ZENKA DIGITAL LIMITED (PREVIOUSLY ZENKA FINANCE LIMITED)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

ZENKA DIGITAL LIMITED

Annual report and financial statements FOR THE YEAR ENDED 31ST DECEMBER 2021

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The following does not form an integral part of these financial statements:	
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COMPANY INFORMATION

Board of directors

Full Name

Designation

Victor Augustus Onyango

Walter Felipe Sanhueza Valle Director

Director

Company secretaries

Abednego M Mutie

info@kieti.co.ke

Registered office

L.R. No. 209/18559

The Mirage Tower 2, 12th Floor,

P.O. Box 29107-00100,

Nairobi, Kenya.

Auditors

Kinoti & Company

Certified Public Accountants (K)

P.o Box 72516-00200

Nairobi.

Principal bankers

NCBA Bank Ltd.

Head office, Nairobi.

Stanbic Bank Kenya Ltd

Advocates

Sammy Ndolo

info@kieti.co.ke

The Directors have the pleasure in presenting their report together with the Audited Financial Statements for the year ended 31st December, 2021.

INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 1.

DIRECTORATE

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

PRINCIPAL ACTIVITIES

The principal activity of the company is consumer lending.

RECOMMENDED DIVIDEND

The directors do not recommend the declaration of a dividend for the year.

STATEMENTS AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

- (a) there is, so far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and
- (b) the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITORS

Kinoti and Company continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the Board

Director

Director

Dated: 20.04. 2022.

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that 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 maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- 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 state of the financial affairs of the company as at 31st December, 2021 and of its profit/loss and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Approved by the board of directors on 20.04.202 and signed on their behalf by:

Director

Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ZENKA DIGITAL LIMITED

OPINION

We have audited the accompanying financial statements of Zenka Digital Limited, set out on pages 6 to 16, which comprise the balance sheet as at 31st December 2021, the profit and loss account and statements of comprehensive income, changes in equity and cashflows 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 Company as at 31st December 2021 and of it financial performance and cashflows for the year ther 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 Company 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.

OTHER INFORMATION

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

AUDITORS RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit inaccordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this Independent Auditor's Report is CPA Eric Kinoti, Practicing No. P/2624.

Kinoti & Compa

Certified Public Accountants (K)

CPA ERIC KITHINJI KINOTI PRACTICING CERTIFICATE NO: 2674 CERTIFIED PUBLIC ACCOUNTANT

Nairobi

Date: 20 4 2022

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	2021 Shs	2020 Shs
Revenues	4 (a).	1,056,475,988	1,131,378,273
Cost of sales	Ĭ.	(470,700,186)	(946,259,197)
Gross profit		5,775,802	185,119,077
Administrative expenses	2.	(194,371,270)	(175,409,041)
Operating expenses	3.	(198,082,943)	(133,073,893)
Other Expenses	4.	(5,819,443)	(5,463,350)
Finance Income	4 (b).	4,847,958	2,514,883
Other operating income	4 (c).	29,960	368,259
Finance Cost	5.	(91,030,087)	(290,725,706)
Profit /(Loss) before tax		101,349,978	(416,669,771)
Deferred Tax Asset	7	110,965,187	43,470,426
Net Profit / (loss) for the year		212,315,166	(373,199,345)

BALANCE SHEET AT 31ST DECEMBE	R 2021		
		2021	2020
ZNIDATI ORIGINA 1900 SIDAN, - C GUANDI GRANIA	Note	Shs	Shs
Non-current assets			
roperty, plant and equipment	12.	3,214,993	6,218,343
ntangible assets	13.	9,866	102,573
Deferred tax	10.	205,241,823	94,276,636
Current assets		208,466,682	100,597,552
Frade and other receivables	3.3		
Cash at bank and in hand	14.	935,951,721	365,114,045
Caxation Account	15.	83,324,554	177,916,308
axation Account	11.	2,288,801	1,600,000
	il	1,021,565,076	544,630,353
Total Assets	2	1,230,031,758	645,227,905
REPRESENTED BY			
CAPITAL EMPLOYED			
Share capital	8.	345,000,000	150,000,000
Retained carnings		(282,272,852)	(494,588,018)
hareholders' funds		62,727,148	(344,588,019)
10007 00000000000 22002000000 0			
	9.	1,153,087,054	963,382,084
	9.	1,153,087,054 1,153,087,054	963,382,084 963,382,084
torrowings	9.	54 90545 SSESSE O	
Non-current liabilities Borrowings Current liabilities Trade and other payables	9. 16.	54 90545 SSESSE O	

