

CHAI DIAMOND INVESTMENT LIMITED
Report and Financial Statements
For the Year Ended 31st December 2023

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CORPORATE INFORMATION

Principal Activity

The Company principal activity is Real Estate.

Company information

Board of directors

Grace Miano	:	Chairman
Isaac Too	:	Vice Chairman
Lamech Migiro	:	Director
James Kuungania	:	Director
James Hinga	:	Director
Festus Mwatee	:	Director

Registered office

KTDA PLAZA, Moi Avenue,
 P.O. Box 278-00200, Nairobi
 Tel: 020-2214406/10
 Website: www.chaidiamond.co.ke
 Email: chaidiamond@chai-sacco.co.ke

Auditor

Henry Smith & Wilson
 Certified Public Accountants (K)
 P.O. Box 9937 – 00100,
 Nairobi-Kenya.

Principal Banker

Cooperative Bank of Kenya :
 Chai Sacco Fosa :
 C.I.C Asset Management
 Kenya Commercial Bank
 Family Bank Limited
 Gulf African Bank



CHAI DIAMOND INVESTMENT LTD

(A subsidiary of CHAI SACCO)

KTDA PLAZA 1st Floor, Moi Avenue, Nairobi. P.O. Box 278-00200, Nairobi.

Tel :0758949654 Website : www.chaidiamond.co.ke

Email : chaidiamond@chai-sacco.co.ke

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of Chai Diamond Investment limited will be virtually via Zoom on Saturday, 22nd June, 2024 from 10.00 a.m. to transact the following business;

1. To read notice convening the meeting.
2. To table proxies and confirm presence of quorum.
3. To receive and adopt Chairman's Report.
4. To receive, consider and adopt the audited financial statements for the year ended 31st December 2023 and reports of Directors and Auditors thereon.
5. To elect Directors
 - 5.1. Mrs. Grace Miano retires by rotation and being eligible offers herself for re-election.
 - 5.2. Mr. Lameck Migiro retires by rotation and being eligible offers himself for re-election.
6. To consider and approve Director's remuneration.
 - 6.1. The Board of Directors recommends approval of Kenya Shillings Seven Hundred Thousand (Kshs. 700,000) being Directors' fees for the year ending 31st December 2024.
7. Appointment of external Auditor
 - 7.1. To re-appoint, Messrs. Henry Smith & Wilson as the auditors of the company in accordance with Section 721 of the Companies Act (Act No. 17 of 2015) for the financial year ending 31st December 2024 and to authorize the directors to fix their remuneration.

ANY OTHER BUSINESS

8. To consider any other business of which due notice has been received.

BY ORDER OF THE BOARD

PURITY GICHUKI

COMPANY SECRETARY

purity.gichuki@gmail.com

23 May 2024

Shareholders are advised to contact Kelvin Koome of Telephone no. 0758949654 to receive meeting dial in details. The Financial Reports are available on our website: www.chaidiamond.co.ke

CHAIRMAN'S REPORT FOR THE YEAR ENDED 2023

I am pleased to present the 12th annual report and audited statements of Chai Diamond Investment Company, which is a subsidiary of Chai Sacco Society Ltd for the year ended 31st December 2023.

