

**KENYA AGENCY FOR DEVELOPMENT
OF ENTERPRISES AND TECHNOLOGY
(KADET) LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 30 September 2009.

ACTIVITIES

The company is a micro - finance institution that provides working capital loans to self-help groups.

RESULTS FOR THE YEAR	Sh
Profit before taxation	5,952,090
Taxation charge	-
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Profit after taxation	5,952,090
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DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year.

DIRECTORS

The present membership of the board is set out on page 2. Mr David Kombanie representing Vision Fund International was appointed to the board replacing Mr Sammy Mwangi effective 28 November 2008. Ms Jemimah Muturi resigned from the board of the company on 28 November 2008 and Mr Sammy Mwangi was appointed in her place. Justice Luka Kimaru was appointed to the board by World Vision Kenya effective 29 May 2009 replacing David Ruchiu who resigned on the same date.

AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with Section 159(2) of the Kenya Companies Act.

BY ORDER OF THE BOARD

Secretary

Nairobi

2010

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act 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 the operating results of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. 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 and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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.

Director

Director

2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements Kenya Agency for Development of Enterprises and Technology (KADET) Limited, set out on pages 7 to 32 which comprise the balance sheet as at 30 September 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 30 September 2009 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- (iii) the company's balance sheet and income statement are in agreement with the books of account.

Certified Public Accountants (Kenya)

2010

Nairobi

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 Sh	2008 Sh
INTEREST RECEIVABLE ON LOANS		117,767,352	108,844,182
OTHER OPERATING INCOME	2	31,500,805	27,400,115
		<u>149,268,157</u>	<u>136,244,297</u>
OPERATING EXPENSES	3	(222,574,544)	(225,416,304)
GRANTS RECEIVABLE	5	76,921,664	89,874,946
FINANCE INCOME	6(a)	21,055,694	16,617,008
FINANCE COSTS	6(b)	(18,718,881)	(14,677,851)
		<u>5,952,090</u>	<u>2,642,096</u>
PROFIT BEFORE TAXATION		5,952,090	2,642,096
TAXATION CHARGE	7	-	(62,226,511)
		<u>5,952,090</u>	<u>(59,584,415)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>5,952,090</u>	<u>(59,584,415)</u>

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

BALANCE SHEET
30 SEPTEMBER 2009

	Note	2009 Sh	2008 Sh
ASSETS			
Non-current assets			
Equipment	8	21,089,870	17,017,212
Intangible asset	9	922,999	577,641
Treasury bonds	11	175,037,568	-
		<hr/>	<hr/>
		197,050,437	17,594,853
Current assets			
Loans to self-help groups	12	418,980,576	325,903,910
Tax recoverable	7(c)	7,794,096	4,862,838
Other receivables	13	4,612,915	4,102,783
Fixed deposits	14	132,712,654	119,490,906
Call deposit	15	-	50,000,000
Treasury bills	16	2,497,797	97,959,975
Cash and bank balances		30,589,139	18,755,288
		<hr/>	<hr/>
		597,186,977	621,075,700
		<hr/>	<hr/>
Total assets		<u>794,237,414</u>	<u>638,670,553</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	17,182,800	17,182,800
Share premium		47,132,800	47,132,800
Loan fund reserve		346,180,863	296,037,658
Self-insurance fund		23,816,516	19,821,964
Bad debt reserve		25,374,525	-
Revenue deficit		(231,657,157)	(162,091,517)
		<hr/>	<hr/>
		228,030,347	218,083,705
Non-current liabilities			
Borrowings	18	69,228,619	26,621,472
Current liabilities			
Borrowings	18	186,578,365	154,659,955
Self help groups' savings	19	297,017,908	224,942,224
Staff gratuity	20	3,040,376	3,643,865
Leave pay provision	21	4,489,012	2,938,095
Other payables	22	5,852,787	7,781,237
		<hr/>	<hr/>
		496,978,448	393,965,376
		<hr/>	<hr/>
Total equity and liabilities		<u>794,237,414</u>	<u>638,670,553</u>