The financial statements on pages 6 to 17 were approved for issue by the board of directors on

and were signed on its behalf by:

Victor Augustus Onvango

Total Equity & Liabilities

Director

Walter Felipe Sanhueza Valle

14,217,557

1,230,031,758

26,433,840

645,227,905

Director

FOR THE YEAR ENDED 31ST DECEMBER 2021 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	Share capital Shs	Retained earnings Shs	Total Shs
At 1st January 2021		150,000,000	(494,588,018)	(344,588,018)
Issue for cash	8	195,000,000	(ĕ	195,000,000
Net Profit / (loss) for the year		=	212,315,166	212,315,166
At 31st December 2021		345,000,000	(282,272,852)	62,727,148
Issue for cash	8	150,000,000	(121,388,673)	28,611,327
Net (loss) for the year	, i	<u> </u>	(373,199,345)	(373,199,345)
At 31st December 2020		150,000,000	(494,588,018)	(344,588,018)

ZENKA DIGITAL LIMITED (PREVIOUSLY ZENKA FINANCE LIMITED)

Financial statements FOR THE YEAR ENDED 31ST DECEMBER 2021

STATEMENT OF CASH FLOWS FOR THE YEAR EN	DED 31ST DEC	CEMBER 2021	
		2021	2020
	Note	Shs	Shs
Cash flows from operating activities			
Profit before income tax		101,349,978	(416,669,771)
Adjustments for:			
Depreciation and Amortisation expense	12.	3,096,058	3,102,021
Operating profit before working capital changes		104,446,037	(413,567,750)
Decrease / (increase) in:			The state of the s
Trade and other receivables		(570,837,676)	163,683,850
ncrease / (decrease) in:		V # 1944 C 1950 ft 200 C 1940 ft 2000 V 1950 ft 1	
Trade and other payables		(12,216,284)	(1,231,731)
Cash generated from operations		(478,607,923)	(251,115,632)
Γax paid	11.	(688,801)	(1,600,000)
Net cash generated from operating activities		(479,296,724)	(252,715,632)
Cash flows from financing activities			
Proceeds from issue of share capital		195,000,000	-
Proceeds from borrowings		189,704,970	371,420,558
Net cash generated from financing activities		384,704,970	371,420,558
Net (decrease)/increase in cash and cash equivalents		(94,591,753)	118,704,927
Cash and cash equivalents at 1st January		177,916,308	59,211,381
Cash and cash equivalents at 31st December	15.	83,324,554	177,916,308

GENERAL INFORMATION

Zenka Digital Ltd is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares and is domiciled in Kenya. The address of its registered office and principal place of business is P. O Box 29107 Nairobi. The principal activity of the company is to provide consumer lending services.

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial s' . Atts are set out below:

a) Basis of preparation

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

The financial statements of the previous year were prepared in accordance with full International Financial Reporting Standards. Prior period adjustments have been passed and comperative figures restated in accordance with the transition procedures set out in the IFRS for SMEs.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates.

b) Revenue recognition

Sales represent the fair value of consideration received or receivable for the sale of loans, and are stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs.

Sale of loans are recognised in the period in which the company advances loans to the customer, the customer has accepted the loan and the collectibilty of the related receivables are reasonable assured.

Interest income is accounted on a time proportion basis using the effective interest method.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

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 using the following annual rates:

	Rate - 70
Office equipments	33.0
Signage & brending	25.0
Leasehold improvements	20.0
Furniture & fittings	20.0
Computers	33.0

c) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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.

d) Intangible assets

Software licence costs are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 33.3%.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the year in which they arise.

f) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

g) Retirement benefit obligations

The company and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

h) Employee entitlements

Employee entitlements to long service awards are recognised as a liability based on the service rendered by the employees up to the balance sheet date. The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

i) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

j) Taxation

Tax expense in the profit and loss account is the aggregate of the current income tax and deferred income tax.