GENERAL ECONOMIC ENVIRONMENT

The economy remained strong in the first quarter of 2023 and grew by 5.3 percent compared to 6.2 percent during a similar quarter in 2022, mainly supported by the strong recovery of the agriculture sector and continued resilience of services. The agriculture sector rebounded strongly following improved weather conditions. Notably, all the sectors of the economy recorded positive growth. In the first quarter of 2023 the agriculture sector rebounded strongly following improved weather conditions that enhanced production. It grew by 5.8 percent compared to a contraction of 1.7 percent in a similar quarter of 2022. The strong performance was reflected in a significant increase in exports of vegetables and fruits. However, milk deliveries and production of tea, coffee and sugarcane declined. The services sector continued to sustain strong growth momentum. The robust performance was reflected in the notable growth of information and communication, wholesale and retail trade, accommodation and food services, transport and storage, and financial and insurance. In the first quarter of 2023, the industrial sector recorded a lower growth of 2.5 percent compared to 5.6 percent in a similar quarter of 2022 and contributed 0.4 percentage points to real GDP. The slowdown in growth was mainly reflected across sectors, particularly manufacturing, and electricity and water supply sectors, which grew by 2.0 percent and 2.3 percent. Overall inflation breached the upper bound of the medium-term target band of 5 ± 2.5 percent in the financial year 2022/23 on account of supply side factors. It remained stable but elevated at 7.9 percent in June 2023, mainly due to high energy and food prices. Fuel inflation remained elevated, increasing to 12.9 percent in June 2023 from 10.0 percent in June 2022, largely driven by increased electricity and pump prices, following upward revision of tariffs and removal of government subsidy on energy items. On the other hand, food inflation eased to 10.3 percent in June 2023 from 13.8 percent in June 2022. This was supported by a general decline in international food prices, government interventions through zero rating of select food commodities, and improved weather conditions in the first half of 2023. The above average long rains that were experienced across the country enhanced production of fast-growing food items, thus moderating prices. Meanwhile, non-food non-fuel (NFFN) inflation remained low and stable. Government budgetary operations in FY2022/23 resulted in a deficit including grants (cash basis) of KSh 770.1 billion (5.3 percent of GDP) compared to KSh 785.1 billion (6.2 percent of GDP) in the previous year. The deficit was however, below the target level of 5.8 percent of GDP indicating continued economic recovery and improved fiscal consolidation. Government revenue (including grants) in FY2022/23 stood at KSh 2,362.2 billion (16.3 percent of GDP) compared to KSh 2,230.8 billion during the previous fiscal year. The increase was reflected in the main categories of ordinary revenue. Tax revenue accounted for 84.3 percent of revenues and increased by 7.7 percent largely reflecting improved business environment due to continued economic recovery. Non-tax revenue declined by 17.2 percent while Appropriations-

In-Aid increased by 1.2 percent on account of increased appropriations towards development. (Source : Central Bank of Kenya)

PROPERTY MARKET

Average property prices went up by 4.1 percent in the fourth quarter of 2023, after a year of price corrections. · Prices were up despite high inflation and weak shilling that raised input costs for developers. Ridgeways, Spring Valley and Langata posted strong quarterly growth in prices among suburbs, while Juja, Kitengela and Athi River led the satellite towns. · Rental prices also recovered, rising 2.5 percent in the quarter, defying the reduced spending power of consumers in the economy due to elevated inflation. · Ongata Rongai and Loresho recorded the highest growth in asking rents among satellite towns and suburbs respectively. The elevated inflation, which averaged 7.7 percent in 2023, has meant reduced spending power for both home buyers and rental customers, while the weaker shilling raised input costs for developers which in high demand suburbs had inflationary effects on property prices. All 18 Nairobi suburbs recorded higher buying prices, led by Langata, Ridgeways and Spring Valley, while in the satellite towns, Juja, Kitengela and Athi River were top performers during the quarter. The best rental returns on an annual basis were found in Ongata Rongai (15.4 percent), Athi River (15 percent) Kitengela (11.6 percent), Loresho (11.5 percent) and Nyari (9.9 percent). These returns competed favorably with those of Treasury bills and bonds whose net returns ranged from 9.5 percent to 17 percent in 2023. (**Source- Hass Property Index 2024**)

REAL ESTATE PERFORMANCE

KRA experienced a double-digit drop in revenue collections from the sale of land and houses, as taxes from financial transactions in real estate declined compared with a similar review period. Constructions sector experienced a slowdown in both the public and private sectors attributed to heightened financial costs characterized by the depreciating Kenya shilling against the US dollar and high borrowing costs.

