KENYA FUEL AND BARK SUPPLY Plc.

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

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
	Peter K. Maina	-	Vice Chairman
	Mwangi Mworia	-	Board Secretary
	Lydia W. Gitagia	-	Director
	Naomi W. Gachucha	-	Director
	Sarah W. Gichuru	-	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 73RD ANNUAL GENERAL MEETING

Notice is hereby given that in accordance with the Articles of Association of the Company the 73rd Annual General Meeting of **Kenya Fuel & Bark Supply PLC** will be held via electronic communication, on Thursday 3rd June, 2021 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 72nd Annual General Meeting held on 17th August 2020

Ordinary Business

3. **Financial Statements**
To receive, consider and adopt the audited Financial Statements for the year ended 31 December, 2020 together with Chairman's, Directors' and Auditor's Reports thereon.

4. **Declaration of Dividend**
To declare a first and final dividend of Kshs.55/- per fully paid up and issued ordinary share of Kshs.50/- each in respect of the financial year ended 31 December, 2020.

5. **Election of Directors**
To elect Directors:
   (i) Ms. Naomi Wambui Gacucha, 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. Julius Mwangi Mworia, a director retires on rotation in accordance with article 86 and 87 of the Company's Articles of Association and, being eligible, offers himself for re-election.

6. **Directors Remuneration**
To note that the Directors remuneration is as indicated in the financial statements for the year ended 31st December, 2020.

7. **Auditors**
To re-appoint M/S Wokabi &Company to continue in office 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.

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

   (a) **Increase of authorized share capital**

   "THAT the Authorized share capital of the Company be increased from Kshs. 5,000,000/= divided into 100,000 shares of Kshs. 50/= each to Kshs. 6,750,000/=

divided into 135,000 shares of Kshs. 50/= each, by creation of an additional 35,000 shares of Kshs. 50/= each, such shares to rank *pari passu* in every respect with the existing 100,000 shares of the Company**.”**

(b) **<u>Rights issue</u>**

THAT a total of **35,000** new ordinary shares be issued and allotted by the directors of the Company by means of a Rights Issue to the existing shareholders registered in the Register of Members at the close of business on 31st December 2020 in proportion of one (1) new share for every three (3) existing ordinary share held at the price of Kshs.450 per share.

9.To transact any other business of the Annual General Meeting for which proper notice has been given.

BY ORDER OF THE BOARD

Lucy Kibera
LEADING SECRETARIES
PORTAL PLACE
P O BOX 6399-00300
<u>NAIROBI</u>

Dated at Nairobi this 30th April, 2021

<u>Notes</u>:

1. Kenya Fuel & Bark Supply Plc has convened and is conducting this virtual annual general meeting in accordance with its Articles of Association number 61(a) and (b).

2. Shareholders wishing to participate in the AGM should register by dialing ***483*560#** on their Safaricom, Airtel or Telkom mobile telephone and following the various prompts regarding the registration process or **https://escrowagm.com/kfbs/signup.aspx** .In order to complete the registration process, shareholders will need to have their ID numbers which was used to purchase their shares and the Member number at hand. Shareholders can contact our helpline No KFBS **0789981896** or email to kenyafuel@yahoo.com, CDSC Registrars no. **0710888000** or email to registrar@cdscregistrars.com for assistance.

3. Registration of AGM will commence on Tuesday,May 11,2021 at 9.00a.m.and will close on Monday,May 31,2021 at 5.00pm.Shareholders will not be able to register after Monday,May 31,2021 at 5.00pm.

4. 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 17th August, 2020; (iii) The Company's audited financial statements for the year ended 31 December 2020. (iv) Chairman's Statement.

5. 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 5.00p.m. Monday 31 May,2021.

6. In accordance with Section 298(1) of the Companies Act a member entitled to attend and vote at the AGM 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 Monday,May 31,2021 at 2.00pm.

7. A 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.

8. 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.

9. 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.

10. 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 2020 . During the year our company operated in a difficult environment due to Corona Virus Pandemic which has spread throughout the world clipping every business to a halt

Financial performance

Despite the challenging local business environment, the Company made a profit before tax of **kes 7.2 m** in 2020 compared to kes**7.1 m**. in 2019.

