SAMEER AFRICA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

SAMEER AFRICA PLC

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

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SAMEER AFRICA PLC

STATUTORY INFORMATION

DIRECTORS

Eng. E.K. Mwongera	Chairman
P. Gitonga	Managing Director
A.H. Butt	
S. N. Merali	
L.M. Mbuthia	
M.W. Ngatia	
W.I. Nyamute	Resigned 29th June 2020

SECRETARY

Mohamed Sheba	Appointed 1st September 2020
Edgar Jumba Imbamba	Resigned 31st August 2020

AUDITOR

RSM Eastern Africa LLP
Certified Public Accountants
1st Floor, Pacis Centre
Slip road, off Waiyaki Way, Westlands
PO Box 349 – 00606
Nairobi

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

LR No. 12081/9
Mombasa Road
PO Box 30429
00100 Nairobi GPO

PRINCIPAL BANKERS

NCBA Bank (Kenya) PLC
NCBA House
Masaba Road, off Uhuru Highway
PO Box 44599
00100 Nairobi GPO

Standard Chartered Bank Kenya PLC
48, Westlands Road
PO Box 30003
00100 Nairobi GPO

Stanbic Bank Kenya Limited
Stanbic Centre
Chiromo Road, Westlands
PO Box 72833
00200 Nairobi GPO

ADVOCATES

Kipkorir, Titoo & Kiara
Posta Sacco Plaza
PO Box 10176
00100 Nairobi

Waruhiu K'owade and Nganga Advocates
Taj Towers, 4th Floor, Wing B
Upperhill Road
PO Box 41722
00100 Nairobi GPO

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 December 2020, which discloses the state of affairs of the Group and the Company.

1. Principal activities

The principal activities of the Group are the sourcing, importation and sale of tyres and related products and services and the letting of investment property.

2. Results

The results for the year are set out on page 14 and 15.

3. Dividend

The directors do not recommend the payment of a dividend (2019 – Nil).

4. Directors

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

5. Business overview

During the year under review, total revenue was KShs 757 million which showed a 57% decrease from the previous year (2019 – KShs 1,757 million). The reduced performance was mainly attributable to unavailability of key stocking units as a result of the planned closure of the tyre business.

Total operating expenses were KShs 118 million which showed a 87% decrease from the previous year (2019 – KShs 876 million).

The Board will continue to both challenge and support the actions of management as they work to ensure the Group transitions successfully over the next coming years to a more profitable and cash-generating business in the future.

The information on management of risks facing the business is disclosed in note 5 to the financial statements.

6. Relevant audit information

The Directors in office at the date of this report confirm that:

(i) There is no relevant audit information of which the Group's auditor is unaware; and

(ii) Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

7. Auditors

RSM Eastern Africa LLP having expressed their willingness, continues in office in accordance with Section 719 (2) of the Kenya Companies Act, 2015. The Directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 3,051,000 for the Group and KShs 1,450,000 for the Company has been charged to profit or loss in the year.

8. Approval of financial statements

The financial statements were approved and authorized for issue at a meeting of the directors held on **8 April 2021**.

BY ORDER OF THE BOARD

Mr. Mohamed Sheba
COMPANY SECRETARY

Date: 8 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of the Consolidated and Separate financial statements of Sameer Africa Plc set out on pages 14 to 94 which comprise the Consolidated and Company statements of financial position at 31 December 2020, Consolidated and Company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements 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 financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015 the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and the Company and of the Group's profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the board of directors on **8 April 2021.**

EKMwongera

Eng. E.K. Mwongera
Chairman

Peter Gitonga
Managing Director

Date: 8 April 2021

RSM

RSM Eastern Africa LLP
Certified Public Accountants

1st Floor, Pacis Centre, Slip Road
Off Waiyaki Way, Westlands
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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SAMEER AFRICA PLC

Opinion

We have audited the accompanying financial statements of Sameer Africa PLC ("the Company") and its subsidiaries (together, "the Group"), set out on pages 14 to 94, which comprise, for both the Group and the Company, the balance sheet as at 31st December 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2020 and of their 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 for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Registration number: LLP-3A1VXM

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF SAMEER AFRICA PLC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed
Valuation and existence of trade and other receivables	Trade and other receivables constitute a significant portion of the total assets of the Group and Company. The profile of the customers who constitute the trade receivables balance varies in character and risk. Amounts due from customers may be outstanding for long periods of time before being received by the Group and Company thus potentially exposing the Group and Company to impairment losses. The Group and Company has also to comply with IFRS 9 which involves significant judgement and estimates from management. Our procedures performed included the following: • Reviewed the expected credit loss (ECL) model for compliance with the principles of IFRS 9; • Tested the ageing of trade receivables, reviewing the data and assumptions made by management in arriving at the provisions; • Examined the historical recovery records and current credit status of customers; and • Performed alternative procedures where confirmations were not received by checking subsequent receipts from customers after the year end.
Disclosure of fair value of investment property	The Group had investment property as at 31 December 2020 for which the fair value disclosure is required. The valuation of investment property depends on certain key assumptions that require significant management judgement. Our procedures in relation to the key assumptions used in management's valuation of investment property held by the Group's included: • Evaluating the independent valuers' competence, capabilities and objectivity; • Obtaining the valuation reports; • Checking the accuracy of the input data, on a sample basis, used by the independent valuers including rental income, occupancy rates and risk margins by agreeing them back to management's records, invoices received or other supporting documentation including: key terms of lease agreements, rental income schedules; and prevailing market rents to leasing transactions of comparable properties.

SAMEER AFRICA PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Revenue	8	757,488	1,757,353
Cost of sales	9 (b) (i)	(513,795)	(1,487,004)
Gross profit		**243,693**	**270,349**
Other operating income	9 (a)	37,859	15,691
Selling and distribution income/(costs)	9 (b) (ii)	42,704	(198,149)
Administrative expenses	9 (b) (ii)	(140,356)	(403,921)
Other operating expenses	9 (b) (ii)	(20,367)	(274,067)
Operating profit/(loss)		**163,533**	**(590,097)**
Finance income	10	10,483	9,668
Finance costs	10	(118,778)	(95,229)
Share of profit of equity accounted investees (net of income tax)	18 (a)	16,497	15,135
Profit/(loss) before income tax		**71,735**	**(660,523)**
Income tax expense	11 (a)	(28,257)	(401,424)
Profit/(loss) for the year		**43,478**	**(1,061,947)**
Other comprehensive income (net of tax)			
(a) Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		2,127	1,480
Total other comprehensive income for the year		**2,127**	**1,480**
Total comprehensive profit/(loss) for the year		**45,605**	**(1,060,467)**
Earnings per share:			
Basic and diluted (KShs)	12 (a)	**0.16**	**(3.82)**

The notes set out on pages 22 to 94 form an integral part of these financial statements.

SAMEER AFRICA PLC

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Revenue	8	581,382	1,268,403
Cost of sales	9 (b) (i)	(411,085)	(1,069,243)
Gross profit		**170,297**	**199,160**
Other operating income	9 (a)	3,445	10,857
Selling and distribution costs	9 (b) (ii)	(222,212)	(96,136)
Administrative expenses	9 (b) (ii)	(117,479)	(273,124)
Other operating expenses	9 (b) (ii)	(20,120)	(122,515)
Operating loss		**(186,069)**	**(281,758)**
Finance income	10	125,127	7,318
Finance costs	10	(114,047)	(82,130)
Loss before income tax		**(174,989)**	**(356,570)**
Income tax expense	11 (a)	(18,811)	(340,505)
Loss for the year		**(193,800)**	**(697,075)**
Other comprehensive income (net of tax)			
Total other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(193,800)**	**(697,075)**

The notes set out on pages 22 to 94 form an integral part of these financial statements.

SAMEER AFRICA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 KShs '000	2019 KShs '000
ASSETS			
Non-current assets			
Property, plant and equipment	13 (a)	29,429	60,508
Investment properties	15 (a)	524,894	450,289
Prepaid operating lease rentals	16 (a)	338	342
Investment in associate	18	169,107	152,610
Total non-current assets		**723,768**	**663,749**
Current assets			
Inventories	19	2,375	419,779
Trade and other receivables	20	207,143	374,359
Current income tax	11 (c)	50,336	33,557
Cash and cash equivalents	21	63,533	39,403
Total current assets		**323,387**	**867,098**
TOTAL ASSETS		**1,047,155**	**1,530,847**
EQUITY			
Share capital	22 (a)	1,391,712	1,391,712
Accumulated losses	22 (b)	(1,104,892)	(1,148,370)
Translation reserve	22 (b)	(172,104)	(174,231)
Total equity		**114,716**	**69,111**
LIABILITIES			
Non-current liabilities			
Borrowings	23 (a)	708,588	455,218
Deferred income tax	24 (b)	5,263	5,263
Total non-current liabilities		**713,851**	**460,481**
Current liabilities			
Trade and other payables	25 (a)	181,522	586,576
Current income tax	11 (c)	1,416	-
Borrowings	23 (a)	35,620	414,679
Total current liabilities		**218,588**	**1,001,255**
Total liabilities		**932,439**	**1,461,736**
TOTAL EQUITY AND LIABILITIES		**1,047,155**	**1,530,847**

The financial statements on pages 14 to 94 were approved and authorised for issue by the Board of Directors on **8 April 2021**

EKMwongera

Eng. E.K. Mwongera
Chairman

Peter Gitonga
Managing Director

The notes set out on pages 22 to 94 form an integral part of these financial statements.

SAMEER AFRICA PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 KShs '000	2019 KShs '000
ASSETS			
Non-current assets			
Property, plant and equipment	13 (a)	10,297	39,871
Investment properties	15 (a)	432,203	372,678
Prepaid operating lease rentals	16 (a)	338	342
Investment in subsidiaries	17	130,000	130,000
Investment in associate	18	137,026	137,026
Total non-current assets		**709,864**	**679,917**
Current assets			
Inventories	19	-	319,624
Trade and other receivables	20	198,036	534,275
Current income tax	11 (c)	11,924	6,920
Cash and cash equivalents	21	48,822	29,152
Total current assets		**258,782**	**889,971**
TOTAL ASSETS		**968,646**	**1,569,888**
EQUITY			
Share capital	22 (a)	1,391,712	1,391,712
Accumulated losses	22 (b)	(1,464,890)	(1,271,090)
Total equity		**(73,178)**	**120,622**
LIABILITIES			
Non-current liabilities			
Borrowings	23 (a)	708,588	455,218
Total non-current liabilities		**708,588**	**455,218**
Current liabilities			
Trade and other payables	25 (a)	297,616	579,369
Borrowings	23 (a)	35,620	414,679
Total current liabilities		**333,236**	**994,048**
Total liabilities		**1,041,824**	**1,449,266**
TOTAL EQUITY AND LIABILITIES		**968,646**	**1,569,888**

The financial statements on pages 14 to 94 were approved and authorised for issue by the Board of Directors on **8 April 2021**

EKMwongera

Eng. E.K. Mwongera .
Chairman

Peter Gitonga
Managing Director

The notes set out on pages 22 to 94 form an integral part of these financial statements.

