

**MWANANCHI CREDIT LIMITED**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 12 MONTH PERIOD ENDED 31ST DECEMBER, 2019**

	NOTES	2019 Kshs	2018 Kshs
Revenue	1	1,281,039,809	881,637,337
Direct Expenses	2	277,346,909	131,702,573
<b>Profit from operations</b>		<b>1,003,692,900</b>	<b>749,934,764</b>
Other income(Rental Income & Commissions)	3	6,174,700	3,953,790
Provision for impairment of loans and advances to customers		663,070,253	280,361,796
Administrative Cost		70,777,609	26,182,039
Establishment costs		12,090,876	11,537,538
<b>Profit from Operations</b>		<b>263,928,862</b>	<b>435,807,181</b>
Finance Cost		1,408,790	1,124,640
<b>Profit Before Tax</b>		<b>262,520,072</b>	<b>434,682,541</b>
Taxation		<b>78,756,022</b>	<b>130,404,762</b>
<b>Profit after tax</b>		<b>183,764,051</b>	<b>304,277,779</b>

**MWANANCHI CREDIT LIMITED**  
**UNAUDITED DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 12 MONTH PERIOD ENDED 31ST DECEMBER, 2019**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>INCOME</b>		
Revenue	1,281,039,809	881,637,337
<b>DIRECT EXPENSES</b>		
Expenses	277,346,909	131,702,573
<b>GROSS PROFIT</b>	<b>1,003,692,900</b>	<b>749,934,764</b>
	78%	85%
<b>ADMINISTRATIVE COSTS</b>		
Provisions for Bad Debts	663,070,253	280,361,796
Branding and Advertisements	21,744,052	12,130,955
Computer expenses	230,000	-
Finance Cost	1,408,790	1,124,640
Legal Fees	6,426,347	2,708,055
Bad Debts recovered	-	(1,700,000)
Insurance expense	750,949	1,504,354
Licences & permits	907,460	159,900
Expenses paid via invoice recovery loan repayments	-	3,008,338
Software Expenses	970,000	520,000
Website Maintenance	149,200	12,000
Motor vehicle expenses	346,723	84,000
Office expenses	303,499	59,805
Printing and stationery	856,122	989,263
Audit fees	696,000	360,000
Salaries, wages and related costs	28,602,948	3,541,085
Security Expenses	1,278,030	648,000
Communication Expenses	2,388,480	1,563,380
Utility expenses- Electricity and Water	377,997	269,705
Travelling Expenses	684,105	213,506
Other Miscellaneous Expenses	4,065,696	109,694
	<b>735,256,651</b>	<b>307,668,475</b>
<b>ESTABLISHMENT COSTS</b>		
Depreciation	2,632,512	1,439,275
Rent and rates	9,458,364	9,458,364
Repairs and maintenance	-	639,899
	<b>12,090,876</b>	<b>11,537,538</b>
<b>TOTAL EXPENSES</b>	<b>747,347,528</b>	<b>319,206,013</b>
<b>Other Income(Rental Income &amp; Commissions)</b>	<b>6,174,700</b>	<b>3,953,790</b>
<b>PROFIT BEFORE TAX</b>	<b>262,520,072</b>	<b>434,682,541</b>
Taxation-Current tax	78,756,022	191,571,037
-Deferred tax		(61,166,275)
<b>PROFIT AFTER TAX</b>	<b>183,764,051</b>	<b>304,277,778</b>

**MWANANCHI CREDIT LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**FOR THE 12 MONTH PERIOD ENDED 31ST DECEMBER, 2019**

	<b>2019-P9</b>	<b>2018-P12</b>
	<b>Kshs.</b>	<b>Kshs</b>
<b>ASSETS</b>		
<b>Non current assets</b>		
Property and Equipements	21,868,590	20,662,807
Deffered Tax	61,166,275	61,166,275
<b>Total non-current assets</b>	<b>83,034,865</b>	<b>81,829,082</b>
<b>Current assets</b>		
Loan Receivables	1,081,088,939	701,140,059
Other Trade receivables	290,538,671	466,382,265
Bank and cash balance	88,093,218	152,284,892
<b>Total Current Assets</b>	<b>1,459,720,828</b>	<b>1,319,807,216</b>
<b>Current Liabilities</b>		
Trade payables	267,063,995	406,642,613
Current Tax Liability	99,085,064	130,536,086
Deffered Revenue	168,389,061	210,491,228
<b>NET CURRENT ASSETS</b>	<b>925,182,707</b>	<b>572,137,289</b>
<b>NET ASSETS</b>	<b>1,008,217,572</b>	<b>653,966,371</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Long term liabilities</b>		
Long term loan	35,830,120	-
<b>Capital and reserves</b>		
Share Capital	100,000	100,000
Revenue reserve	972,287,452	653,866,371
Retained Earnings	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,008,217,572</b>	<b>653,966,371</b>