Dividends

The Board is pleased to propose a dividend of **Shs. 55/-** per share for the year ended 31st December 2020. (**In 2019 we had paid with shs 50/- per share**)

STRATEGIC INVESTMENTS

During the year (2021) the company bought **(3 and quarter acres)** of land in Juja Farm near Shopping Centre at a cost of **kes 13 . 2 million** , our future plans on this land is to Subdivide plots of 50 x 100 ft and sell them.

INCREMENT OF COMPANY’S AUTHORISED SHARE CAPITAL (RIGHTS ISSUE)

On 22nd April 2021, the Board of Directors approved increment of Company’s authorised Share Capital from 5m to 6.750 m or **(100,000 shares to 135,000 shares of 50/- each**) subject to approval by shareholders in today’s Annual General Meeting of 3/6/21.

If the resolution is approved it will create **Additional 35,000** ordinary shares which will be sold at kes **450/- each Share** which will be allotted and sold to our members by means of rights issue on basis of **((1) one New Share for every 3 held)** as at 31st December 2020. This exercise if successful will raise additional working capital of **kes 15,750,000/-.** The money raised will be invested in buying Shambas sub dividing them and selling them or any other income generating project the Board may think fit.

These are proposals of the Board and we are seeking your approval.

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.

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED
DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company continue 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 December 2020 of Kshs 5,102,545 . This represented an increase of 1% from the net profit after tax of the prior year of Kshs 5,060,852.

Company revenue increased by 1% from Kshs 11,244,000 in the prior year to Kshs 11,390,840 for the year ended December 31, 2020.

Company net cash flows from operating activities decreased by 32% from Kshs 9,160,400in the prior year to Kshs 6,251,740 for the year ended December 31 2020.

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.

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 6th April 2021, and were signed on its behalf by:

Director	Director
Mamicha Kamau	
	Julius Mwangi Mworia

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

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 December 31, 2020, 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, 2020, 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 TO THE MEMBERS OF

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 TO THE MEMBERS OF

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS (CONT')

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 December 31, 2020 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 **17th March 2021**

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 Kshs	2019 Kshs
TURNOVER	14	11,390,840	11,244,000
Profit on sale of plots		407,707	2,415,389
		11,798,547	13,659,389
Dividend income		45,074	49,963
Advertisement income		518,617	693,921
Gain/(Diminution) on revaluation of quoted Shares		(316,423)	63,441
Interest income		705,195	446,684
Title processing fees – Net		25,000	25,000
Sundry income		773,712	1,041
		1,751,175	**1,280,050**
TOTAL INCOME		13,549,722	14,939,439
EXPENDITURE			
Staff costs	11	1,148,842	1,103,268
Establishment expenses	12	2,748,465	3,394,075
Administration expenses	13	2,376,965	3,248,039
Total Expenditure		**6,274,272**	**7,745,382**
PROFIT BEFORE TAX		**7,275,450**	**7,194,057**
TAXATION	8	(2,172,905)	(2,133,204)
PROFIT FOR THE YEAR BEFORE DIVIDEND		**5,102,545**	**5,060,853**
Proposed final dividend for the year		**(5,442,250)**	**(4,946,500)**
Net profit /Loss for the year transferred to reserves		**(339,705)**	**114,353**
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Report of the auditors – Page 5-7