The financial statements on pages 7 to 32 were approved by the board of directors on
and were signed on its behalf by:

)
) Directors
)

2010

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Share Capital Sh	Share premium Sh	Loan fund reserve Sh	Self- insurance fund Sh	Revenue deficit Sh	Bad debt reserve Sh	Total Sh
At 1 October 2007	17,182,800	47,132,800	231,425,581	13,941,884	(37,895,025)	-	271,788,040
Increase in self insurance fund in the year	-	-	-	5,880,080	-	-	5,880,080
Loss for the year	-	-	-	-	(59,584,415)	-	(59,584,415)
Transfer to loan fund reserve	-	-	64,612,077	-	(64,612,077)	-	-
At 30 September 2008	17,182,800	47,132,800	296,037,658	19,821,964	(162,091,517)	-	218,083,705
At 1 October 2008	17,182,800	47,132,800	296,037,658	19,821,964	(162,091,517)	-	218,083,705
Increase in self insurance fund in the year	-	-	-	3,994,552	-	-	3,994,552
Profit for the year	-	-	-	-	5,952,090	-	5,952,090
Transfer to bad debt reserve	-	-	-	-	(25,374,525)	25,374,525	-
Transfer to loan fund reserve	-	-	50,143,205	-	(50,143,205)	-	-
At 30 September 2009	17,182,800	47,132,800	346,180,863	23,816,516	(231,657,157)	25,374,525	228,030,347

Loan fund reserve relates to transfers made annually from general reserves for amounts equivalent to the grants received for funding loan disbursements.

Bad debts reserve relates to the excess provisions for impairments for loans and advances as computed per the company policy over the loans and advances impairment provision as computed in accordance with IAS 39 on financial instruments. The reserve is not distributable.

Self insurance fund relates to amounts contributed by self help groups with loans that are less than Sh 100,000 to cater for any defaults occasioned by death or permanent disability during the currency of these loans as they are not covered by an external insurance cover.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

		2009 Sh	2008 Sh
OPERATING ACTIVITIES			
Net cash (used in)/generated from operating activities	23(a)	(7,545,970)	54,397,043
Tax paid	7(c)	(2,931,258)	(1,122,103)
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(10,477,228)	53,274,940
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of equipment	8	(11,403,619)	(5,473,860)
Purchase of intangible assets	9	(514,534)	(120,640)
Proceeds on disposal of equipment		164,000	1,099,627
(Decrease)/Increase in fixed deposits		74,912,794	(119,490,906)
Purchase of treasury bonds		(173,548,640)	-
Purchase of treasury bills		-	(196,510,140)
Proceeds from treasury bills matured		50,000,000	256,000,000
Interest received		17,820,042	16,617,008
		<hr/>	<hr/>
Net cash used in investing activities		(42,569,957)	(47,878,911)
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Loans received	23(c)	88,078,734	65,470,903
Loan repaid	23(c)	(46,862,665)	(60,949,755)
Interest paid	6	(18,283,776)	(14,677,851)
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		22,932,293	(10,156,703)
		<hr/>	<hr/>
DECREASE IN CASH AND CASH EQUIVALENTS		(30,114,892)	(4,760,674)
Cash and cash equivalents at beginning of the year		42,114,761	46,875,435
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23(b)	11,999,869	42,114,761
		<hr/> <hr/>	<hr/> <hr/>

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

(i) Standards and interpretations effective in the current period

The new and revised standards and interpretations effective during the current period has not resulted in a change in the company's accounting policies.

(ii) New and revised standards and interpretations in issue but not yet effective

The following standards will be relevant to the financial statements of the company, when effective:

IAS 1 (Revised), 'Presentation of financial statements'

IAS 1 (Revised), 'Presentation of financial statements' was issued in September 2007 and will be effective for annual periods beginning on or after 1 July 2009.

The revised standard introduces the concept of a statement of comprehensive income, which enables users of the financial statements to analyse changes in a company's equity resulting from transactions with owners separately from non-owner changes.