Kenya, like the rest of the world, was under challenging economic conditions, resulting in a slowdown in the residential sales market. Completing sale agreements took longer, a situation that was exacerbated by extended turnaround times in the Ministry of Lands, Housing, and Urban Development. Land stakeholders continued being frustrated with the title conversion process. The New Real Estate Regulation Bill 2023 was tabled at the Senate for discussion. It intends to streamline Kenya's Real Estate Market Operations with the aim of bringing transparency, accountability, and professionalism to the real estate sector. It seeks to address issues such as fraud, unethical practices, and lack of consumer protection that have plagued the industry for years. (**Source :Property Market Report - Co-optrust Investment Services & Knight Frank**)

PERFORMANCE

The company realized income from sale of plots, and interest on money market deposits. The income for the period increased from Ksh. 10,086,305 in the previous year to Ksh.15,557,810 in the year under review. The earnings were as follows: Mirira gardens Ksh. 10,777,016, Sabuk plains Ksh. 2,415,135 Almasi plains Ksh. 1,017,793, Nanyuki phase 4 Ksh.242,957, Taji plains Ksh. 338,977 and Bomet Ksh.399,736.

The company also earned Ksh.21,314 from Chai FOSA and CIC money market accounts, Ksh. 70,680 Family Bank dividends, commissions on sale of Family Bank shares of Ksh 2,400 and profit on tea sales amounted to Ksh. 142,500, and penalties on land payment refunds of Ksh. 129,300.

STRATEGIC PLAN

The company is in the process of formulating a five year strategic plan (2024-2028) and shall seek to identify new areas of revenue generation to maximise the shareholders earnings.

In October 2023, we launched Kangundo road phase 4 land project which is 65% sold.

We have conducted a real estate market survey with our investors. From the report, we shall implement land projects at Juja farm, Ruiru, Ngong and Nakuru.

ACHIEVEMENTS

The company has achieved good progress from inception 12 years ago due to remarkable commitment of the Board and Management to implement and monitor the strategic goals.

1. Share capital Ksh.109,542,559 out of Ksh.137,445,000 applied
2. Shareholders..... 2,878
3. No of plots sold.....2,010

DIVIDEND

During the financial year ending 2023, the company made a net loss of Ksh. 600,280. The company therefore is unable to pay dividends. The real estate sector is recovering, and we are looking forward to better results in the future. The company maintains reserves in plots in all the projects undertaken. So far, we have reserved 117 plots registered in the company's name in our various projects.

We encourage our shareholders to continue investing with us by being financed by Chai Sacco to purchase land through the Investment loan product which has easy repayment terms and the land purchased is the sole guarantor.

FUTURE OUTLOOK

The Board shall continue to engage in profitable projects by partnering with our customers thereby enhancing the shareholders' wealth. We shall also continue working on strategic partnerships that can lead to the generation of more income for the company.

SHAREHOLDING AND ELECTIONS

The shareholding of the company is still 51% to Chai Sacco and 49% to the members. We are grateful to the shareholders for increasing their subscription, which now stands at Ksh. 137,445,000. Chai Sacco forms the majority representation in the Board and other Directors come from East of Rift and West of Rift to represent the members in these regions. Two directors representing Chai Sacco are retiring by rotation and intend to offer themselves for re-election.

VOTE OF THANKS

I wish to thank my fellow Board of Directors for their support, sacrifice, diligence, commitment and guidance for serving the shareholders. My gratitude further extends to Chai Sacco Board and supervisory committee for their contribution and support for the company. My tribute goes to the staff for hard work during the past year despite the hard economic conditions in the country.

Finally, I wish to thank all the shareholders, consultants, and development partners for their continued support.



GRACE MIANO

CHAIRMAN

CHAI DIAMOND INVESTMENT LIMITED

REPORT OF THE DIRECTORS

CHAI DIAMOND INVESTMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their report and the audited financial statements for the year ended 31 December 2023 which disclose the state of affairs of the company.

In accordance with Section 42 of the Sixth Schedule of the Companies Act, 2015, Transitional and Savings Provisions, this report has been prepared in accordance with Section 157 of the repealed Kenyan Companies Act, 2015 as if that repeal had not taken effect.