SAMEER AFRICA PLC

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

2020	Share capital KShs'000	Retained earnings KShs'000	Translation reserve KShs'000	Total KShs'000
At start of year	1,391,712	(1,148,370)	(174,231)	69,111
Comprehensive income For the year				
Profit for the year	-	43,478	-	43,478
Other comprehensive income	-	-	2,127	2,127
Total comprehensive income	-	43,478	2,127	45,605
At end of year	**1,391,712**	**(1,104,892)**	**(172,104)**	**114,716**
2019				
At start of year	1,391,712	(86,423)	(175,711)	1,129,578
Comprehensive income For the year				
Loss for the year	-	(1,061,947)	-	(1,061,947)
Other comprehensive income	-	-	1,480	1,480
Total comprehensive income	-	(1,061,947)	1,480	(1,060,467)
At end of year	**1,391,712**	**(1,148,370)**	**(174,231)**	**69,111**

The notes set out on pages 22 to 94 form an integral part of these financial statements.

SAMEER AFRICA PLC

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

	Share capital KShs'000	Retained earnings KShs'000	Total KShs'000
2020			
At start of year	1,391,712	(1,271,090)	120,622
Comprehensive income For the year			
Loss for the year	-	(193,800)	(193,800)
Total comprehensive income	-	(193,800)	(193,800)
At end of year	**1,391,712**	**(1,464,890)**	**(73,178)**
2019			
At start of year	1,391,712	(574,015)	817,697
Comprehensive income For the year			
Loss for the year	-	(697,075)	(697,075)
Total comprehensive income	-	(697,075)	(697,075)
At end of year	**1,391,712**	**(1,271,090)**	**120,622**

The notes set out on pages 22 to 94 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Cash flows from operating activities			
Cash receipts from customers	26	926,319	1,973,413
Cash payments for purchases	26	(288,695)	(1,002,085)
Cash payments for expenses	26	(328,642)	(748,799)
Cash generated from operating activities		308,982	222,529
Interest paid	10	(69,925)	(73,358)
Income tax paid	11(c)	(38,902)	(20,499)
Net cash generated from operating activities		**200,155**	**128,672**
Cash flows from investing activities			
Purchase of property, plant and equipment	13 (a)	(22)	(7,745)
Additions to investment property	15 (a)	(45,596)	(34,817)
Proceeds from disposal of property, plant and equipment		-	5,296
Net cash used in investing activities		**(45,618)**	**(37,266)**
Cash flows from financing activities			
Proceeds from borrowings	23 (a)	288,990	455,218
Repayment of borrowings	23 (a)	-	(14,585)
Net cash generated by financing activities		**288,990**	**440,633**
Increase in cash and cash equivalents		**443,527**	**532,039**
Movement in cash and cash equivalents:			
At start of year		(375,276)	(913,362)
Increase in cash and cash equivalents		443,527	532,039
Effects of exchange movements on cash held		(4,718)	6,047
At end of year	21	**63,533**	**(375,276)**

The notes set out on pages 22 to 94 form an integral part of these financial statements.

SAMEER AFRICA PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 KShs'000	2019 KShs'000
Cash flows from operating activities			
Cash receipts from customers	26	882,072	1,584,181
Cash payments for purchases	26	(232,650)	(945,321)
Cash payments for expenses	26	(503,244)	(386,329)
Cash generated from operating activities		146,178	252,531
Interest paid	10	(69,925)	(73,358)
Income tax paid	11(c)	(23,819)	(7,992)
Net cash generated operating activities		**52,434**	**171,181**
Cash flows from investing activities			
Dividends received	10	120,000	-
Purchase of property, plant and equipment	13(a)	-	(6,503)
Additions to investment property	15(a)	(27,075)	(34,467)
Proceeds from disposal of property, plant and equipment		-	1,668
Net cash generated/(used in) investing activities		**92,925**	**(39,302)**
Cash flows from financing activities			
Proceeds from long term borrowings	23 (a)	288,990	455,218
Repayment of borrowings	23 (a)	-	(14,585)
Net cash generated by financing activities		**288,990**	**440,633**
Increase in cash and cash equivalents		**434,349**	**572,512**
Movement in cash and cash equivalents:			
At start of year		(385,527)	(958,039)
Increase in cash and cash equivalents		434349	572,512
At end of year	21	**48,822**	**(385,527)**

The notes set out on pages 22 to 94 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

Sameer Africa Plc is a limited liability Company incorporated in Kenya under the Kenyan Companies Act 2015, and is domiciled in Kenya. The Consolidated financial statements of the company for the year ended 31 December 2020 comprise the company, its subsidiaries and associate (together referred to as the "Group"). The Group primarily is involved in the sourcing, importation and sale of tyres, tubes and flaps and letting of investment properties. The address of its registered office is as follows:

LR No. 12081/9
Mombasa Road
PO Box 30429 - 00100
Nairobi

The Company's shares are listed on the Nairobi Securities Exchange.

The Company's parent Company is Sameer Investments Limited, a company incorporated in Kenya and which holds 72.48% of the company's equity interest.

For Kenyan Companies Act 2015 reporting purposes, the balance sheet is represented in these financial statements by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Consolidated and Separate financial statements (the financial statements) are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) and the Kenya Companies Act, 2015.Details of the Group's and Company's significant accounting policies are included in Note 3.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except where mentioned.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Kenya shillings (KShs), which is the Group's and Company's functional and presentation currency. All financial information presented in Kenya shillings (KShs) has been rounded to the nearest thousand, except where otherwise indicated.

(d) Use of estimates and judgment

In preparing these Consolidated and Separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (Continued)

(d) Use of estimates and judgement (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 7.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for changes noted in Note 4, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

References to the Group's accounting policies apply equally to the Company unless otherwise specified.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred.

Investments in subsidiaries are accounted for at cost less impairment in the Separate financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group, and adjustments made where necessary.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) ***Interests in equity accounted investees***

The Group's interest in equity accounted investees, comprises its interest in an associate.

Associates are those entities in which the Group has between 20% and 50% of the voting rights and over which the Group exercises significant influence but which it does not control

Interests in the associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated financial statements includes the Group's share of profit or loss and other comprehensive income of the equity accounted investees until the date on which significant influence or joint control ceases.

Losses of an equity accounted investee in excess of the Group's interest in that entity are recognised only to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of the investee.

Unrealised gains arising from transaction with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in equity accounted investees are measured at cost less impairment loss in the Separate financial statements of the Company. They are initially recognised at cost which includes transaction costs.

(b) Foreign currencies

(i) ***Foreign currency transactions and balances***

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities that are based on historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currencies (continued)

(ii) Foreign operations

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date.

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

(c) Segment reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group organizes its activity by business and geographical lines and these are defined as the Group's reportable segments. The four business segments are Sourcing and Distribution, Regional Operations, Yana Tyre Centres and Property Rentals.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group and Company's activities. Net revenue is stated net of value-added tax (VAT), excise duty, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is measured based on the consideration to which the Group and Company expects to be entitled in a contract with a customer. The Group and Company recognises revenue when it transfers control of a product or service to a customer.

The Group and Company recognises revenue in accordance with that core principle by applying the following five steps:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract;
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Finance income and finance costs

The Group's finance income and finance costs include:

— Interest income;
— Interest expense;
— Dividend income;
— Foreign currency exchange gain or loss on financial assets and financial liabilities;
— Impairment losses recognised on financial assets (other than trade receivables);
— Reclassification of net gains previously recognised in other comprehensive income.

Interest expense on borrowings is recognised in profit or loss using the effective interest rate unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized to that asset.

Foreign exchange gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(f) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The group and all its employees contribute to the respective National Social Security Funds in the countries in which the Group operates, which are defined contribution schemes.

The group and its employees also contribute to a retirement benefit scheme. The scheme is managed by an independent fund manager. The post-employment benefits received by an employee from the scheme are determined by the amount of contributions by the Group and the employee, together with investment returns arising from the contributions. In consequence, both the actuarial and investment risks fall, in substance, on the employee.

The group's contributions to the retirement benefit schemes are charged to the profit or loss in the year to which they relate. The group has no further obligation in respect of the retirement benefit scheme once the contributions have been paid.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of a restructuring or an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(g) Taxation

Income tax expense comprises both current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset and liability are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

(i) Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items of property, plant and equipment are initially recorded at cost and subsequently depreciated. After initial recognition, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset.

Where an item of property, plant and equipment is developed or constructed over a period of time, the costs attributable to the item are accumulated in a "capital work in progress" account until the item is commissioned and the cost transferred to the relevant class of property, plant and equipment. Assets under capital work in progress are not depreciated until they are commissioned or are put into active use and transferred to the relevant class of property, plant and equipment.

Assets still under development or construction at the reporting date are shown under "capital works in progress" in the notes to the financial statements. These are capitalised when ready for intended use.

(ii) Reclassification to investment property

When the use of a material part of property, or part thereof, changes from owner – occupied to investment property, the property is classified accordingly using the depreciated cost less impairment loss or a proportionate share of the depreciated cost less impairment loss in cases where only a portion of the property is transferred.

(iii) Subsequent costs

The cost of replacing a component of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation of an item of property, plant and equipment begins when the item is available for use and continues being depreciated until it is derecognised.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The annual rates of depreciation used are as follows:

Buildings	5-25 years
Tyre and tube molds and fittings	3 - 8 years
Computer equipment	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

(iv) Depreciation (Continued)

Vehicles	4 years
Furniture, fittings and equipment	8 years

The assets' residual values and useful lives are reviewed and adjusted as appropriate at each reporting date.

(v) De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition is included in profit or loss. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(i) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognised at cost including the transaction costs. It is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of the property to its residual value over its estimated useful life. Gains or losses on disposal are recognised in profit or loss.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

(j) Intangible assets – computer software

Computer software development costs and the acquisition cost of software licenses are capitalized on the basis of the costs incurred to develop or acquire and bring to use the specific software. Software costs are capitalized only if the expenditure can be reliably measured, the product is technically and commercially viable, future economic benefits are probable and the Group intends to and has resources to complete development and use or sell the asset. Subsequent to initial recognition, software acquisition and development expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses. Computer software development and acquisition costs are amortised on a straight line basis over 8 years.

(k) Inventories

Stores and supplies,and finished goods are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less any costs of completion and selling expenses. If the purchase or production cost is higher than net realisable value, inventories are written down to net realisable value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments

(i) Classification

The Group and Company classify financial instruments into the following categories:

a. 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 on the principal amount outstanding, are classified and measured at amortised cost.

b. Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, 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 on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.

c. All other financial assets are classified and measured at fair value through profit or loss.

d. Notwithstanding the above, the Group and Company may:
   i. 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;
   ii. 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.

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

Financial instruments held during the year were classified as follows:

- Trade and other receivables were classified as at amortised cost;
- Borrowings and trade and other liabilities were classified as at amortised cost.

(ii) Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group and Company's statement of financial position when the Group or Company becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

(ii) Recognition and initial measurement (Continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(iii) Classification and subsequent measurement

The Group and Company classify their financial assets in the following categories; amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets and their subsequent accounting will be determined by the application of dual tests examining the contractual cash flow characteristics of the financial instruments and the Group's business model for managing the assets.