Taxation (continued)

Current tax

Current tax is provided on the basis of results for the year adjusted in accordance with the fiscal laws of Kenya.

Deferred tax

Deferred tax is provided in full on all temporary differences except those arising g at the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.

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.

k) Financial instruments

The company classifies its investments into the following categories:

- Held-to-maturity investments which are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has a positive intention to hold to maturity.
- ii) Loans and receivables which are non-derivative financial assets created by the company by providing money or products directly to the debtor other than those with the intent to be sold immediately or in the short run.
- iii) Available-for-sale financial assets which are assets held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates.

All financial assets are classified as non-current except those with maturities of less than 12 months from the balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale and recorded at the fair value of the consideration given plus the transaction costs. Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method.

The directors classify financial assets as follows:

- * Receivables are classified as 'loans and receivables' and are carried at amortised cost using the effective interest method.
- * Term, current and call deposits with banking institutions are classified as 'held-to-maturity investments' and are carried at amortised cost using the effective interest method.

Financial liabilities

All financial liabilities including borrowings are recognised initially at fair value plus the transaction costs and subsequently carried at amortised cost using the effective interest method.

l) Receivables

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

m) Receivables (continued)

A provision for impairment is recognised in the profit and loss account in the year when recovery of the amount due as per the original terms is considered doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, term and call deposits with banking institutions and other shortterm highly liquid investments in money market instruments with maturities of three months or less from the date of acquisition net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

o) Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

p) Comparatives

There comparative figures have been confirmed from the prior year operations.

2. Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks including credit liquidity and interest rates risks and changes in market prices of the company's products. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

3. Critical accounting estimates and judgements

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Property, plant and equipment

Critical estimates are required in determining the depreciation rates for property, plant and equipment. The management determines these rates of depreciation based on their assessment of the useful lives of the various items of property, plant and equipment.

ii) Intangible assets

Critical estimates are made by management in determining the amortisation rates for intangible assets. The management determines these rates of amortisation based on their assessment of the useful lives of the intangible assets.

iii) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Critical accounting estimates and judgements (continued)

iv) Impairment losses on receivables

The company regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit and loss account, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated our cash flows of any receivables.

4 (:	a) Operating income	2021 Shs	2020 Shs
	Revenues	53	Sus
	Loan fees	1,056,475,988	1,131,378,273
	Total Revenues	1,056,475,988	1,131,378,273
4 (l	b) Finance Income		
	Interest and fee income from provided financing to related companies	4,847,958	2,514,883
		4,847,958	2,514,883
4 (0	c). Other operating income Other Operating Gain	20.040	250.050
	Other Operating Gain	29,960	368,259
		29,960	368,259
5.	Other Expenses		
	(a) Items charged		
	The following items have been charged in arriving at operating profit:		
	Other operating expenses	5,543,943	5,193,500
	Auditors' remuneration Current year	275,500	269,850
6.	Finance costs		
	Loan Interest and bank fees	91,030,087	290,725,706
	E 5	91,030,087	290,725,706
7(a)). Deferred tax asset		
	Deferred tax Asset (Note 10)	110,965,187	71,047,946
		110,965,187	71,047,946
7(b)). Tax (continued)	2021 Shs	2020 Shs
	The tax on the company's profit before tax differs from the theoretical amount trate as follows:		
	Loss before tax	101,349,978	(416,669,771)
	Tax calculated at a tax rate of 30% Tax Paid Tax effect of:	30,404,994	(104,167,443)
	Expenses not deductible for tax purposes	28,149,185	33,119,497
	Deferred tax asset	58,554,178	(71,047,946)

8.	Share capital	No. of ordinary shares	Issued and paid up capital Shs
	At at start of the year	1,500,000	150,000,000
	Issue for cash	1,950,000	195,000,000
	At 31st December 2021	3,450,000	345,000,000

The total number of authorised ordinary shares is 3,450,000 with a par value of Shs. 100 each.