Principal activities

The principal activities of the company is to develop the houses for sale and rental.

RESULTS AND DIVIDENDS

Results

Profit before tax

	2023 Shs	2022 Shs
Profit before tax	(600,280)	(4,877,862)

DIVIDENDS

The directors do not recommend the declaration of a dividend for the year (2022: Nil).

Directors

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

Auditor

The company's auditor, Henry Smith & Wilson , has indicated willingness to continue in office in accordance with the Kenyan Companies Act, 2015.

BY ORDER OF THE BOARD



.....
DIRECTOR

22nd May, 2024

CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
STATEMENT OF DIRECTORS RESPONSIBILITY

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; and that disclose, with reasonable accuracy, the financial position of the company and that enables them to prepare financial statements of the company that comply with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards for Small and Medium Size Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances;

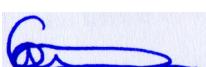
The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Kenyan Companies Act, 2015.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on 28-05- 2024 and signed on its behalf by:



DIRECTOR



DIRECTOR

CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
REPORT OF THE INDEPENDENT AUDITORS

We have audited the accompanying Financial Statements set out on pages 6 to 13 of Chai Diamond Limited that comprise;

- i. The Statement of Financial Position as at 31 December 2023;
- ii. The Statement of Comprehensive Income;
- iii. Statement of Changes in Equity;`
- iv. The Statement of Cash Flow for the year then ended and;
- v. Summary of significant accounting policies and other explanatory information.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

Opinion

In our opinion the financial statements referred to above present fairly, in all material aspects, the financial position of the business for the twelve months ended 31st December 2023 and of its profits and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Kenyan Companies Act.

Basis of Our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

**CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

**REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF Chai Diamond Investment Limited**

Responsibilities of the Board of Directors

As stated on page 3, the directors are responsible for the preparation of the Financial Statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Kenyan Companies Act. The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit and to report our opinion to you. An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Report on other Legal Requirements

We report to you that based on our audit;

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii. The Company's Statements of Financial Position and Comprehensive Income are in agreement with the books of account;

The engagement partner responsible for the audit resulting in this independent auditors' report was CPA Simon K. Ndegwa- P/No.1173.


Henry Smith & Wilson.
Certified Public Accountants
 Date: 30th May 2024

HENRY SMITH & WILSON
 CPA (K)
 P. O. Box 9937 - 00100
 NAIROBI

CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF COMPREHENSIVE INCOME

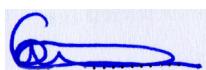
	Notes	2023 KShs	2022 KShs
Income			
Profit from sale of real estate	10	15,191,615	9,883,456
Other income	11	366,194	212,849
		15,557,810	10,096,305
Expenditure			
Administration expenses	12	8,004,709	7,684,852
Governance expenses	13	1,261,563	1,331,002
Finance expenses	14	1,572,322	2,337,096
Operating expenses	15	5,319,497	3,621,216
		16,158,090	14,974,166
Net profit /loss before tax		-600,280	-4,877,862

CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

	Notes	2023 KShs	2,022 KShs
Assets			
Non-current assets			
Reserved land	6 b)	53,388,424	47,416,612
Investments	18	1,800,000	1,800,000
Property & equipment	2(c)	515,452	506,793
		55,703,876	49,723,405
Current assets			
Cash & bank	4 a)	-1,819,809	1,717,840
Accounts receivables	5	49,143,572	32,657,704
Land stock	6 a)	52,708,953	63,153,884
Tax recoverable		3,639,504	3,637,544
		103,672,220	101,166,972
Total assets		159,376,097	150,890,377
Equity and liabilities			
Equity			
Share capital	CIE	500,000	500,000
Share premium	CIE	109,042,559	108,602,692
Revenue reserve	CIE	-13,974,667	-13,374,386
Revaluation reserve	CIE	10,687,030	10,687,030
		106,254,921	106,415,336
Current liabilities			
Creditors & accruals	8	46,945,474	27,801,401
Short-term Loan	9	6,175,702	16,673,640
		53,121,175	44,475,041
Total equity & liabilities		159,376,097	150,890,377

