kshs 53.5	42,800	17,375
EABl- 500 Ordinary shares @ kshs 198.5	99,250	34,950
Diamond trust Bank-520 Ordinary shares @ kshs 109	56,680	34,430
C0-operative bank-5,000 Ordinary shares @ kshs 16.35	81,750	25,740
CFC Stanbic bank – 400 Ordinary shares @ Kshs 109.25	43,700	18,150
ICDC (Centum) 800 –Ordinary shares@Kshs 29.5	23,600	2,925
Safaricom 800 Ordinary shares @ kshs 31.5	25,200	33,300
NCBA bank 550 Ordinary shares @ Kshs 36.85	20,267	13,900
ABSA Bank 9000 ordinary shares @ kshs 13.50	121,500	54,750
Infrastructure Bonds		
KenGen Ltd	-	25,500
	980,771	498,199

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

6. TRADE AND OTHER RECEIVABLES

	2019 Ksh	2018 Kshs
Plot Debtors	3,867,020	6,753,230
Rent Debtors	817,600	1,642,539
Sundry Debtors	2,597,439	2,833,484
	7,282,059	11,229,253

7. CASH AND BANK

Kenya Commercial Bank Ltd	3,237,021	1,073,132
Dividends Float	16,757	43,795
Cash in Hand	1,296	639
British Asset management	5,519,505	3,074,371
	8,774,579	4,191,937

8. TAXATION

Profit & Loss Account		
Charge for the year	2,133,204	1,955,402
	2,133,204	1,955,402
Balance Sheet		
At 1 January	(794,681)	(271,665)
Provision for the year	2,133,204	1,955,402
Paid during the year	(2,282,593)	(2,478,418)
	(944,070)	(794,681)

Tax is charged at the rate of 30% on the adjusted taxable profit.

9 . SHARE CAPITAL

Authorized		
100,000 ordinary shares of Kshs. 50/= each	5,000,000	5,000,000
Issued and fully paid		
98,930 ordinary shares of Kshs. 50/= each. (2018 – 98,860)	4,946,500	4,943,000

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2019

10. TRADE AND OTHER PAYABLES

	2019	**2018**
	Kshs	**Kshs**
Accrued expenses	77,134	92,046
Rent deposits held	1,114,413	1,044,213
Sundry creditors	951,921	614,741
Prepaid income	254,612	254,612
	2,398,080	2,005,612

11. STAFF COSTS

Salaries and wages	1,103,268	1,052,617

12. RENTAL INCOME

Mbotela	3,030,300	2,994,,900
Yangu	5,309,700	5,056,800
Kiburi	2,904,000	2,814,500
	11,244,000	10,866,200

13 DIVIDENDS PAYABLE

	2019	**2018**
	Kshs	**Kshs**
As at January	10,814,972	9,230,270
Dividends declared	4,448,700	3,888,960
Dividends paid	(2,664,700)	(2,304,258)
	12,598,972	10,814,972

16. INCORPORATION

The company is incorporated in Kenya under the Companies Act Cap 2015

17. BAD DEBTS

Bad debts are written off when all reasonable steps to recover them have been taken without success. Specific provision is made for all known doubtful debts.

18. CURRENCY

These financial statements are presented in Kenya Shillings (Shs)

Proxy Form

Shareholders Member No…………….

Kenya Fuel and Bark Supply Co. Ltd
Kiburi House
P. O. Box 42436 – 00100
Nairobi

I ………………………………………………………………………………………..of address

…………………………………………………………………being a member of **Kenya Fuel and Bark Supply Limited** and entitled to vote, hereby appoint

……………………………………………………………………………………………. of address

……………………………………………………………………...or failing him/her, the Chairman of the meeting, to be my proxy, to vote on my behalf at the 72nd Annual General meeting of the Company to be held on Monday 17th August 2020 Via electronic communication.

As witness by me this ………………….. Day of ……………………… (month) 2020

Signed ……………………………………

Note

1. A proxy need not be a member.
2. This proxy must be delivered to the Company's registered office not latter than 2.00 PM on Thursday 13th August 2020 failing which it will be invalid.