Financial assets may be held at amortised cost only where both:

— the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that consist solely of principal and interest on the outstanding principal.

(iv) Offsetting financial instruments

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

(v) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (Continued)

(v) Impairment of financial assets (Continued)

For financial assets carried at amortised cost (including loans and other receivables such as trade debtors), impairment losses are recognised under the "expected loss model", building up a debtors' provision / allowance account against credit losses over the life of the financial asset (including an estimate of initial credit risk).

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

(vi) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(m) Leases

(i) Leases under which the Group is the lessee

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Leases (Continued)

(i) Leases under which the Group is the lessee (Continued)

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

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

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

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

(ii) Leases under which the Group is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit and loss account on a straight-line basis over the lease term. The Group has not entered into any finance leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Restructuring: A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for.

(o) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

The group measures the fair value of an instrument using the quoted price, if one is available, in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Fair value measurement (Continued)

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

(q) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are not recognised until they have been declared at an annual general meeting.

(r) Share capital

Ordinary shares are classified as 'share capital' in equity. Equity instruments issued by a Group entity are recognised at the value of proceeds received, net of direct issue costs. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a reduction from equity.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. NEW STANDARDS, AMENDMENT AND INTERPRETATIONS

(a) New standards, amendments and interpretations effective and adopted during the year

Three Amendments to standards became effective for the first time in the financial year beginning 1st January 2020 and have been adopted by the Group. None of the Amendments has had an effect on the Group's financial statements.

(b) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020

The Group has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2020, and the Directors do not plan to apply any of them until they become effective. Note 34 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Group's financial statements in the period of initial application.

i. Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020). The amendments, applicable to annual periods beginning on or after 1 June 2020.
ii. Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020). hey are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.
iii. 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.
iv. Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (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.
v. Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (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.
vi. 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.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Overview

The Group's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Group's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Group's performance by setting acceptable levels of risk. The Group does not hedge against any risks.

(a) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a group-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings.

Trade and other receivables

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

(a) Credit risk and expected credit losses (Continued)

Trade and other receivables (continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

(i) Group

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
At 31st December 2020					
Trade receivables	-	-	-	248,723	248,723
Other receivables	108,569	-	-	-	108,569
Cash at bank	63,533	-	-	-	63,533
Gross carrying amount	**172,102**	**-**	**-**	**248,723**	**420,825**
Loss allowance	(5,787)	-	-	(158,120)	(158,120)
Exposure to credit risk	**166,315**	**-**	**-**	**90,603**	**256,918**

FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

(a) Credit risk and expected credit losses (Continued)

i) Group (continued)

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
At 31st December 2019					
Trade receivables	-	-	-	523,303	523,303
Other receivables	65,070	-	-	-	65,070
Cash at bank	39,403	-	-	-	39,403
Gross carrying amount	**104,473**	-	-	**523,303**	**627,776**
Loss allowance	-	-	-	(247,734)	(247,734)
Exposure to credit risk	**104,473**	-	-	**275,569**	**380,042**

(ii) Company

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
At 31st December 2020					
Trade receivables	-	-	-	89,484	89,484
Amount due from subsidiaries	-	-	364,131	-	364,131
Other receivables	44,211	-	-	-	44,211
Cash at bank	48,822	-	-	-	48,822
Gross carrying amount	**93,033**	-	**364,131**	**89,484**	**546,648**
Loss allowance	(4,777)	-	(253,127)	(51,786)	(309,690)
Exposure to credit risk	**88,256**	-	**111,004**	**37,698**	**236,958**

FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

(a) Credit risk and expected credit losses (Continued)

(ii) Company (continued)

	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
At 31st December 2019					
Trade receivables	-	-	-	325,135	325,135
Amount due from subsidiaries	290,078	-	-	-	290,078
Other receivables	8,561	-	-	-	8,561
Cash at bank	29,152	-	-	-	29,152
Gross carrying amount	**327,791**	-	-	**325,135**	**652,926**
Loss allowance	-	-	-	(111,209)	(111,209)
Exposure to credit risk	**327,791**	-	-	**213,926**	**541,717**

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

(a) Credit risk and expected credit losses (Continued)

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

(a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
(b) financial assets that are credit impaired at the balance sheet date;
© trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

	Group		Company	
	2020	2019	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000
Not past due	**9,205**	**105,823**	**13,420**	**87,053**
Past due				
:by 31 to 60 days	20,264	91,214	15,188	75,099
:by 61 to 90 days	9,869	59,535	4,116	49,145
:by 91 to 180 days	51,265	18,997	4,974	2,629
:over 181 days	-	-	-	-
Total past due	**81,398**	**169,746**	**24,278**	**126,873**
Net trade receivables	**90,603**	**275,569**	**37,698**	**213,926**
Loss allowance	**158,120**	**247,734**	**51,786**	**111,209**
Total trade receivables	**248,723**	**523,303**	**89,484**	**325,135**

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

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk and expected credit losses (Continued)

The changes in the loss allowance during the year were as follows:

(i) Group	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note above)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
Year ended 31st December 2020					
At start of year	-	-	-	247,734	247,734
The changes in the loss allowance during the year were as follows:					
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	5,787	-	-	(89,614)	(83,827)
At end of year	**5,787**	**-**	**-**	**158,120**	**163,907**
Year ended 31st December 2019					
At start of year	10,062	-	-	204,944	215,006
The changes in the loss allowance during the year were as follows:					
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	42,790	42,790
Changes because of financial assets that were written off during the year					
Other changes	(10,062)	-	-	-	(10,062)
At end of year	**-**	**-**	**-**	**247,734**	**247,734**

5. FINANCIAL INSTRUMENTS - RISK MANAGEMEN (CONTINUED)

(a) Credit risk and expected credit losses (Continued)

The changes in the loss allowance during the year were as follows:

(ii) Company	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note above)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
Year ended 31st December 2020					
At start of year		-	-	111,209	111,209
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	4,777	-	253,127	(59,423)	198,481
At end of year	**4,777**	**-**	**253,127**	**51,786**	**304,690**
Year ended 31st December 2019					
At start of year	-	-	-	82,091	82,091
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	29,118	29,118
At end of year	**-**	**-**	**-**	**111,209**	**111,209**

The Company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash flows from trade and other receivables together with expected cash outflows on trade and other payables.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include expected interest payments.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (continued)

(i) Group

	Carrying amount	1 - 3 months	3months - 1 year	1-3 years	Total
31 December 2020:	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Non - derivative financial liabilities					
Borrowing (Note 23 (a))	744,208	6,365	29,255	708,588	744,208
Trade and other payables (Note 25 (a))	181,552	181,552	-	-	181,552
At 31 December 2020	**925,760**	**187,917**	**29,255**	**708,588**	**925,760**
31 December 2019:					
Non - derivative financial liabilities					
Short term facilities (Note 23 (a))	414,679	216,442	198,237	-	414,679
Long term loan (Note 23 (a))	455,218	-	-	455,218	455,218
Trade and other payables (Note 25 (a))	586,576	586,576	-	-	586,576
At 31 December 2019	**1,456,473**	**803,018**	**198,238**	**455,218**	**1,456,473**

FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (continued)

(ii) Company

31 December 2020:	Carrying amount KShs '000	1 - 3 months KShs '000	3months - 1 year KShs '000	1-3 years KShs '000	Total KShs '000
Non - derivative financial liabilities					
Borrowings (Note 23 (a))	744,208	6,365	29,255	708,588	744,208
Trade and other payables (Note 25 (a))	297,616	297,616	-	-	297,616
At 31 December 2020	**1,041,824**	**303,981**	**29,255**	**708,588**	**1,041,824**
31 December 2019:					
Non - derivative financial liabilities					
Short term facilities (Note 23 (a))	414,679	216,442	198,237	-	414,679
Long term loan (Note 23 (a))	455,218	-	-	455,218	455,218
Trade and other payables (Note 25 (a))	579,369	579,369	-	-	579,369
At 31 December 2019	**1,449,266**	**795,811**	**198,237**	**455,218**	**1,449,266**

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange and interest rates will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) *Foreign exchange risk* - Group exchange risk from recognised financial assets and liabilities

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised foreign currency assets and liabilities and net investments in foreign operations.

Exposure to currency risk

The summary quantitative data about the Group and Company's exposure to currency risk as reported to the management of the Group is as follows; (amounts in KShs '000)

Financial instruments

	31 DECEMBER 2020				31 DECEMBER 2019			
	USD	TZS	UGX	BIF	USD	TZS	UGX	B
	'000	'000	'000	'000	'000	'000	'000	'0
Financial assets								
Cash and cash equivalents	7,276	9,083	1,601	394	2,128	11	2,098	5,8
Trade receivables	18,283	56,855	10,004	38,827	18,078	76,287	41,740	39,9
	25,559	**65,938**	**11,606**	**39,221**	**20,206**	**76,298**	**43,838**	**45,8**
Financial liabilities								
Long term facilities	(744,208)	-	-	-	(455,218)	-	-	
Short term facilities	-	-	-	-	(333,831)	-	-	
Trade and other payables	15,443	(2,068)	(141)	(2,595)	(38,989)	(13,383)	(773)	(60
	(728,765)	**(2,068)**	**(141)**	**(2,595)**	**(828,038)**	**(13,383)**	**(773)**	**(60**
Net financial exposure	**(703,206)**	**63,870**	**11,465**	**36,626**	**(807,831)**	**62,915**	**43,065**	**45,2**

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

The following significant exchange rates have been applied during the year.

	Average rate		Year-end spot rate	
	2020	**2019**	**2020**	**2019**
USD	106.6301	102.1550	109.2850	101.3365
TZS	0.0471	0.0441	0.0461	0.0443
UGX	0.0297	0.0276	0.0286	0.0276
BIF	0.0563	0.0539	0.0557	0.0556

Sensitivity analysis

A reasonably possible strengthening or (weakening) of the key currencies against the Kenya shilling, would have affected the measurement of financial instruments denominated in foreign currency and affected the profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant and ignores the impact of forecast sales and purchases.

		Profit or loss/equity	
Effect in KShs '000		**Strengthening**	**Weakening**
31 December 2020			
Currency	% movement		
USD	3%	(21,096)	21,096
TSH	10%	6,387	(6,387)
UGX	5%	573	(573)
BIF	3%	1,099	(1,099)
31 December 2019			
USD	3%	(24,235)	24,235
TSH	10%	6,292	(6,292)
UGX	5%	2,153	(2,153)
BIF	3%	1,357	(1,357)

The Group does not hold any derivative financial instruments or financial assets measured at fair value through other comprehensive income. All exchange gains and losses arising from exposure to foreign exchange risks on its non-derivative financial instruments, are charged to profit or loss. The above sensitivity analysis would therefore have no direct effect on equity.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Exchange risk from net investments in foreign operations

The Group has subsidiaries in Uganda, Burundi and Tanzania. Therefore, the net investments in these subsidiaries are exposed to foreign exchange risk upon consolidation of the financial statements and any losses/ (gains) are charged / (credited) to other comprehensive income. The effect of changes in the exchange rates as at 31 December 2020 would have had on the translation reserve are shown below:

Uganda
At 31 December 2020, if the Ugandan Shilling had weakened/strengthened by 5% (2019 – 5%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to the other comprehensive income would have been KShs 3,402,895 (2019 – KShs 2,338,329) higher/lower.