All non-owner changes in equity will be required to be shown in a performance statement, but provides the option of presenting items of income and expense and components of other comprehensive income either as a single statement of comprehensive income or in two separate statements, the income statement and statement of comprehensive income.

The previous version of IAS 1 used the titles 'balance sheet' and 'cash flow statement' to describe two of the statements within a complete set of financial statements. The revised IAS 1 uses 'statement of financial position' and 'statement of cash flows' respectively for those statements.

Impact of other standards and interpretations

The directors anticipate that the adoption of the other standards and interpretations and amendments resulting from the International Accounting Standards Board (IASB)'s annual improvements project published in May 2008, when effective, will have no material impact on the financial statements of the company.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Revenue recognition

Interest earned on loans to self help groups is recognised on an accrual basis.

Grant income

Grants are recognised on a receipts basis or when a firm commitment has been received from the donor.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 ACCOUNTING POLICIES(continued)

Retirement benefit obligations

Defined benefit obligations

The company contributes to the statutory National Social Security Fund (NSSF) registered under the National Social Security Fund Act. The company's obligations under the scheme are limited to Sh 200 per employee per month. The company's contributions are charged to the income statement in the year to which they relate.

Staff gratuity

The company operates a staff gratuity scheme for all its employees. The gratuity scheme is administered by the company and is funded by contributions from the company. Staff are entitled to their portion of gratuity on completion of each contract or on resignation. The service gratuity is provided for in the financial statements as it accrues to each employee.

Taxation

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred tax is provided for using the liability method for all temporary differences arising between the tax base of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that future taxable profits will be available against which unused tax credits can be utilized.

Equipment

Equipment is stated at cost less accumulated depreciation, and any impairment losses

Depreciation

Depreciation is calculated to write off the cost of equipment in equal annual instalments over their estimated useful lives. The annual rates in use are:

Motor vehicles	25%
Computers	30%
Furniture, fittings and equipment	12.5%

Intangible assets

Intangible assets comprise the cost of purchased computer software programs. Expenditure is capitalised and amortised using the straight line method over estimated useful lives, of three years.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 ACCOUNTING POLICIES(continued)

Financial instruments

Financial assets:

(i) Classification

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

The company classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans, advances and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Loans, advances and receivables

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the company has the positive intent and ability to hold to maturity other than loans and receivables originated by the company are measured at amortised cost.

Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans, advances and receivables, or (c) financial assets held to maturity are classified as available for sale.

(ii) Recognition and derecognition

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans, advances and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of “financial assets at fair value through profit or loss” are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the company’s right to receive payment is established.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 ACCOUNTING POLICIES (continued)

Financial assets (Continued)

(iii) Recognition and derecognition

Impairment and uncollectability of financial assets

At each balance sheet date, all financial assets are subject to review for impairment. If it is probable that the company will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount either directly or through use of an allowance account. The amount of the loss incurred is included in income statement for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in the income statement for the period even though the financial asset has not been derecognised.

Financial liabilities

Payables

Payables are stated at their nominal value.

Borrowings

Interest-bearing loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise. Borrowing costs are charged to the income statement when incurred.

Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and at bank and short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the banks repayable within three months from the dates of the advance.

Loan fund reserve

A transfer is made annually from general reserves to loan fund reserve for amounts equivalent to the grants received for funding loan disbursements.

Bad debt reserve

Bad debt reserve relates to provisions for impaired customer loans that are passed through equity in line with requirements of IAS 39.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 ACCOUNTING POLICIES (continued)

Financial liabilities (Continued)

Self-insurance fund

This fund relates to amounts contributed by individuals or self help groups with loans that are less than Sh 100,000 to cater for any defaults occasioned by death or permanent disability during the currency of these loans as they are not covered by an external insurance cover. The contribution is at 1.2% per annum on the value of the repayment amount (both principal and interest repayable) and is charged monthly in equal proportions over the life of the loan.