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

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

	Note	2020 Kshs	2019 Kshs
ASSETS			
NON – CURRENT ASSETS			
Property & Equipment	2	160,604	88,021
Investment Properties	4	33,499,521	33,499,521
Investments held for sale -Plot		16,990,408	17,882,701
Investments held for sale -Securities	5	1,178,699	980,771
		51,829,232	52,451,014
CURRENT ASSETS			
Trade and other Receivables	6	6,410,320	7,282,059
Cash and Bank Balances	7	12,395,204	8,774,579
Tax Recoverable	8	450,695	944,070
		19,256,219	17,000,708
TOTAL ASSETS		71,085,451	69,451,724
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	9	4,947,500	4,946,500
Share Premium		14,156,200	14,148,200
Revenue Reserve		10,340,230	10,679,935
Revaluation Reserve		4,216,000	4,216,000
Capital Reserve		15,517,537	15,517,537
TOTAL SHAREHOLDERS FUNDS		49,177,467	49,508,172
CURRENT LIABILITIES			
Trade and other Payables	10	1,861,393	2,398,080
Dividends Payable	15	14,604,341	12,598,972
Proposed Dividends		5,442,250	4,946,500
TOTAL LIABILITIES		21,907,984	19,943,552
TOTAL EQUITY AND LIABILITIES		71,085,451	69,451,724

The financial statements were approved by the Board of Directors on 6th April 2021 and signed on its behalf by:-

DIRECTOR DIRECTOR

Report of the auditors – Page 5-7

The notes on pages 10 to 18 form part of these financial statements

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital Kshs.	Share Premium Kshs	Revenue Reserve Kshs	Capital Reserve Kshs	Revaluation Reserve Kshs	Total Kshs
YEAR ENDED 31 DECEMBER 2020						
At 1 January 2020	4,946,500	14,148,200	10,679,935	15,517,537	4,216,000	49,508,172
Shares Subscribed	1,000	8,000	-	-	-	9,000
-		-	-	-	-	
Profit for the year	-	-	(339,705)	-	-	(339,705)
At 31 December 2020	4,947,500	14,156,200	10,340,230	15,517,537	4,216,000	49,177,467
YEAR ENDED 31 DECEMBER 2019						
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

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Kshs	2019 Kshs
Cash Flow from Operating Activities			
Net Profit before Taxation		7,275,450	7,194,057
Adjustments for:			
Depreciation		49,416	22,679
Dividend Income		(45,074)	(49,963)
Diminution / (Appreciation) in value of investments		316,423	(63,441)
Operating Profit Before Working Capital Changes		7,596,215	7,103,332
Working capital changes;			
Receivables		871,741	3,947,194
Payables		(536,687)	392,468
		7,931,270	11,442,994
Income Tax Paid		(1,679,530)	(2,282,593)
Net cash flow from operating activities		6,251,738	9,160,401
Cash Flow From financing Activities			
Shares subscribed		9,000	31,500
Dividends Paid		(2,941,132)	(2,664,700)
Bank Loan proceeds			
Net cash decrease from financing activities		(2,932,132)	(2,633,201)
Cash Flow From Investing Activities			
Dividend Income		45,074	49,963
Purchase of Convertible securities		(529,700)	(559,332)
Sale of shares		15,349	114,700
Purchase of Office Equipment		(122,000)	-
Proceeds from sale of Investment Property	892,293	(1,575,389)	
Redemption of Kengen bond		-	25,500
Net cash increase/decrease from investing activities		301,016	(1,944,558)
Net Increase in Cash & Cash Equivalents		**3,620,625**	**4,582,642**
Cash & Cash Equivalents at 1st January	7	8,774,579	4,191,937
Cash & Cash Equivalents at 31st December	7	**12,395,204**	**8,774,579**
		========	========

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

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.

.

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 % 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.

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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.

Rentals 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 31.12.2020				
Cost				
As at 1.1.2020	95,674	155,174	268,400	519,249
	25,000	-	97,000	122,00
As at 31.12.2020	120,674	155,175	365,400	641,249
Depreciation				
As at 1.1.2020	81,852	116,340	233,036	431,228
Charge for the year	4,853	4,855	39,709	49,417
As at 31.12.2020	86,705	121,195	272,745	480,645
NBV as at 31.12.2020	33,969	33,980	92,655	160,604
	======	======	=======	========
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
	======	======	=======	========

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2020

3. PROFIT BEFORE TAXATION

	2020	2019
	Kshs	Kshs
Profit before taxation is arrived at after charging: -		
Directors remuneration	634,800	300,000
Depreciation	49,416	22,679
Dividend income	45,074	49,962