Burundi
At 31 December 2020, if the Burundi Franc had weakened/strengthened by 3% (2019 – 3%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 165,254 (2019 – KShs 873,502) higher/lower.

Tanzania
At 31 December 2020, if the Tanzanian Shilling had weakened/strengthened by 10% (2019 – 10%) against the Kenyan Shilling with all other variables held constant, the net (charge)/credit to other comprehensive income would have been KShs 1,194,424 (2019 – KShs 1,477,749) higher/lower.

Company exchange risk from recognised financial assets and liabilities

At 31 December 2020, if the Kenya Shilling had weakened/strengthened by 3% against the US dollar with all other variables held constant, company profit for the year would have been KShs 21,096,171 (2019 – KShs 24,234,933) higher/lower, mainly as a result of US dollar denominated financial instruments.

The company does not hold any derivative financial instruments or financial assets measured at fair value through other comprehensive income. All exchange gains and losses arising from exposure to foreign exchange risks on its non-derivative financial instruments, are charged to profit or loss. The above sensitivity analysis would therefore have no direct effect on equity.

(ii) Interest rate risk

The Group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing

5. **FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)**

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and Company's fixed interest-bearing financial instruments as reported to management of the Group is as follows;

	Group		Company	
	2020 KShs '000	2019 KShs '000	2020 KShs '000	2019 KShs '000
Fixed rate instruments				
Financial liabilities (Note 23 (a))	(744,208)	(869,897)	(744,208)	(869,897)
Exposure	**(744,208)**	**(869,897)**	**(744,208)**	**(869,897)**

Financial liabilities relate to borrowings.

Fair value sensitivity analysis on fixed rate instruments

The Group does not account for its fixed-rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would have no effect on profit or loss or equity.

(d) Capital management

The board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or adjust the amount of capital expenditure. The Group monitors capital on the basis of the debt-to-adjusted capital ratio, calculated as net debt to capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital, retained earnings, and other reserves).

The director's target is to maintain a gearing ratio not exceeding 10% for the Group and 20% for the company.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Capital management (continued)

	Group		Company	
	2020	2019	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000
Total borrowings (Note 23)	744,208	869,897	744,208	869,897
Less: Cash and cash equivalents (Note 21)	(63,533)	(39,403)	(48,822)	(29,152)
Net debt	680,675	830,354	695,386	840,745
Total equity	114,716	69,111	(73,178)	120,622
Total capital	**795,391**	**899,605**	**622,208**	**961,367**
Gearing ratio	**85.58%**	**92.30%**	**111.76%**	**87.45%**

(e) Fair values

None of the Group's financial instruments are measured at fair value. The Group has not disclosed fair values for financial instruments not measured at fair value, such as short-term trade receivables and payables and borrowings, because their carrying amounts are a reasonable estimation of their fair values.

6. OPERATING SEGMENTS

(a) Basis of segmentation

The Group identifies primary segments based on the dominant source, nature of risks and returns, geographical distribution and internal organization and management structure. The operating segments are the segments for which Separate financial information is available and for which operating profit /(loss) is evaluated regularly by the Managing Director and Executive management in deciding how to allocate resources and assess performance.

The following summary describes the operations of each segment.

Reportable segment	Operations
Sourcing and distribution	Sourcing, buying and distribution of tyres, tubes and flaps
Regional operations	Buying and distribution of tyres, tubes and flaps in the Eastern Africa Region
Yana Tyre Centre	Retailing of tyres, tubes and flaps and provision of tyre related services
Rental business	Letting of investment properties

There is a significant level of integration between the distribution, regional operations and Yana Tyre Centre segments. This includes inter segment sales of products as well as shared marketing and sales services. Inter-segment pricing is determined on an arm's length basis.

OPERATING SEGMENTS (Continued)

(b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) after tax is used to measure performance because management believes that this information is the most relevant in evaluating results of the respective segments relative to other entities in similar operations.

	Reportable segments									
	Sourcing & distribution		Regional operations		Yana Tyre centres		Rental business		Total	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
rnal revenues	345,562	833,074	26,517	281,528	96,449	378,596	288,961	264,155	757,488	1,757,353
-segment revenues	9,083	217,851	-	-	-	-	-	-	9,083	217,851
ment revenue	**354,645**	**1,050,925**	**26,517**	**281,528**	**96,449**	**378,596**	**288,961**	**264,155**	**766,571**	**1,975,204**
ment (loss)/profit before	(211,302)	(419,527)	39,769	(155,859)	22,246	(200,516)	118,443	97,686	(30,844)	(678,217)
me tax	-	(327,203)	(6,492)	(2,140)	-	(43,261)	(21,765)	(28,820)	(28,257)	(401,424)
ment profit after tax	**(211,302)**	**(746,730)**	**33,277**	**(158,000)**	**22,246**	**(243,777)**	**96,678**	**68,866**	**(59,101)**	**(1,079,641)**
dend earned	120,000	-	-	-	-	-	-	-	120,000	-
rest expense	(69,925)	(73,358)	-	-	-	-	-	-	(69,925)	(73,358)
reciation and rtisation	(471)	(50,811)	-	(7,059)	(921)	(27,203)	(8,982)	(14,113)	(10,374)	(99,186)
e of profit from equity ounted investees	16,497	15,135	-	-	-	-	-	-	16,497	15,135
ment assets	**553,463**	**1,219,298**	**74,907**	**150,207**	**32,693**	**109,782**	**781,884**	**773,491**	**1,442,947**	**2,252,777**
ity accounted investees	169,107	152,610	-	-	-	-	-	-	169,107	152,610
ital expenditure	-	(6,053)	-	(235)	-	(83)	(45,617)	(35,742)	(45,617)	(42,563)
ment liabilities	**(1,053,238)**	**(1,460,680)**	**(67,946)**	**(174,468)**	**(234,770)**	**(334,102)**	**(145,381)**	**(98,161)**	**(1,501,335)**	**(2,067,411)**

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

6. OPERATING SEGMENTS (Continued)

(c) Reconciliation of information on reportable segments to IFRS measures

The Group's internal accounting policies and measures are consistent with IFRS. Therefore, the reconciling items are limited to items that are not allocated to reportable segments and inter-segment eliminations, as opposed to a difference in the basis of preparation of the information.

	2020 KShs'000	2019 KShs'000
(i) Revenues		
Total revenues for reportable segments	766,571	1,975,204
Elimination of intersegment revenues	(9,083)	(217,851)
Consolidated revenue	**757,488**	**1,757,353**
(ii) Profit/(loss) before tax		
Segments loss before tax	(30,844)	(678,217)
Provision due from subsidiaries	253,127	-
Share of profit on equity accounted investee	16,497	15,135
Elimination of intersegment expenses	(170,000)	-
Inter-segment unrealised profits	2,955	2,559
Consolidated loss before tax	**71,735**	**(660,523)**
(iii) Assets		
Total segment assets	1,442,947	2,252,777
Elimination of inter-segment;		
-Net unrealised profits on inventories	-	(2,955)
- Receivables	(284,210)	(574,117)
- Intercompany provisions	-	-
Investment in subsidiaries	(194,000)	(194,000)
Share of profit/(loss) of equity accounted investees	32,082	15,585
Consolidated total assets	**996,819**	**1,497,290**
(iv) Liabilities		
Total segment liabilities	1,501,335	2,067,411
Elimination of inter-segment payables	(574,159)	(610,938)
Consolidated total liabilities	**927,176**	**1,456,473**

Segment assets and liabilities exclude current and deferred taxes

6. OPERATING SEGMENTS (Continued)

(d) Geographic information

The Group operates in various markets within the greater Eastern and Southern Africa markets. The sourcing plant is domiciled in Kenya with other markets involved in distribution, retail and trading. The geographic information below analyses the Group's revenues and non-current assets by the country of domicile and other countries. In preparing the following information, segment revenue has been based on geographic location of customers and segment non-current assets were based on the geographic location of the assets. Non-current assets exclude financial instruments, employee benefits assets and deferred tax assets.

	2020 KShs'000	2019 KShs'000
(i) Revenues		
Country of domicile		
Kenya	592,052	1,050,552
All foreign countries		
Uganda	19,278	103,383
Tanzania	4,270	144,364
Burundi	2,969	31,103
Others	138,919	427,951
Consolidated revenue	**757,488**	**1,757,353**
(ii) Non-current assets		
Country of domicile		
Kenya	723,768	633,749
All foreign countries		
Uganda	-	-
Tanzania	-	-
Burundi	-	-
Consolidated total non-current assets	**723,768**	**663,749**

(e) Major customer

The Group and its entities do not place reliance on any particular customer for its operations. None of the Group's individual customers transacts revenues of 10% or more of the Group's turnover.

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

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

In preparing the annual financial statements management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and 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 financial statements. Significant estimates and judgements include:

— ***Impairment***

The Group assesses its trade receivables and other financial and non-financial assets for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes assumptions underlying recoverable amounts as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the asset.

— ***Measurement of fair values***

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has established a framework with respect to measurement of fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the team assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS including the fair value hierarchy in which such valuation should be classified.

— ***Taxation***

Judgement is required in determining the liability for income taxes due to the complexity of tax legislations. There are many transactions and calculations for which 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 liability in the period in which such determination is made.

The company recognises the net future tax benefit relating to deferred 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 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 reporting date could be impacted.

— ***Useful lives and residual values of property, plant and equipment***

The company tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

— *Investment property*

Critical estimates are made by the directors in determining depreciation rates for investment property.

(b) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made judgements which are noted in the following notes:

(i) Note 3 (a): Basis of consolidation – whether the Group has de facto control over an investee;
(ii) Note 24: Deferred tax – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

8. REVENUE

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Sales of manufactured goods	54,175	116,893	20,594	36,624
Sales of imported goods	411,292	1,357,252	315,609	1,019,298
Rendering of services	6,112	25,801	946	4,706
Discounts, claims and warranties	(3,052)	(9,426)	(2,257)	(7,024)
Investment property rentals (Note 15(b))	288,961	266,833	246,490	214,799
	757,488	**1,757,353**	**581,382**	**1,268,403**

9. OTHER OPERATING INCOME AND EXPENSES

(a) Other operating income

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Gain on sale of property plant and equipment	-	5,297	-	1,668
Other income	37,859	10,394	3,445	9,189
	37,859	**15,691**	**3,445**	**10,857**

Other income includes income from the sale of impaired assets and scrap materials.