9. Borrowings

The borrowings are analysed as follows:	2021 Shs	2020 Shs
Non-current	77.0074	120/5120/
Related Parties Loans	255,986,400	152,913,612
Non-related Parties Loans	897,100,654	810,468,472
Total Borrowings	1,153,087,054	963,382,084
Total borrowings	1,153,087,054	963,382,084

^{*} The related party loans facility of Shs. 255,986,400 is not secured.

In the opinion of the directors, the carrying amount of the borrowings approximates to the fair value.

10. Deferred tax

Deferred tax is calculated using the currently enacted corporation tax rate of 30%. The movement on the deferred tax account is as follows:

	2021	2020
	Shs	Shs
At 1st January	(94,276,636)	(50,806,210)
Deferred tax asset	(110,965,187)	(43,470,426)
At 31st December	(205,241,823)	(94,276,636)

Deferred tax assets and liabilities, deferred tax (credit) in the profit and loss account are attributable to the following items:

At 1st January 2021 Shs	(Credited) to profit & loss Shs	At 31st December 2021 Shs
(41 250 679)	(141.210.056)	(100 4/0 734)
(13,960,343)	(141,210,036)	(182,469,734) (13,960,343)
(52,110,676)	10,541,207	(41,569,469)
13,286,412	6,490,954	19,777,366
- 7	13,850,756	13,850,756
(94,044,286)	(110,327,139)	(204,371,425)
-		-
(232,351)	(638,048)	(870,398)
(94,276,636)	(110,965,187)	(205,241,823)
	2021 Shs (41,259,678) (13,960,343) (52,110,676) 13,286,412 (94,044,286)	2021 to profit & loss Shs Shs (41,259,678) (141,210,056) (13,960,343) - (52,110,676) 10,541,207 13,286,412 6,490,954 - 13,850,756 (94,044,286) (110,327,139)

^{*} In relation to Non-related Parties loans, Interest rate is dependent on the market demand and supply. Rate fluctuate in the range of 10% - 20%. Each amount of funding might have different interest rate.

FOR THE YEAR ENDED 31ST DECEMBER 2021

11. Taxation Account (Balanc	e Sheet)		Ĩ.	2021 Shs	2020 Shs
Balance B/fwd Tax paid				1,600,000 688,801 2,288,801	1,600,000
12. Property, plant and equip	ment				
	Computers Shs	Lease Hold Improvement Shs	Office Equipments Shs	Signage & Blending Shs	Total Shs
Year ended 31st December Bal B/fwd	r 2021 4,915,519	6,308,382	133,830	264,814	11,622,54
Closing carrying value	4,915,519	6,308,382	133,830	264,814	11,622,54
Depreciation Accumulated depreciation Charge for the year	2,866,486 1,630,905 4,497,392	2,362,309 1,261,676 3,623,985	70,584 44,565 115,149	104,822 66,204 171,026	5,404,201 3,003,351 8,407,552
N.B.V as at 31.12.2021	418,128	2,684,396	18,681	93,788	3,214,993
N.B.V as at 31.12.2020	2,049,033	3,946,073	63,246	159,992	6,218,343
13. Intangible assets Software costs				2021 Shs	2020 Shs
As at 31st December 2021 Bal B/fwd Closing carrying value				278,402 278,402	278,402 278,402
At 31st December 2021 Accumulated amortisation Charge for the				175,828 92,708 268,536	83,121 92,708 175,828
Net carrying value as at 31st	December 2021			9,866	102,573
Net carrying value as at 31st	December 2020	j		102,573	102,573
The intangible assets include the estimated period of the li	ed above have a cence which is f	finite useful lives, ov	ver which the assets a	are amortised. The am	ortisation period i
4. Trade and other receivable	es			2021 Shs	2020 Shs
Net Loans receivables Prepaid Expenses Receivables from related par Loans receivable from related				692,266,548 6,291,338 195,000,000 42,393,835	316,135,283 5,890,336 - 43,088,427
				1 10 10 10 10 10 10 10 10 10 10 10 10 10	OWNERS BOTH DAVISE