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
Mumias Sugar Co Ltd - 87,200 Ordinary Shares @ Kshs 0.27	23,544	23,544
Kenya Airways Ltd - 1,575 Ordinary Shares @ Kshs 2.05	-	3,229
British American Insurance Co. Ltd – 1000 Ordinary Shares @ Kshs 7.26	7.260	4,500
HFCK - 6,413 Ordinary Shares @ Kshs 3.32	21,291	34,968
Uchumi Supermarket - 18,200 Ordinary shares @Kshs 0.29	-	5,278
Home Africa - 25,200 Ordinary shares @Ksh 0.6	-	15,120
Nairobi Stock Exchange 9,000 Ordinary Shares @ Kshs 8.16	73,440	24,720
Standard chartered – 1,194 Ordinary Shares @ Kshs 144.25	172,234	105,705
Nation Media Group – 4,510 Ordinary Shares @ Kshs 15.10	68,101	71,640
KCB – 3,245 Ordinary Shares @ Kshs 38.10	123,634	94,230
I $ M-1,500 Ordinary Shares @ kshs 45	67,500	81,000
Equity Bank-2,500 Ordinary shares@ Kshs 36.55	91,375	42,800
EABl- 700 Ordinary shares @ kshs 154.25	107,975	99,250
Diamond trust Bank-520 Ordinary shares @ kshs 75	39,000	56,680
C0-operative bank-8,200 Ordinary shares @ kshs 12.5	102,500	81,750
CFC Stanbic bank – 500 Ordinary shares @ Kshs 85	42,500	43,700
ICDC (Centum) 1000 –Ordinary shares @Kshs 16.05	16,050	23,600
Safaricom 800 Ordinary shares @ kshs 34.25	27,400	25,200
NCBA bank 605 Ordinary shares @ Kshs 26.75	16,184	20,267
ABSA Bank 18,500 ordinary shares @ kshs 9.66	178,710	121,500
	1,178,699	980,771
	========	========

6. TRADE AND OTHER RECEIVABLES

	2020	2019
	Kshs	Ksh
Plot Debtors	1,681,020	3,867,020
Rent Debtors	1,809,346	817,600
Sundry Debtors	2,919,954	2,597,439
	6,410,320	7,282,059
	=======	=======

7. CASH AND BANK

Kenya Commercial Bank Ltd	1,931,919	3,237,021
Dividends Float	38,362	16,757
Cash in Hand	1,800	1,296
British Asset management	10,423,123	5,519,505
	12,395,204	8,774,579
	========	========

8. TAXATION

Profit & Loss Account		
Charge for the year	2,172,905	2,133,204
	2,172,905	2,133,204
	========	========
Balance Sheet		
At 1 January	(944,070)	(794,681)
Provision for the year	2,172,905	2,133,204
Paid during the year	(1,679,530)	(2,282,593)
	(450,695)	(944,070)
	=======	=======

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		
98,950 ordinary shares of Kshs. 50/= each. (2019 – 98,930)	4,947,500	4,946,500
	========	========

KENYA FUEL AND BARK SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2020

10. TRADE AND OTHER PAYABLES

	2020 Kshs	2019 Kshs
Accrued expenses	77,134	77,134
Rent deposits held	1,402,613	1,114,413
Sundry creditors	381,646	951,921
Prepaid income	-	254,612
	1,861,393	2,398,80
	========	========

11. STAFF COSTS

Salaries and wages	1,148,842	1,103,268
	========	========

13. RENTAL INCOME

Mbotela	3,193,400	3,030,300
Yangu	5,314,400	5,309,700
Kiburi	2,883,040	2,904,000
	11,390,840	11,244,000
	========	========

14 DIVIDENDS PAYABLE

As at January	12,598,972	10,814,972
Dividends declared	4,946,500	4,448,700
Dividends paid	(2,941,131)	(2,664,700)
	14,604,341	12,598,972
	========	========

15. INCORPORATION

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

16. 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.

17. 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 73rd Annual General meeting of the Company to be held on Thursday 3rd June 2021 Via electronic communication.

As witness by me this ………………….. Day of ……………………… (month) 2021

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 Monday 30th May 2021 failing which it will be invalid.