The financial statements were approved by the board of directors and signed on its behalf by



DIRECTOR



DIRECTOR

DATE 28-05-2024

CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CHANGES IN EQUITY

	Share capital <u>Kshs</u>	Share Premium <u>Kshs</u>	Revenue reserve <u>Kshs</u>	Revaluation reserve <u>Kshs</u>	Total <u>Kshs</u>
1st January 2022	500,000	107,560,770	(8,496,525)	10,687,030	110,251,275
Additions	-	1,041,921	-	-	1,041,921
Net profit/(loss for the year)	-	-	(4,877,862)	-	(4,877,862)
Taxation	-	-	-	-	-
Proposed dividends	-	-	-	-	-
31st Dec 2022	500,000	108,602,691	(13,374,387)	10,687,030	106,415,334
1 st January 2023	500,000	108,602,691	(13,374,387)	10,687,030	106,415,334
Additions	-	439,868.00	-	-	439,868
Net profit/(loss for the year)	-	-	(600,280)	-	(600,280)
Taxation	-	-	-	-	-
Proposed dividends	-	-	-	-	-
31st December 2023	500,000	109,042,559	(13,974,667)	10,687,030	106,254,921

CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASHFLOWS

	2023-12	2022
	Kshs	Kshs
<u>Cash flow from operating activities</u>		
Profit before taxation	(600,280)	(4,877,862)
Adjustment for:		
Depreciation	<u>83,463</u>	<u>172,059</u>
Operating profit before working capital changes	(516,817)	(4,705,803)
Changes in working capital:		
(Increase)/ decrease in debtors/receivables	(16,487,991)	2,327,138
(Increase)/ decrease in stock	10,444,931	33,800,139
Increase/ (decrease) in creditors	<u>8,646,134</u>	<u>(22,953,659)</u>
	2,603,073	13,173,618
Tax paid	<u>(1,960.22)</u>	<u>(1,633)</u>
	<u>2,084,296</u>	<u>8,466,182</u>
<u>Cash flow from investing activities</u>		
Reserved land	(5,971,812)	(11,559,153)
Purchases of fixed assets	(90,000)	(176,400)
Property investment adjustment	<u>-</u>	<u>-</u>
	<u>(6,061,812)</u>	<u>(11,735,553)</u>
<u>Cash flow from financing activities</u>		
Share premium	439,868	1,041,921
Dividend paid	-	-
Share capital	-	-
Borrowing/Overdraft	<u>-</u>	<u>-</u>
	<u>439,868</u>	<u>1,041,921</u>
<u>Net increase in cash & cash equivalent</u>	<u>(3,537,648)</u>	<u>(2,227,450)</u>
<u>Cash & cash equivalent at the start of the year</u>	<u>1,717,839</u>	<u>3,945,289</u>
<u>Cash & cash equivalent at the end of the year</u>	<u>(1,819,809)</u>	<u>1,717,839</u>

**CHAI DIAMOND INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

NOTES TO FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. General information

Chai Investment Limited is registered under Companies Act as a private limited company , and is domiciled in Kenya. The address of its registered office is P.O. Box 1951-00100, Nairobi

2a) Basis of preparation

The financial statements of Chai Diamond Investment Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium sized Entities (IFRS for SMEs) with early adoption of the 2015 amendments to the standard. The early adoption of the amendments has not resulted in any prior period restatements or other material changes in presentation.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, property, plant and equipment, biological assets and derivative financial instruments at fair value.

The preparation of financial statements in conformity with IFRS for SMEs require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2(b).