935,951,721

365,114,045

FOR THE YEAR ENDED 31ST DECEMBER 2021

NO	TES		
15.	Cash and cash equivalents	2021 Shs	2020 Shs
	For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
	Cash and current account balances	83,324,554	177,916,308
		83,324,554	177,916,308
16.	Trade and other payables	2021 Shs	2020 Shs
	Trade Creditors - KES Other Payables	7,139,653 1,533,037	14,164,283 14,657
	Vacation Reserve	997,573	927,532
	Taxes payable	4,493,530	11,327,368
	Salaries and wages payable	53,763	
		14,217,557	26,433,840

SCI	HEDULE OF OPERATING EXPENDITURE		
		2021	2020
1.	DIRECT COSTS	Shs	Shs
3.5	Provisions & Write offs	470,700,186	946,259,197
	Total Direct Costs	470,700,186	946,259,197
2.	ADMINISTRATIVE EXPENSES		
	Salaries and wages	40,084,484	38,242,330
	Rent Expenses	10,610,915	9,970,931
	Depreciation Expenses	3,096,058	3,102,021
	Telephone expense	18,103,393	15,657,316
	Legal & Professional fees	59,963,345	52,513,577
	Office expenses	2,744,514	3,065,625
	Other operating expenses	59,768,560	52,857,240
	Total employment costs	194,371,270	175,409,041
3.	OPERATING EXPENSES		
	Professional Services Expenses	197,963,943	129,932,649
	Salaries and wages	119,000	104,000
	Rent Expenses		3,037,244
	Total operating expenses	198,082,943	133,073,893
4.	OTHER OPERATING EXPENSES		
	Other non-operating expenses	5,543,943	5,193,500
	Audit fees	275,500	269,850
		5,819,443	5,463,350
5.	FINANCE COSTS		
	Interest and fee expense from provided financing by related party	9,143,674	23,843,974
	Interest and fee expense from provided financing by non-related party	100,528,855	105,700,896
	Bank charges and commissions	18,769,638	19,357,526
	FX income or expense	(37,412,080)	141,823,310
		91,030,087	290,725,706
	TOTAL EXPENSES	960,003,928	1,550,931,186