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

9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(b) Expenses by function

(i) Cost of sales

	Group		Company	
Prime costs	**2020**	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Changes in inventories of finished goods	5,822	16,209	5,822	16,209
	5,822	**16,209**	**5,822**	**16,209**
Sourcing and distribution overheads				
Indirect labour	6,002	14,190	6,002	14,021
Depreciation and amortisation	8,372	70,524	4,931	52,993
Consumables	310	1,206	304	1,206
Transport and insurance	391	864	391	864
Others	113	(533)	113	(533)
	15,188	**86,231**	**11,741**	**68,531**
Cost of imported trading goods sold	319,369	1,384,564	228,722	984,503
Write down of inventories	173,416	-	164,800	-
Total cost of sales	**513,795**	**1,487,004**	**411,085**	**1,069,243**

(ii) Operating expenses

	Group		Company	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Selling and distribution costs				
Distribution costs	10,415	26,400	8,182	21,444
Selling expenses	32,157	110,723	14,455	32,607
Trade receivables loss allowance	(83,827)	42,790	198,481	29,119
Marketing and sales promotions	(1,449)	18,236	1,094	12,966
	(42,704)	**198,149**	**222,212**	**96,136**

9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(b) Expenses by function (continued)

(ii) Operating expenses - continued

Administrative expenses

	Group		Company	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Indirect staff costs	99,472	337,033	83,194	232,737
Other administrative expenses	40,884	66,888	34,285	40,387
	140,356	**403,921**	**117,479**	**273,124**
Legal & professional fees	8,973	67,650	5,246	56,577
Travel and vehicle maintenance	3,784	18,915	2,412	14,455
Establishment expenses	(393)	173,017	4,996	39,543
Impairment allowance on cash and cash equivalents	-	(10,062)	-	-
Bank charges and fees	8,003	24,547	7,466	11,940
	20,367	**274,067**	**20,120**	**122,515**
Total operating expenses	**118,019**	**876,137**	**359,811**	**491,775**

9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(c) Expenses by nature

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Changes in inventories of finished goods	5,822	16,209	5,822	16,209
Cost of imported trading goods sold	492,785	1,384,564	393,522	984,503
Employee benefits expense (Note 9 (d)	105,034	350,811	88,879	246,421
Audit fees	3,462	3,646	1,600	1,450
Bank charges	8,003	14,345	7,466	11,940
Consumables	304	1,206	304	1,206
Depreciation and amortisation	10,374	99,186	5,406	61,166
General expenses	3,282	22,109	2,573	6,835
Legal and professional fees	(7,742)	51,802	(6,873)	46,904
Advertising and promotions	(1,447)	18,422	1,096	12,990
Electricity, water and fuel	44,839	19,169	39,927	11,232
Repairs and Maintenance	(13,529)	177,561	(6,728)	61,491
Trade receivables loss allowance	(83,827)	42,790	198,481	29,119
Sales commissions and bonuses	7,368	6,127	7,368	3,833
Rent and rates	23,242	76,963	6,302	8,233
Telephone and postage	4,730	8,998	3,973	5,891
Transport, travelling and insurance	29,113	69,233	21,778	51,596
Total cost of sales, selling and distribution, administrative and other operating expenses	**631,814**	**2,363,141**	**770,896**	**1,561,018**

9. OTHER OPERATING INCOME AND EXPENSES (Continued)

(d) Employee benefits expense

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Salaries and wages	69,440	263,654	64,007	190,237
Allowances and other benefits	33,645	79,250	23,541	50,797
Defined contribution scheme	1,762	6,388	1,260	5,214
National Social Security Fund	187	1,519	71	173
	105,034	**350,811**	**88,879**	**246,421**

(e) Employee particulars for the year

(i) Average number of employees per employee category				
Management and administration	34	109	26	71
Unionisable	-	32	-	1
Total	**34**	**141**	**26**	**72**

10. NET FINANCE (COSTS)/INCOME

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Finance income				
Interest income	-	-	-	-
Dividend receivable	-	-	120,000	-
Foreign exchange gains	10,483	9,668	5,127	7,318
	10,483	**9,668**	**125,127**	**7,318**
Finance costs				
Foreign exchange losses	48,853	21,871	44,122	8,772
Interest expense on bank borrowings	69,925	73,358	69,925	73,358
	118,778	**95,229**	**114,047**	**82,130**
Net finance (costs)/income	**(108,295)**	**(85,561)**	**11,080**	**(74,812)**

11. INCOME TAXES

(a) Amounts recognised in profit or loss

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Current tax expense:				
Current income tax	23,539	31,669	18,815	21,111
Provision in prior period	4,718	-	(4)	-
	28,257	**31,669**	**18,111**	**21,111**
Deferred tax expense (Note 24(b)):				
Deferred income tax	-	369,755	-	319,394
	-	**369,755**	-	**319,394**
Income tax expense	**28,257**	**401,424**	**18,811**	**340,505**

The Group income tax (credit)/expense excludes the Group's share of income tax expense/ (credit) of its equity accounted investee of KShs'000 –7,680, 2019: KShs'000- 5,480, which has been included in "share of profit/(loss) of equity accounted investee, net of tax".

(b) Reconciliation of effective tax rate

The tax on the Group's and company's profit/ (loss) before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Group	2020		2019	
	Rate %	**KShs'000**	**Rate %**	**KShs'000**
Profit/(loss) before income tax		**71,735**		**(660,523)**
Tax calculated at domestic rates applicable to profits in the respective countries – 25% (2019 - 30%)	25%	17,934	30%	(198,157)
Tax effect of:				
Share of profit of equity accounted investee	0%		0.69%	(4,541)
Expenses not deductible for income tax purposes	14.39%	10,323	(0.43%)	2,852
Effects of unrecognised deferred tax	0%		(34.93)%	230,751
Derecognition of deferred tax	0%	-	(55.95)%	369,556
Effect of lower tax rates in Sameer EPZ Ltd	0%	-	(0.15)%	963
Income tax expense	**39.39%**	**28,257**	**(60.77)%**	**401,424**

11. INCOME TAXES (Continued)

(b) Reconciliation of effective tax rate (continued)

Company	2020 Rate %	2020 KShs'000	2019 Rate %	2019 KShs'000
Loss before income tax		**(174,989)**		**(356,570)**
Tax calculated at domestic rates applicable to profits in the respective countries – 25% (2019 - 30%)	25%	(43,747)	30%	(106,971)
Tax effect of:				
Expenses not deductible for income tax purposes	(35.75)%	62,558	(0.79)%	2,803
Derecognition of deferred tax	0%		(53.37)%	352,553
Effects of unrecognised deferred tax	0%		(13.95)%	92,120
Income tax expense	**(10.75)%**	**18,811**	**(95.49)%**	**340,505**

(c) Reconciliation of carrying amounts

	Group 2020 KShs'000	Group 2019 KShs'000	Company 2020 KShs'000	Company 2019 KShs'000
Net liability / (asset) at start of year	(33,557)	(44,727)	(6,920)	(20,039)
Charge for the year - profit or loss (note 11(a))	23,539	31,669	18,815	21,111
Income tax paid	(38,902)	(20,499)	(23,819)	(7,992)
Net asset at end of year	**(48,920)**	**(33,557)**	**(11,924)**	**(6,920)**
Represented by:				
Income tax assets	(50,336)	(33,557)	(11,924)	(6,920)
Income tax liability	1,416	-	-	-
	(48,920)	**(33,557)**	**(11,924)**	**(6,920)**

The Group believes that its accruals for current tax liabilities / assets are adequate for all open tax matters based on its assessment of various factors, including interpretations of tax laws and prior experience.

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit/(loss) attributable to equity holders of the Company (KShs '000)	43,478	(1,061,947)
Weighted average number of ordinary shares in issue ('000)	278,342	278,342
Basic earnings per share (KShs)	0.16	(3.81)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and the weighted average number of shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at 31 December 2020 or 2019. Diluted earnings per share are therefore the same as basic earnings per share.

PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts

Group

2020:	**Buildings KShs'000**	**Furniture, fittings & equipment KShs'000**	**Total KShs'000**
Cost			
At 1 January 2020	184,711	5,823	190,534
Additions	-	22	22
Transfers	(149,906)	-	(149,906)
At 31 December 2020	**34,805**	**5,845**	**40,650**
Accumulated depreciation and impairment			
At 1 January 2020	126,629	3,397	130,026
Charge for the year	1,392	606	1,998
Transfers	(120,803)	-	(120,803)
At 31 December 2020	**7,218**	**4,003**	**11,221**
Carrying amounts - At 31 December 2020	**27,587**	**1,842**	**29,429**

13. PROPERTY PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amounts (continued)

Group 2019:	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
Cost						
At 1 January 2019	208,429	364,276	64,533	337,595	7,953	982,786
Additions	3,229	1,546	-	2,767	203	7,745
Disposal	-	(3,682)	(13,508)	(21,059)	-	(38,249)
Transfers	2	4,078	-	2,522	(6,602)	-
Currency translation	-	(99)	(359)	(1,177)	-	(1,635)
Impairment	(26,949)	(366,119)	(50,666)	(314,825)	(1,554)	(760,113)
At 31 December 2019	**184,711**	**-**	**-**	**5,823**	**-**	**190,534**
Accumulated depreciation and impairment						
At 1 January 2019	124,394	193,138	57,966	250,900	-	626,398
Charge for the year	5,526	61,993	2,957	20,290	-	90,766
Transfers	-	(884)	-	884	-	-
Disposal	-	(1,621)	(12,966)	(17,671)	-	(32,258)
Currency translation	-	(370)	(359)	(854)	-	(1,583)
Impairment	(3,291)	(252,256)	(47,598)	(250,152)	-	(553,297)
At 31 December 2019	**126,629**	**-**	**-**	**3,397**	**-**	**130,026**
Carrying amounts - At 31 December 2019	**58,082**	**-**	**-**	**2,426**	**-**	**60,508**

PROPERTY PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amounts (continued)

Company	**Buildings KShs'000**	**Total KShs'000**
2020		
Cost		
At 1 January 2020	161,679	161,679
Transfers	(149,906)	(149,906)
At 31 December 2020	**11,773**	**11,773**
Depreciation and impairment		
At 1 January 2020	121,808	121,808
Charge for the year	471	471
Transfers	(120,803)	(120,803)
At 31 December 2020	**1,476**	**1,476**
Carrying amounts		
At 31 December 2020	**10,297**	**10,297**

13. PROPERTY PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amounts (continued)

Company

2019	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings &equipment KShs'000	Capital Work in Progress KShs'000	Total KShs'000
Cost						
At 1 January 2019	160,109	181,206	13,742	190,356	4,017	549,430
Additions	3,229	1,546	-	1,525	203	6,503
Transfers of capital work in progress	-	3,216	-	-	(3,216)	-
Disposals	-	-	(3,562)	-	-	(3,562)
Impairment	(1,659)	(185,968)	(10,180)	(191,881)	(1,004)	(390,692)
At 31 December 2019	**161,679**	-	-	-	-	**161,679**
Depreciation and impairment						
At 1 January 2019	118,403	72,861	12,346	177,163	-	380,773
Charge for the year	3,593	46,342	820	5,229	-	55,984
Transfers	-	171	-	(171)	-	-
Impairment	(188)	(119,374)	(9,604)	(182,221)	-	(311,387)
Disposals	-	-	(3,562)	-	-	(3,562)
At 31 December 2019	**121,808**	-	-	-	-	**121,808**
Carrying amounts						
At 31 December 2019	**39,871**	-	-	-	-	**39,871**

13. PROPERTY PLANT AND EQUIPMENT (Continued)

(b) Change in estimates

The policy of the Group is to review accounting estimates annually or when circumstances on which estimates used changes or as a result of new information or more experience. A review by a team of technical experts within the Group in 2020 confirmed that no additional information was gained during the year to warrant any revisions.