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the report of the Director's and in the statement of profit or loss . The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

NOTES TO FINANCIAL STATEMENTS**b) Key sources of estimation uncertainty (continued)****- Useful lives of property, plant and equipment**

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial period, the directors determined no significant changes in the useful lives and residual values.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business and is stated net of rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below:

- i) Sales of goods are recognised upon delivery of products and customer acceptance;
- ii) Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable;

d) Property, plant and equipment

All equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

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NOTES TO FINANCIAL STATEMENTS

i) Current and deferred income tax (Continued)

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

j) Share capital

Ordinary shares are classified as equity.

k) Comparatives

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

	2023 Kshs	2022 Kshs
J) Income		
Sales	<u>15,557,810</u>	<u>10,096,30</u>
K) Expenses	-16,158,090	-14,974,16
L) Profit/Loss	-600,280	-4,877,86

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NOTES TO FINANCIAL STATEMENTS

3 a) Property, plant and equipment(continued)

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

3 b) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and financial assets with maturities of less than 91 days.

3 c) Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

3 d) Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

3 e) Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over 'the period of the lease.

The company leases certain items of property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

The company leases out (as an operating lease) an office building that it owns. The asset is included in the statement of financial position as an investment property. Rental income is recognised in accordance with the rental income accounting policy.

3 f) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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	2023-12 KShs	2022-12 KShs
4 a) Cash at bank		
Cooperative Bank of Kenya Limited	-1,113,175	1,255,723
Chai Sacco Limited - Fosa	-1,028,506	113,723
Kenya Commercial Bank Limited	44,164	25,610
Gulf Africa Bank Limited	21,541	21,541
Family Bank Limited	-43,837	171,503
Call deposits(C.I.C Asset Management)	140,848	129,740
Main cash account	159,157	
	-1,819,809	1,717,840
5 Accounts receivables		
Nakuru	153,000	153,000
Bomet	7,324,283	5,358,168
Isinya	1,542,060	1,542,060
Nanyuki Phase 1		94,700
Nanyuki Phase 2		22,000
Nanyuki Phase 3		657,000
Nanyuki Phase 4	3,101,020	1,671,320
Kangundo Rd 1		971,759
Kangundo Rd 2	2,385,714	2,263,218
Almasi plains -Mariakani	3,146,167	3,108,015
Taji plains- Kangundo rd	2,420,516	4,727,406
Mirira Gardens-Murang'a	23,732,310	8,145,262
Sabuk plains- Kangundo rd	1,550,000	
Tea Brokerage formation expenses	1,419,368	1,419,369
Chadin Insurance Agency formation expenses	2,169,133	2,324,427
Other receivables	200,000	200,000
	49,143,572	32,657,704
6 a) Land stock		
Bomet	3,631,708	4,621,452
Isinya	12,473,500	12,473,500
Nanyuki Phase I	277,386	277,386
Nanyuki Phase II	155,938	155,938
Almasi plains-Mariakani	3,776,420	5,664,630
Mirira Gardens-Murang'a	9,826,470	39,960,978
Sabuk plains- Kangundo rd	22,567,532	
	52,708,953	63,153,884
6 b) Reserved land	53,388,424	

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7 Share capital

Authorised share capital
 25,000 ordinary shares @ Kshs.20/=
 Issued and fully paid:
 8,319(2023)8,262(2022)7,804(2021)
 ordinary shares @ Kshs.20/=
 Issued and partly paid:
 16,694(2023)16,738(2022)17,196(2021)
 ordinary shares @ Kshs.20/=

	2023-12 KShs	2022-12 KShs
	500,000	500,000
	166,380	125,360
	333,620	398,740
	500,000	524,100
8 Creditors & accruals		
External Auditors	100,000	116,000
Provision for land services	900,000	900,000
Land Payments due	31,066,628	11,384,503
Unpaid dividend	96,551	96,551
Investment savings a/c	1,400,818	1,650,818
Office bills	13,381,476	13,653,529
	46,945,474	27,801,401
9 Chai Sacco Loan	6,175,702	16,673,640