FOR THE	YEAR	ENDED	31ST	DECEMBER 2021	

Profit For The Year	Gross Revenues as p	per accounts	2		<u>KSHS</u> 1,056,475,988
Addit	Profit For The Year				
Rent - employee	(10)				SHIPA SHEARSON SHEAR SHIPAN
Reserved leave - Vacation Reserve 70,041 101,158,899 101,158,899 101,158,899 101,158,899 101,158,899 101,158,899 101,158,899 101,158,899 101,158,899 101,114,977 101,104,977 101,104,977 101,104,977 101,104,977 101,104,977 101,104,977 101,104,977 101,104,977 101,104,977 101,104,979					3,096,058
Number 19,118,890 19,118,					1,440,000
Sub-total 95,764,998 197,114,977 197,114,978 197,114,977 197,114,978 197					70,041
Chargable Profit		.15 ITA (Thin Capitalisation)			91,158,899
Less: Wear & Tear Allowance 664,318 Wear & Tear Allowance 29,960 Decrease in general provision for Doubtful debts 73,896,889 Unrealised Exchange gain - current year 46,169,186 Unrealised Exchange loss - prior year 46,169,186 Unrealised Exchange loss - prior year 46,169,186 Unrealised Exchange loss - prior year 46,169,186 Unrealised Exchange gain - current year 46,169,186 Unrealised Exchange gain - current year 46,169,186 Unrealised Exchange loss - prior year 46,169,186 Unrealised Exchange gain - current year 46,169,186 Unrealised Exchange gain -					95,764,998
Wear & Tear Allowance 664,318 Other operating income 29,960 Decrease in general provision rs 73,896,889 Unrealised Exchange gain - current year 46,169,186 Unrealised Exchange loss - prior year 46,169,186 TAXABLE (LOSS) / PROFIT 35,137,356 TAX LOSS B/FWD Year 2019 Year 2020 (16,231,881) (91,545,820) (107,777,01) TAX AK (CLAIMABLE) / PAYABLE 30% (21,792,103.50) TAX payable 888 Balance b/fwd (21,792,103.50) Charge for the year 1st limit the year TAX (CLAIMABLE) / PAYABLE 1st limit limi	Chargable Profit				197,114,977
Decrease in general provision for Doubtful debts	Less:				
Decrease in general provisions:	Wear & Tear Allowa	ance			664 318
Decrease in general provisions: Provision for Doubtful debts 73,896,889 46,169,186 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 41,217,267 161,977,621 35,137,356 (107,777,701) 7AXABLE (LOSS) / PROFIT 72,640,345 (21,792,103.50) 7AX (CLAIMABLE) / PAYABLE 30% (21,792,103.50) 36,889 (21,792,103.50) 36,889 (21,792,103.50) 36,889 (21,792,103.50) 36,889 (21,792,103.50) 36,889 (31,792,103.50) 36,889 (31,792,103.50) 36,899 36,89	Other operating inco	me			
Unrealised Exchange gain - current year Unrealised Exchange loss - prior year TAXABLE (LOSS) / PROFIT TAX LOSS B/FWD Year 2019 Year 2020 TAXABLE (LOSS) / PROFIT TAXABLE (LOSS) / PROFIT TAXABLE (LOSS) / PROFIT TAX (CLAIMABLE) / PAYABLE 30% Tax payable Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid	Decrease in general	provisions:			->,>00
Unrealised Exchange Joss - prior year Unrealised Exchange Joss - prior year Unrealised Exchange Joss - prior year TAXABLE (LOSS) / PROFIT TAX LOSS B/FWD Year 2019					73,896,889
Marcelised Exchange loss - prior year 41,217,267 161,977,621 161,977,621 35,137,356 161,977,621 161,977,621 161,977,621 161,977,621 161,977,621 161,977,621 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,625 161,977,7010 161,9	Unrealised Exchange	gain - current year			10 H M (10 M M M M M M M M M M M M M M M M M M M
TAXABLE (LOSS) / PROFIT TAX LOSS B/FWD Year 2019 Year 2020 TAX LOSS B/FWD Year 2019 Year 2020 TAX LOSS B/FWD Year 2019 Year 2020 TAXABLE (LOSS) / PROFIT TAXABLE (LOSS) / PROFIT TAX (CLAIMABLE) / PAYABLE 30% TAX (CLAIMABLE) / PAYABLE 30% Tax payable Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 TAX Paid in the year TAX (CLAIMABLE) / PAYABLE TA	Unrealised Exchange	e loss - prior year			
TAX LOSS B/FWD Year 2019 Year 2020 (16,231,881) (91,545,820) (107,777,701) TAXABLE (LOSS) / PROFIT (72,640,345) TAX (CLAIMABLE) / PAYABLE 30% Tax payable Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 TAX (CLAIMABLE) / PAYABLE (21,792,103) TAX (CLAIMABLE) / PAYABLE (22,480,904) WEAR AND TEAR ALLOWANCE Property and equipments TOTAL COMPUTER & OFFICE EQUIPMENTS 25.00% 10.00% WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389				1.5	