(c) Transfer to investment property

During 2020, some items previously classified under property, plant and equipment were transferred to investment property (Note 15 (a)). These items form an integral part of the building that they are part of.

(d) Impairment loss

Following a change in the group business strategy, the Group's plan to close several retail outlets. The Group tested the plant and equipment for impairment and recognised an impairment loss of KShs Nil (2019: KShs – 206,816,000).

14. INTANGIBLE ASSETS

Computer software

(a) Reconciliation of carrying amounts

	Group		Company	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Cost				
At 1 January and 31st December	138,348	138,348	138,030	138,030
Amortisation and impairment				
At 1 January	138,348	137,296	138,030	136,978
Charge for the year	-	1,052	-	1,052
At 31 December	**138,348**	**138,348**	**138,030**	**138,030**
Carrying amount at 31 December	-	-	-	-

(b) Impairment loss

Specialised computer software used for production planning was tested for impairment after the factory closure and an impairment loss of KShs 2,392,000 was recognised. The Group continues to use other modules of this software that remain relevant to its operations.

(c) Classification

The Group accounts for computer software development and licenses costs that are not an integral part of the related hardware as intangible assets, which are amortized over their useful lives. All other computer software that form an integral part of the related hardware, are included in property plant and equipment.

15. INVESTMENT PROPERTIES

(a) Reconciliation of carrying amounts

	Group		Company	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
At start of year	450,289	422,836	372,678	342,337
Transfers from buildings (Note 13)	149,906	-	149,906	-
Additions	45,596	34,817	27,075	34,467
Assets write back	8,278	-	8,278	-
Transfers from buildings (Note 13)	(120,803)	-	(120,803)	-
Depreciation	(8,372)	(7,364)	(4,931)	(4,126)
At end of year	**524,894**	**450,289**	**432,203**	**372,678**

15. INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amounts (Continued)

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Comprising				
Cost	774,275	558,034	625,956	428,236
Accumulated depreciation	(249,381)	(107,745)	(193,753)	(55,558)
At end of year	**524,894**	**450,289**	**432,203**	**372,678**

Investment property comprises:

(i) Leasehold land held for future development or capital appreciation;
(ii) Residential houses
(iii) Commercial properties

(b) Rental income and operating expenses

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Rental income	**288,961**	**266,833**	**246,490**	**214,799**
Operating expenses				
Staff costs	66,905	47,111	60,707	44,124
Administrative expenses	62,703	76,572	64,332	71,784
Security expenses	15,657	15,571	13,850	13,172
Legal and professional fees	10,602	11,404	6,988	7,852
Repairs and maintenance	5,669	4,377	4,367	3,940
Depreciation	8,982	14,112	4,935	10,355
	170,518	**169,147**	**155,179**	**151,227**
Net rental income before tax	**118,443**	**97,686**	**91,311**	**63,572**

15. INVESTMENT PROPERTIES (Continued)

(c) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications every 3 years. In the intervening periods between valuations, management adjusts fair values on the basis of annual housing index reports provided by professional consultants. During the year, management used the Knight Frank Kenya Ltd as independent valuers for reporting purposes in 2019 management used "The Hass Property Index" report provided by Hass Consult – a Real Estate Consultancy firm in association with Investment Managers Stanlib. The annual growth rate used to value the group's investment properties as at 31 December 2020, was 5.1%

The fair value measurement of – Group KShs'000 – 7,848,700 (2019: KShs'000 - 8,198,626); Company KShs'000 –6,001,700 (2019: KShs'000 – 6,684,440) has been categorized as level 2 fair value (2019 level 2) based on the inputs to the valuation techniques used.

The Group accounts for its investment property at cost less accumulated depreciation and any impairment losses. The fair value gains which would have been recognised in profit or loss had the Group accounted for its investment property at fair values would have been as follows:

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Fair values				
Properties	7,848,700	8,198,626	6,001,700	6,648,440
	7,848,700	**8,198,626**	**6,001,700**	**6,648,440**
Carrying amounts				
Commercial properties	524,556	449,947	431,865	372,336
Leasehold land	338	342	338	342
	524,894	**450,289**	**432,203**	**372,678**
Fair value gains not recognised in profit or loss	**7,323,806**	**7,748,337**	**5,569,497**	**6,275,762**

15. INVESTMENT PROPERTY (continued)

(c) Measurement of fair value (continued)

(ii) Valuation techniques and significant unobservable inputs

The table below shows the valuation techniques used in measuring fair values as well as significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationships between unobservable inputs and fair value measurements
(a) Investment property ***Discounted cash flows:*** The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth, occupancy rates and other costs not paid by tenants. The net cash flows are discounted using the risk adjusted discount rate.	1. Expected market rental growth (2020 and 2019: 3.75-5.8%) 2. Occupancy rates (2020 and 2019: 90% - 95%) 3. Risk-adjusted discount rate (2020 and 2019:9%)	The estimated fair values would increase / (decrease) if; 1. Expected rental growth were higher /(lower) 2. Occupancy rates were higher / (lower) 3. Risk-adjusted discount rate was lower / (higher)
(b)Leasehold land held for value appreciation and development. ***Market approach:*** The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality 2. Infrastructure developments	The estimated fair values would increase / (decrease); 1. If property prices were higher / (lower) 2. Increase with improvements in infrastructure.

16. PREPAID OPERATING LEASE RENTALS

(a) Reconciliation of carrying amount

	Group and Company	
	2020	2019
	KShs'000	KShs'000
At start of year	342	345
Amortisation charge for the year	(4)	(3)
At end of year	**338**	**342**

(b) Classification

The Group classifies leasehold land under development of factory buildings, administration block roads and other buildings as prepaid operating leases. Undeveloped leasehold land held for future development or value appreciation is accounted for under investment property.

17. INVESTMENT IN SUBSIDIARIES - Company

(a) Investment and structure

The company's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the parent company, were as follows:

	Country of incorporation	% interest held	2020 KShs'000	2019 KShs'000
Sameer Africa (Uganda) Limited	Uganda	100%	26,612	26,612
Sameer Africa (Tanzania) Limited	Tanzania	100%	155,100	155,100
Yana Tyre Centre Limited	Kenya	100%	10,000	10,000
Sameer Industrial Park Limited	Kenya	100%	120,000	120,000
Sameer Africa (Burundi) Limited	Burundi	100%	221,913	221,913
Taqwa Trading Limited	Kenya	100%	35,000	35,000
			568,625	568,625
Less: Provision for impairment			(438,625)	(438,625)
Carrying amount			**130,000**	**130,000**

The provision for impairment relates to subsidiaries except Yana Tyre Centre Limited and Sameer Industrial Park Limited. Taqwa Trading Limited which ceased trading in 2017 and has since been dormant. Other impairments of the investments in subsidiary companies done in 2018 were: Sameer Africa (Tanzania) Limited - KShs 155,100,000, Sameer Africa (Burundi) Limited - KShs 221,913,000 and Sameer Africa (Uganda) Limited - KShs 26,612,000.

(b) Nature and extent of significant restrictions

The company does not have any significant restrictions on any of its subsidiary companies, whether contractual, statutory or regulatory that limits its ability to access or use the assets and settle liabilities of the Group.

(c) Nature of risks associated with subsidiaries

The Group has no contractual arrangements that require the parent or its subsidiaries to provide financial support to a Consolidated structured entity.

18. INVESTMENT IN ASSOCIATE

The following table summarizes the carrying amounts and the Group's share of profit or loss and other comprehensive income of its investment in associate as well as the carrying amounts in the financial statements of the company.

	Group		Company	
	2020	2019	2020	2019
Carrying amount	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Interest in associates (Note 18(a))	169,107	152,610	137,026	137,026
At end of year	**169,107**	**152,610**	**137,026**	**137,026**

(a) Reconciliation of carrying amount - Group

	2020 KShs'000	2019 KShs'000
At 1 January 2020	152,610	137,475
Share of profit	16,497	15,135
At end of year	**169,107**	**152,610**

(a) Associate

The Group's has an interest of 25% (2019: 25%) in the equity and voting rights of in Sameer Business Park Limited. Sameer Business Park Limited is incorporated in Kenya and is unlisted. The principal place of business is along Mombasa Road, Nairobi.

The principal business of the associate is the letting of investment properties to third parties.

The Group accounts for its investment in associate using the equity method. The investment in associate is measured at cost less any impairment losses in the Separate financial statements of the company.

18. INVESTMENT IN ASSOCIATE (Continued)

(a) Associate (continued)

(i) Summarised financial information

The summarized financial information of the associate is set out below;

	2020 KShs'000	2019 KShs'000
Financial position		
Non-current assets	1,975,357	2,070,075
Current assets	205,856	172,625
Current liabilities	(17,987)	(39,629)
Non-current liabilities	(1,486,799)	(1,592,631)
Net assets	**676,427**	**610,440**
Profit or loss and other comprehensive income		
Revenue	334,543	397,184
Expenses	(268,555)	(336,644)
Profit after tax	65,988	60,540
Other comprehensive income	-	-
Total comprehensive income	**65,988**	**60,540**

19. INVENTORIES

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Stores and supplies	-	4,431	-	3,483
Finished goods	2,375	415,348	-	316,141
	2,375	**419,779**	**-**	**319,624**

The amounts of inventories recognised as an expense during the period are as shown below:

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Changes in inventories of work in progress and finished goods	5,822	16,209	5,822	16,209
Write down of inventories	173,416	-	164,800	-
Cost of trading goods sold	319,369	1,384,564	228,722	984,503
	498,607	**1,400,773**	**399,522**	**1,000,712**

(a) Security

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 – 371,200 (2019: KShs'000 1,261,600) shared pari –passu between the company's principal bankers (Note 23).

(b) Amounts recognised in profit or loss

In 2020, inventories of KShs'000 498,607 (2019 – KShs'000 1,400,773) for the group and KShs '000 399,522 (2019 – KShs '000 1,000,712) were recognised as an expense during the year and included in 'cost of sales.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Current				
Trade receivables	248,723	523,303	89,484	325,13[illegible]
Less: Provision for impairment	(158,120)	(247,734)	(51,786)	(111,209)
	90,603	**275,569**	**37,698**	**213,92[illegible]**
Amounts due from related companies (Note 30(d)(i))	5,010	9,173	4,695	8,998
Other receivables	97,772	55,897	34,740	(437
Receivables from subsidiaries (Note 30(d)(i))	-	-	111,044	290,078
Trade and other receivables	193,385	340,639	118,177	512,565
Prepayments	13,758	33,720	9,859	21,710
	207,143	**374,359**	**198,036**	**534,275**

(a) Security

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 – 371,200 (2019: KShs'000 1,261,600) shared *pari–passu* between the company's principal bankers (Note 23).

(b) Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 5 (a).