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	2023-12 KShs	2022-12 KShs
10 Profit from sale of real estate		
Bomet	399,736.84	990,200.68
Nanyuki phase 1	84,385.54	
Nanyuki phase 4	242,957.45	705,412.77
Almasi plains-Mariakani	1,017,793.10	1,172,690.14
Taji Plains- Kangundo rd	338,977.00	
Mirira Gardens-Murang'a	10,777,016.06	6,930,767.00
Sabuk plain - Kangundo road	2,415,135.00	
	15,191,615.45	9,883,456.13
11 Other income		
Interest on investments	21,314.27	35,170.49
Commissions (sale of FBL shares)	2,400.00	1,558.16
Dividends	70,680.00	94,620.00
Sundry income (penalties)	129,300.00	
Tea sales profits	142,500.00	81,500.00
	366,194.27	212,848.65
12 Administration expenses		
Salaries & wages	6,920,967.21	6,409,966.00
Depreciation	83,463.01	172,059.00
Audit fees	100,000.00	116,000.00
Printing & stationery	19,250.00	71,275.00
Office expenses	427,482.85	432,973.00
Software maintenance	81,000.00	55,000.00
Staff training	372,545.75	90,200.00
AGM conference expenses	337,379.00	
	8,004,708.82	7,684,852.00
13 Governance expenses		
Directors allowances	561,562.54	631,002.00
Directors fees	700,000.00	700,000.00
	1,261,562.54	1,331,002.00
14 Finance expenses		
Interest on loan	1,502,061.19	2,277,648.06
Bank charges	70,260.79	59,448.00
	1,572,321.98	2,337,096.06
15 Operating expenses		
Sales & Marketing	1,028,095.35	796,180.00
Legal & Professional fees	86,600.00	90,000.00
Company secretary	150,000.00	121,000.00
Internal Audit	120,000.00	120,000.00
Land site visit expenses	316,059.44	1,280,694.38
Land caretaker- Nakuru/Taji plains/Muranga	132,000.00	154,000.00
Office rent	661,352.00	652,952.00
Office cleaning & sanitation	144,050.00	97,640.00
Land survey & title deeds fee	569,000.00	308,750.00
Sales Commissions	2,112,340.00	
	5,319,496.79	3,621,216.38

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NOTES

16 Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

(b) Depreciation

Depreciation on property & equipment is calculated on the reducing balance method after taking into account the residual value of the asset after their useful life at the following annual rates.

Item	Rate
Computers	30%
Software	30%
Equipments	10%

(c) Profit from sale

Profit from sale represents income from sale of land

17 Reserved Land

	2023	2022
	KShs	KShs
Balance brought forward	11,571,000	-
Addition	5,971,812	11,571,000
Revaluations	-	
Balance carried forward	17,542,812	11,571,000

18 Other investments

Family Bank Shares - Fair Value@15/-	1,800,000	1,800,000	1,800,000
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2(c) Property & equipment

Cost	Furniture & Equipments	Computers	Software	Total
	KShs	KShs	KShs	KShs
1.1.2023	157,981	165,546	183,266	506,793
Additions	-	90,000	90,000	90,000
31.12.2023	157,981	165,546	273,266	596,793

Depreciation

1.1.2023	245,507	836,687	671,080	1,753,274
Charge for the year	20,138	30,649	32,676	83,463
31.12.2023	265,645	867,336	703,756	1,836,737

Net Book Value

31.12.2023	137,843	134,897	240,590	513,330
31.12.2022	157,981	165,546	183,266	506,793

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TAX COMPUTATION

	2023-12
	Kshs
Profit for the year	(600,280)
<u>Add back</u>	
Depreciation	83,463
<u>Less</u>	
Wear & tear	(83,463)
	<u>(600,280)</u>
Adjusted income	(600,280)
<u>Taxable income</u>	
	<u>(600,280)</u>
Brought forward	(3,637,544)
Chargeable tax	-
<u>Less : Tax paid</u>	
Withholding tax	(1,960)
Instalment tax	-
<u>Tax credit</u>	
	<u>(3,639,504)</u>

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