Year 2020	TAXABLE (LOSS)	/ PROFIT			35,137,356
TAXABLE (LOSS) / PROFIT TAXABLE (LOSS) / PROFIT TAX (CLAIMABLE) / PAYABLE 30% Tax payable Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 TAX (CLAIMABLE) / PAYABLE (22,480,904) TAX (CLAIMABLE) / PAYABLE (22,480,904) WEAR AND TEAR ALLOWANCE Property and equipments TOTAL COMPUTER & OFFICE EQUIPMENTS 25.00% TOTAL OFFICE EQUIPMENTS 25.00% WOV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389	TAX LOSS B/FWD			9	(16,231,881)
TAXABLE (LOSS) / PROFIT TAX (CLAIMABLE) / PAYABLE 30% Tax payable Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 TAX (CLAIMABLE) / PAYABLE (21,792,103) TAX (CLAIMABLE) / PAYABLE (22,480,904) WEAR AND TEAR ALLOWANCE Property and equipments TOTAL COMPUTER & OFFICE SOFTWARE EQUIPMENTS 25.00% 10.00% WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389		Year 2020		i	(91,545,820)
TAX (CLAIMABLE) / PAYABLE 30% (21,792,103.50) Tax payable Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 688,801 TAX (CLAIMABLE) / PAYABLE (22,480,904) WEAR AND TEAR ALLOWANCE Property and equipments TOTAL SOFTWARE EQUIPMENTS 25.00% 10.00% WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389				8	(107,777,701)
Salance b/fwd Charge for the year Tax Paid in the year	TAXABLE (LOSS)	/ PROFIT			(72,640,345)
Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 688,801 (688,801) (6	TAX (CLAIMABL)	E) / PAYABLE 30%			(21,792,103.50)
Balance b/fwd Charge for the year Tax Paid in the year Instalment tax paid Ist 688,801.00 688,801 (21,792,103) 688,801 (688,801) TAX (CLAIMABLE) / PAYABLE (22,480,904) WEAR AND TEAR ALLOWANCE Property and equipments TOTAL COMPUTER & OFFICE EQUIPMENTS 25.00% 10.00% WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389	Tax payable				
Charge for the year Tax Paid in the year Instalment tax paid 1st 688,801.00 688,801 (688,801) (688	Balance b/fwd				Kshs
Tax Paid in the year Instalment tax paid Instalme					(21.702.103)
COMPUTER & OFFICE EQUIPMENTS TOTAL SOFTWARE EQUIPMENTS 25.00% 10.00%					(21,792,103)
COMPUTER & OFFICE EQUIPMENTS TOTAL SOFTWARE SOFTWARE SOFTWARE EQUIPMENTS SOFTWARE S	₹//.	Instalment tax paid	lst	688,801.00	
TAX (CLAIMABLE) / PAYABLE WEAR AND TEAR ALLOWANCE Property and equipments TOTAL COMPUTER & OFFICE EQUIPMENTS 25.00% 10.00% WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389				000,000,000,000,000,000,000,000,000,00	688,801
WEAR AND TEAR ALLOWANCE Property and equipments TOTAL COMPUTER & OFFICE SOFTWARE EQUIPMENTS 25.00% 10.00% WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389					(688,801)
TOTAL COMPUTER & OFFICE EQUIPMENTS 25.00% 10.00%	TAX (CLAIMABLI	E) / PAYABLE			(22,480,904)
WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389	WEAR AND TEAR	ALLOWANCE			
WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389	Property and equip	ments			
WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389				COMPUTER &	OFFICE
WDV B/F - 2021 3,331,607 2,207,717 1,123,890 Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389			TOTAL	SOFTWARE	EQUIPMENTS
Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389		37		25.00%	10.00%
Total 3,331,607 2,207,717 1,123,890 Wear & Tear Allowance 664,318 551,929 112,389		WDV B/F - 2021	3,331,607	2.207.717	1 123 890
112,509					
WDV C/F - 2021 2,667,289 1,655,787 1,011,501		Wear & Tear Allowance	664,318	551,929	112,389
AND THE PROPERTY OF THE PROPER		WDV C/F - 2021	2,667,289	1,655,787	1,011,501

ZENKA DIGITAL LIMITED

Prepared by Zenka/TruQuantum

PIN NUMBER

P051517012U

ACCOUNTING PERIOD 12 MONTHS ENDED

31 December

YEAR OF INCOME

2021

Highest amount of loans				Kshs 1,153,087,054
Issued share capital	345,00	0,000		
Revenue reserves	(282,27	2,852)		
s.15 ITA multiple is		7,148		
currently	3	(a)	188,181,443 } Higher of }(a) or (b)	964,905,611
Loans at 15 June 1988 still	outstanding	(b)	1,153,087,054	
Excess borrowing				964,905,611
Interest Expense(from wha	tever source of bor	rowing)		109,672,529
Disallowed interest				91,774,197