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown in the statements of financial position and cash flows comprise the following:

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Cash at bank and in hand	63,533	39,403	48,822	29,152
IFRS 9 adjustment	-	-	-	-
Cash and bank balances in statement of financial position	**63,533**	**39,403**	**48,822**	**29,152**
Short term facilities used for cash management (Note 23(a))	-	(414,679)	-	(414,679)
Cash and cash equivalents in the statement of cash flows	**63,533**	**(375,276)**	**48,822**	**(385,527)**

22. CAPITAL AND RESERVES

(a) Ordinary share capital

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the General Meetings of the company. All ordinary shares rank *pari passu* with regard to the company's residual assets.

	2020	2019
Authorised ordinary shares	300,000,000	300,000,000
Authorised par value (KShs each)	5	5
Authorised share capital (KShs'000)	**1,500,000**	**1,500,000**
Issued and fully paid up capital		
Issued ordinary shares	278,342,393	278,342,393
Issued par value (KShs each)	5	5
Issued and fully paid up capital (KShs'000)	**1,391,712**	**1,391,712**

(b) Nature and purpose of reserves

(i) Translation reserve

The translation reserve comprise all foreign currency differences arising from the translation of financial statements of foreign operations. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Retained earnings

Retained earnings comprises accumulated profit or loss from continuing operations and other comprehensive income net of any dividends declared and paid out to ordinary shareholders. Retained earnings represent amounts available to the shareholders of the Group and are usually utilised to finance business activity.

(c) Dividends

The directors do not recommend the declaration of a dividend for the year (2019:Nil).

23. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
(a) **Carrying amounts**	KShs'000	KShs'000	KShs'000	KShs'000
Non-current				
At start of year	455,218	14,585	455,218	14,585
Long term loans	253,370	455,218	253,370	455,218
Repayment	-	(14,585)	-	(14,585)
	708,588	455,218	708,588	455,218
Current				
Short term facilities – Import loans	-	322,515	-	322,215
Insurance premium finance	-	8,076	-	8,076
Long term loans	35,620	83,604	35,620	83,604
Finance lease liabilities	-	484	-	484
	35,620	414,679	35,620	414,679
Total borrowings	**744,208**	**869,897**	**744,208**	**869,897**

23. BORROWINGS (Continued)

Terms and repayment schedule

Group and company	Currency	Nominal interest	Maturity	31 December 2020 Face value	31 December 2020 Carrying amount	31 December 2019 Face value	31 December 2019 Carrying amount
				KShs'000	KShs'000	KShs'000	KShs'000
Import Financing loan – NCBA Bank	USD	8.00%	2020	327,855	-	304,010	136,448
Import Financing loan – Standard Chartered Bank	USD	6.50%	2020	327,855	-	304,010	66,003
Term Loan-NCBA	KSH	11.50%	2024	135,411	134,468	-	-
Term loan –Standard Chartered Bank	USD	6.50%	2020	121,604	-	121,603	11,316
Term loan –Stanbic Bank	KSH	14.00%	2020	143,350	-	143,350	72,289
Bank overdraft – NCBA Bank	USD	8.00%	2020	120,000	-	120,000	120,064
Finance lease liabilities	KSH	14.00%	2020	10,152	-	10,152	484
Insurance premium finance-NCBA	KSH	5.20%	2020	9,738	-	9,738	8,076
Term loan –SIL	USD	7.00%	2022	379,740	379,740	355,218	355,218
Term loan –STL	KSH	11.00%	2022	230,000	230,000	100,000	100,000
				1,805,705	**744,208**	**1,468,082**	**869,897**

23. **BORROWINGS (Continued)**

(b) Finance lease liabilities

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	2020	2019	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Less than 1 year	-	484	-	13	-	484

The Group leases motor vehicles with a carrying amount of KShs Nil (2019 – KShs '000 3,923) under finance leases expiring within three years. Under the terms of the leases,the Group has joint ownership and title in the motor vehicles until expiry of the leases, when full title passes to the Group. This option lapses in the event the Group fails to meet all periodic lease payments.

(c) Security and effective interest rates

The Company's borrowings are secured through a first ranking debenture over the trade receivables and inventories of the company for KShs'000 371,200 (2019 – KShs'000 1,261,000) shared pari –passu between the company's principal bankers.
The weighted average effective interest rates at the year-end were:

	2020 %	2019 %
Bank overdrafts – USD	8.00	8.00
Bank borrowings – KShs	11.50	13.50
Related party borrowings – USD	7.00	7.00
Related party borrowings – KShs	10.00	11.00

In the opinion of the directors, the carrying amounts of borrowings approximate to their fair values. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the statement of financial position date.

(d) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting period.

24. DEFERRED INCOME TAX

(a) Carrying amounts

Deferred income tax is calculated using the enacted income tax rates of 25% and 30% that apply to the different Group companies. The movement on the deferred income tax account is as follows:

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	5,263	(364,492)	-	(319,394)
Charge to statement of profit or loss (Note 11 (a))	-	369,756	-	319,394
Currency translation differences (Note 11(a))	-	(1)	-	-
Provisions				
At end of year	**5,263**	**5,263**	-	-
As disclosed on the balance sheet:				
Deferred income tax assets	-	-	-	-
Deferred income tax liabilities	5,263	5,263	-	-
	5,263	**5,263**	-	-

24. DEFERRED INCOME TAX (Continued)

(b) Movement in deferred tax balances

Group 2020	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Net balance at 31 December KShs'000
Deferred income tax asset			
Property, plant and equipment and intangibles	(56,982)	10,151	(46,831)
Investment property	57,497	7,837	65,334
Provisions	(54,465)	(84,838)	(139,303)
Tax losses	(573,129)	(38,692)	(611,821)
Effects of movements in exchange rates	5,615	(5,802)	(187)
Prior year under provision	(11,229)	-	(11,229)
Total deferred tax asset	**(632,693)**	**(111,344)**	**(744,037)**
Unrecognized deferred tax asset	**632,693**	**111,344**	**744,037)**
	-	-	-
Deferred income tax liability			
Investment property	6,229	-	6,229
Provisions	(899)	-	(899)
Effects of movements in exchange rates	(67)	-	(67)
	5,263	-	**5,263**
Net deferred income tax asset	**5,263**	-	**5,263**

24. DEFERRED INCOME TAX (Continued)

(b) Movement in deferred tax balances (continued)

Group 2019

	Net balance at 1 January KShs'000	**Recognised in profit or loss KShs'000**	**Net balance at 31 December KShs'000**
Deferred income tax asset			
Property, plant and equipment and intangibles	(102,324)	45,342	(56,982)
Investment property	82,618	(25,121)	57,497
Provisions	(102,086)	47,621	(54,465)
Tax Losses	(416,658)	(156,471)	(573,129)
Effects of movements in exchange rates	2,098	3,517	5,615
Prior year under provision	1,144	(12,373)	(11,229)
Total deferred tax asset	(535,208)	(97,485)	(632,693)
Unrecognized deferred tax asset	**165,652**	**467,041**	**632,693**
	(369,556)	369,556	-
Deferred income tax liability			
Investment property	5,028	1,201	6,229
Provisions	(10)	(945)	(899)
Effects of movements in exchange rates	46	(57)	(67)
	5,064	**199**	**5,263**
Net deferred income tax asset	**(364,492)**	**369,755**	**5,263**

24. DEFERRED INCOME TAX (Continued)

(b) Movement in deferred tax balances (continued)

Company 2020	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Net balance at 31 December KShs'000
Deferred income tax asset			
Property, plant and equipment and intangibles	(68,296)	10,151	(58,145)
Investment property	(5,418)	7,837	2,419
Provisions for expenses	(63,561)	(84,838)	(148,399)
Tax losses	(407,504)	(33,697)	(441,201)
Under provision on prior year	(12,373)	-	(12,373)
Exchange differences	1,585	(5,802)	(4,217)
Total deferred tax asset	(555,567)	(106,349)	(661,916)
Unrecognized deferred tax asset	555,567	106,349	661,916
	-	-	-

Company 2019	Net balance at 1 January KShs'000	Recognised in profit or loss KShs'000	Net balance at 31 December KShs'000
Deferred income tax asset			
Property, plant and equipment and intangibles	(98,398)	30,102	(68,296)
Investment property	19,703	(25,121)	(5,418)
Provisions for expenses	(99,142)	35,581	(63,561)
Tax losses	(318,917)	(88,587)	(407,504)
Under provision on prior year	-	(12,373)	(12,373)
Exchange differences	(1,932)	3,517	1,585
Total deferred tax asset	(498,686)	56,881	(555,567)
Unrecognized deferred tax asset	179,292	(376,275)	555,567
	(319,394)	**319,394**	-

24. DEFERRED INCOME TAX (Continued)

(c) Carrying amount

The Group has recognised all deferred tax liabilities arising from temporary differences associated with the Group's investments in subsidiaries and equity accounted investees.

(d) Unrecognised deferred tax assets

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KShs 2,039,406 (2019: KShs 1,910,432,000) for the group and KShs 1,470,671 (2019: KShs 1,358,347,000) for the company due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised. Under the Kenyan Income Tax Act, tax losses are allowable as a deduction only in the nine years succeeding the year in which they occurred.

(e) Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows

Group
Summary of deferred tax assets-Tax loss

Year of origin	Tax loss	Deferred Tax
2014	(347,753)	(104,326)
2015	(35,490)	(10,647)
2016	(859,126)	(257,738)
2019	(426,885)	(128,065)
2020	(241,178)	(72,353)
2020	(128,974)	(38,692)
Total	**(2,039,406)**	**(611,821)**

Company
Summary of deferred tax assets-Tax loss

Year of origin	Tax loss	Year of expiry
2016	836,774	2025
2018	356,326	2027
2019	165,247	2028
2020	112,324	2029
Total	**1,470,671**	

24. DEFERRED INCOME TAX (Continued)

(e) Tax losses carried forward (continued)

In 2020, the Company incurred a tax loss of KShs 112,324,182 increasing cumulative tax losses to KShs 1,470,671,409 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

In 2020, the Group's Burundi subsidiary incurred a tax loss of KShs 4,798,000 increasing cumulative tax losses to KShs 192,619,204. Management has determined that the recoverability of cumulative tax losses is uncertain due to the political uncertainty and shortage of hard currency, management has therefore opted not to recognize further deferred tax until the subsidiary is profitable.

In 2020, the Group's Tanzania subsidiary incurred a tax loss of KShs Nil retaining cumulative tax losses to KShs 310,360,456 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

In 2020, the Group's Uganda subsidiary had a tax profit of KShs 405,501 reducing cumulative tax losses to KShs 69,432,198 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

In 2020, the Group's Local subsidiary Yana Tyre Centre Ltd incurred a tax loss of KShs 11,447,846 increasing cumulative tax losses to KShs 197,712,245 management found it prudent not to recognize any further deferred tax asset until the strategic plan in action turns the company to profitability in 2024.