**MWANANCHI CREDIT LIMITED**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE 12 MONTH PERIOD ENDED 31ST DECEMBER, 2019**

	<b>2019</b>	<b>2018</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Cash flows from operating activities</b>		
<b>Profit for the period</b>	<b>262,520,072</b>	<b>434,382,341</b>
Adjustment for non-cash items;		
Depreciation	2,632,512	1,439,275
Increase in Provisions for expected credit losses	-	280,361,796
	<b>265,152,585</b>	<b>716,183,412</b>
<b>Operating profit before working capital changes</b>		
Add/Less:		
Increase in loans receivables	(379,948,880)	(534,721,159)
Increase in other receivables	175,843,594	(85,332,041)
Increase in Trade and other payables	(155,910,071)	1,414,954
	<b>(360,015,356)</b>	<b>(618,638,246)</b>
<b>Net cash from operating activities</b>	<b>(94,862,772)</b>	<b>97,545,166</b>
<b>Cash flows from financing activities</b>		
Long term loan	35,830,120	-
<b>Cash flows from investing activities</b>		
<b>Investing Activities</b>		
Purchase of assets	(5,159,022)	(4,435,127)
<b>Net increase in cash and cash equivalents</b>	<b>(64,191,674)</b>	<b>93,110,039</b>
Cash at the beginning	152,284,892	59,174,853
<b>Cash at end of period</b>	<b>88,093,218</b>	<b>152,284,892</b>

**NOTES TO THE ACCOUNTS**  
**FOR THE 12 MONTH PERIOD ENDED 31ST DECEMBER, 2019**

<b>1. Revenue</b>	<b>2019</b>	<b>2018</b>
Interest Income	823,876,940	410,851,423
Penalties Interests	296,245,745	336,505,975
Up-front fees and Charges	95,377,214	80,953,428
Other fees and Charges	45,589,029	29,570,994
Bounced Cheque Charges	19,950,882	23,755,517
	<b><u>1,281,039,809</u></b>	<b><u>881,637,337</u></b>
<b>2. Direct Expenses</b>	<b>2019</b>	<b>2018</b>
Commissions	9,372,501	1,611,877
Write-Offs	6,491,245.47	63,859,046
Waivers	239,495,675	42,287,550
Write-off from accounts closed/Zerolised	1,202,397	294,406
Early payment/settlement Waivers	125,079	232,316
Valuation Fees	4,729,000	9,170,500
Tracking Fees	5,426,500	8,892,120
Auctioneer Fees	7,367,601	2,424,000
Repossession Fees	284,900	2,852,010
Breakdown Charges	2,852,010	35,000
CRB charges	-	43,748
	<b><u>277,346,909</u></b>	<b><u>131,702,573</u></b>
<b>3. Other Incomes</b>	<b>2019</b>	<b>2018</b>
Rental Income	3,970,700	2,767,000
Bank & Safaricom Interest Income	2,204,000	1,186,790
	<b><u>6,174,700</u></b>	<b><u>3,953,790</u></b>

**4. PROVISION FOR IMPAIRMENT ON LOANS**

\*Provisions are provided based on specific non-performing loans.

\*All loans that are overdue are directly moved to provisions on that particular month

**5. DEFERRED REVENUE**

\* Compounded and Flat rate interest are charged in advance on our system as a lumpsum for the whole period, But that interest is not yet earned on that particular month hence we spread it over the period of that loan as deferred revenue in our books

\* We generate a loan schedule that we will monitor the deferred revenue month on month

\* The deferred revenue enables us not to overstate our revenue for the month but give us a projection of expected revenue to realised in the future