25. TRADE AND OTHER PAYABLES

(a) Carrying amounts

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Trade payables	35,524	229,924	20,285	158,604
Amounts due to related companies (Note 29(d))	4,360	14,288	4,313	11,427
Amounts due to subsidiaries (Note 29(d))	-	-	185,763	177,702
Accrued expenses and other payables	141,668	342,364	87,255	231,636
	181,552	**586,576**	**297,616**	**579,369**

Information on the Group's exposure to currency and liquidity risk in included in Note 5(b) and (e).

26. STATEMENT OF CASH FLOWS – RECONCILIATION OF RECEIPTS AND PAYMENTS

	Note	Group		Company	
		2020	2019	2020	2019
		KShs'000	KShs'000	KShs'000	KShs'000
Cash receipts from customers					
Revenue	8	757,488	1,757,353	581,382	1,268,403
Other income	9 (a)	37,859	10,394	3,445	9,189
Net foreign exchange losses	10	(38,370)	(12,203)	(38,995)	(1,454)
Translation differences		2,127	1,480	-	-
Movement in trade and other receivables	20	167,216	216,391	336,239	308,043
Cash collections from customers		**926,319**	**1,973,413**	**882,072**	**1,584,181**
Cash payments for purchases					
Opening inventory stock	19	(419,779)	(617,406)	(319,624)	(313,617)
Cost of sales	9 (b)	513,795	1,487,004	411,085	1,069,243
Closing inventory stock	19	2,375	419,779	-	319,624
Movement in trade payables	25 (a)	194,400	18,708	138,318	10,542
		290,791	**1,308,085**	**229,778**	**1,085,792**
Adjustments for non-cash expenses					
Depreciation and amortisation	9 (c)	10,374	99,186	5,406	61,166
Transfers		(8,278)	-	(8,278)	-
Impairment loss of plant and equipment		-	206,816	-	79,305
		2,096	**306,002**	**(2,872)**	**140,471**
Cash payment for purchases		**288,695**	**1,002,085**	**232,650**	**945,321**
Cash payments for expenses					
Other operating expenses	9(b)(ii)	118,019	876,137	359,811	491,775
Movement in accruals and other payables	25(a)	210,623	(127,338)	143,433	(105,446)
Cash payments for expenses		**328,642**	**748,799**	**503,244**	**386,329**

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

	Net balance at 1 January KShs'000	Proceed KShs'000	Net balance at 31 December KShs'000
Non-current			
Long term loans	455,218	288,990	744,208
Total borrowings	**455,218**	**288,990**	**744,208**

27. COMMITMENTS

Capital expenditure contracted for as at the reporting date but not recognised in the financial statements was as follows:

	Group		Company	
	2020 KShs '000	2019 KShs '000	2020 KShs '000	2019 KShs '000
Property, plant and equipment	67,500	21,800	59,000	3,000

28. CONTINGENT LIABILITIES

A subsidiary has disputed an assessment by the revenue authority of the subsidiaries jurisdiction. Although the subsidiary has appealed against the assessment, should the appeal not be successful, then additional tax, interest, penalties and legal costs are estimated to amount to KShs 54 million. Based on legal and tax advice, the directors believe that the defence against the action will be successful.

As at the year-end there were ongoing legal cases against the Group of Ksh 30 Million. Based on legal advice, the directors believe that the defence against the action will be successful.

29. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The Group's majority shareholding is held by Sameer Investments Limited a company incorporated in Kenya. The parent company held equity interest and voting rights in the company of 72.48% (2019: 72.48%).

The ultimate controlling party is Yana Towers Limited; a company incorporated in Kenya.

Neither the parent nor the ultimate controlling party nor any intermediary parents produces Consolidated financial statements available for public use.

29. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with key management personnel

(i) Key management compensation

Key management compensation comprised the following;

	Group		Company	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Basic pay and other allowances	24,641	56,441	23,123	50,020
Pension/gratuity	614	3,799	545	3,799
Total	**25,255**	**60,240**	**23,668**	**53,819**

(ii) Directors' shareholding

At 31 December 2020 directors' shareholding in the company was as follows:

	2020 Shares	**2019 Shares**
Peter Gitonga	12,750	12,750
Akif H. Butt	450	450
Sameer N. Merali	15,000	15,000
Akif H. Butt (jointly with another party)	20,000	20,000

(iii) Directors' remuneration

	Group		Company	
	2020	**2019**	**2020**	**2019**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Directors' remuneration				
Fees as directors	5,140	5,580	5,140	5,580
Other emoluments (included under key management compensation above)	1,745	2,505	1,745	2,505
Managing director	7,920	22,979	7,920	22,979
Total remuneration of directors of the company	**14,805**	**31,064**	**14,805**	**31,064**

29. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other related parties

In addition to the parent and the ultimate controlling party, the Group also has other companies that are related through common shareholdings or common directorships.

Transactions with related parties included the following:

(i) Sale of goods and services

	Company	
	2020	2019
	KShs'000	KShs'000
Subsidiaries		
Sameer Africa (Tanzania) Limited	-	1,523
Sameer Africa (Uganda) Limited	-	602
Yana Tyre Centre Limited	36,775	215,726
	36,775	**217,851**

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Other related parties				
Ryce East Africa Limited	5,544	7,929	5,544	7,929
Eveready E.A PLC	-	8,070	-	7,918
Sasini PLC	92	592	92	-
	5,636	**16,591**	**5,636**	**15,847**

(ii) Purchase of goods and services

	Group and Company	
	2020	2019
	KShs'000	KShs'000
Other related parties		
Ryce East Africa Limited	2,698	21,182
Sameer Management Limited	6,129	5,000
Sameer Africa (Tanzania) Limited	20,864	-
Sameer Africa (Uganda) Limited	12,279	-
Sameer Africa (Burundi) Limited	14,302	-
Sameer Investments	-	5
Sameer Agriculture	-	19
	56,272	**26,206**

29. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other related parties (continued)

(ii) Purchase of goods and services - continued

Other related party transactions

Banking facilities

A related party – Spire Bank provides banking facilities to the Group. The facilities which have been utilized by the Group from the bank was banking services.

The outstanding balances included in cash and cash equivalents as at 31 December 2020 as are follows:

	Group and Company	
	2020	2019
	KShs'000	KShs'000
Bank balances	-	11
	-	**11**

29. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances

At 31 December 2020, outstanding balances with related parties comprised the following;

	Group 2020 KShs'000	Group 2019 KShs'000	Company 2020 KShs'000	Company 2019 KShs'000
(i) Amounts due from:				
Subsidiaries				
Yana Tyre Centre Limited	-	-	-	225,327
Sameer Industrial Park Limited	-	-	111,044	-
Sameer Africa(Tanzania) Limited	-	-	-	13,242
Sameer Africa (Uganda)	-	-	-	24,430
Sameer Africa(Burundi) Limited	-	-	-	27,078
	-	**-**	**111,044**	**290,077**
Associate				
Sameer Business Park Limited	**286**	**1,731**	**286**	**1,731**
Other related parties				
Ryce East Africa Limited	1,783	4,825	1,783	4,825
Sameer Agriculture	-	179	-	179
Eveready E.A. PLC	2,770	2,302	2,521	2,128
Sasini Avocado EPZ	66	-	-	-
Sasini PLC	150	-	105	-
	4,724	**7,306**	**4,409**	**7,132**
Total due from other related parties	**5,010**	**9,037**	**4,695**	**8,863**
(ii) Amounts due to:				
Subsidiaries				
Sameer Industrial Park Limited	-	-	-	29,473
Sameer Africa(Uganda) Limited	-	-	31,667	-
Sameer EPZ Limited	-	-	154,096	148,229
	-	**-**	**185,763**	**177,702**
Other related parties				
Ryce East Africa Limited	346	11,388	299	7,932
First Assurance Company Limited	1,296	-	1,296	595
Sameer Management	2,718	2,900	2,718	2,900
	4,360	**14,288**	**4,313**	**11,427**

29. RELATED PARTY TRANSACTIONS (Continued)

(e) Borrowings from related parties

Group and company	Currency	Nominal interest	31 December 2020 Face value	31 December 2020 Carrying amount
			KShs'000	KShs'000
Term loan –Sameer Investments	USD	7.00%	379,740	379,740
Term loan –Sameer Telkom	KSH	11.00%	230,000	230,000
			609,740	**609,740**

Group and company	Currency	Nominal interest	31 December 2019 Face value	31 December 2019 Carrying amount
			KShs'000	KShs'000
Term loan –Sameer Investments	USD	7.00%	355,218	355,218
Term loan –Sameer Telkom	KSH	11.00%	100,000	100,000
			455,218	**455,218**

(f) Bad debts provisions

Doubtful debts provision of KShs 253,127,000 has been made in respect of receivables outstanding from related parties. The group has reviewed individually the outstanding balances for impairment loss and based on the review considers the amounts of KShs 111,044,000 to be recoverable.

(g) Trading terms and settlement

All transactions with related parties are in the ordinary course of business. Outstanding balances are to be settled in cash. No guarantees have been given or received to any related party.

30. EVENTS AFTER THE REPORTING PERIOD

On 22nd January 2021, the Board of Directors approved a four years' strategic plan (FY 2021 – 2024). The Plan is set on a well-defined growth strategy anchored on both the Company's real estate portfolio and its extensive tyre industry experience. The board's decision to return to the tyre business reverses the earlier communicated decision made on 20th April 2020, to exit from the tyre business. These events have not resulted in any additional adjustments to the financial statements for the year ended 31 December 2020.

31. PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION

Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2020 are as follows:

Name	Number of shares	%
1. Sameer Investments Limited	201,743,205	72.48%
2. Peter Njogu Kariuki	5,624,800	2.02%
3. Yana Trading Limited	4,642,200	1.67%
4. Andrew Mukite Musangi	3,320,000	1.19%
5. Best Investment Decisions Ltd	2,495,400	0.90%
6. Bid Management Consultancy Limited	2,319,400	0.83%
7. Kenyalogy.Com Limited	2,189,200	0.79%
8. Kenya Commercial Bank Nominees Limited A/C 915B	1,892,517	0.68%
9. Freight Forwarders Kenya Limited	1,875,000	0.67%
10. Shah Ekta Bimal & Kunal Kamlesh	1,200,000	0.43%

Distribution of shareholders

Share range	Number of shareholders	Number of shares	%
0 - 500	8,064	2,151,678	0.77%
501 – 5,000	4,860	7,622,699	2.74%
5,001 – 10,000	431	3,275,686	1.18%
10,001 – 100,000	435	13,349,021	4.80%
100,001 – 1,000,000	72	22,416,187	8.05%
Over 1,000,000	12	229,527,122	82.46%
Total	**13,874**	**278,342,393**	**100%**

32. GOING CONCERN

The financial statements have been prepared on a going concern basis on the assumption that the turnaround strategies adopted by the directors will be effective or the shareholders will not recall the outstanding loan liabilities as they fall due.

The board plans to return the company back to profitability through various strategies, key of which are:

i. Focus customers - The group has adopted a new business model for its wholesale customers whereby it will only sell to customers who a) have a history of prompt payment; b) cash sales; and customers who pay in advance.
ii. Rental income - Focus on the rental business and target to achieve a 100% occupancy.
iii. Proposed sale of a property to facilitate stabilisation of the liquidity position of the company.