Foreign currencies

Transactions during the year in foreign currencies are translated at the rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies at the end of the year are translated at the rates of exchange ruling at the balance sheet date. Gains and losses on exchange are dealt with in the income statement in the year in which they arise.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Comparatives

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

Critical judgments and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

(i) Critical judgments in applying accounting policies

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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below:

Impairment losses

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 ACCOUNTING POLICIES (continued)

Critical judgments and key sources of estimation uncertainty (Continued)

(ii) Key sources of estimation uncertainty

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation/amortisation rates for equipment and intangible assets.

	2009 Sh	2008 Sh
2 OTHER OPERATING INCOME		
Sale of loan forms	22,241,647	19,071,072
Other income	5,965,658	3,660,193
Registration fee	2,646,850	3,009,450
Sale of pass books	646,650	761,900
Gain on disposal of fixed assets	-	897,500
	<hr/>	<hr/>
	31,500,805	27,400,115
	=====	=====
3 OPERATING EXPENSES		
Staff costs (note 4)	147,831,060	129,616,118
Provision for doubtful debts	-	32,676,259
Communication	17,031,451	16,621,116
Occupancy costs	13,789,210	10,090,886
Traveling costs	8,966,551	8,912,553
Office supplies	7,681,907	7,956,750
Depreciation	7,156,961	6,687,783
Bank charges	5,137,425	4,965,517
Other expenses	2,536,660	1,928,832
Repairs and maintenance	2,108,363	1,655,213
Motor vehicle expenses	1,657,600	1,632,778
Outreach and promotion	942,270	941,098
Audit fee	1,443,078	850,000
Professional fees	1,292,258	557,075
Subscriptions	4,820,574	219,468
Amortisation	169,176	104,858
Loss on disposal of fixed assets	10,000	-
	<hr/>	<hr/>
	222,574,544	225,416,304
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009	2008
	Sh	Sh
7 TAXATION		
(a) Taxation charge		
Current taxation based on adjusted profit for the year at 30%	-	-
Deferred tax credit (note 10)		
– current year	(17,417,252)	(26,077,154)
– prior year overprovision	-	5,618,216
--deferred tax asset not recognized	17,417,252	82,685,449
	<u>-</u>	<u>62,226,511</u>
	=====	=====
(b) Reconciliation of expected tax based on accounting profit to taxation charge		
Accounting profit before taxation	5,952,090	2,642,096
	<u>5,952,090</u>	<u>2,642,096</u>
Tax at the applicable rate of 30%	1,785,627	792,629
Tax effect of expenses not allowable for tax	3,873,620	92,701
Tax effect of income not taxable	(23,076,499)	(26,962,484)
Prior year overprovision	-	5,618,216
Deferred tax asset not recognized (note 10)	17,417,252	82,685,449
	<u>-</u>	<u>62,226,511</u>
	=====	=====
(c) Tax recoverable		
At start of the year	4,862,838	3,740,735
Withholding tax paid	2,931,258	1,122,103
	<u>7,794,096</u>	<u>4,862,838</u>
At end of the year	7,794,096	4,862,838
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 EQUIPMENT

	Motor vehicles Sh	Computers Sh	Furniture and fittings Sh	Office Equipment Sh	Total Sh
COST					
At 1 October 2007	9,867,577	16,110,895	8,209,050	7,064,276	41,251,798
Additions	-	1,987,076	338,812	3,147,972	5,473,860
Disposals	(2,170,000)	(9,627)	-	-	(2,179,627)
At 30 September 2008	7,697,577	18,088,344	8,547,862	10,212,248	44,546,031
At 1 October 2008	7,697,577	18,088,344	8,547,862	10,212,248	44,546,031
Additions	1,500,000	2,523,486	5,424,247	1,955,886	11,403,619
Disposals	-	(174,000)	-	-	(174,000)
At 30 September 2009	9,197,577	20,437,830	13,972,109	12,168,134	55,775,650
DEPRECIATION					
At 1 October 2007	5,968,934	11,755,352	2,903,280	2,190,970	22,818,536
Charge for the year	1,290,572	3,052,197	1,068,483	1,276,531	6,687,783
Eliminated on disposal	(1,977,500)	-	-	-	(1,977,500)
At 30 September 2008	5,282,006	14,807,549	3,971,763	3,467,501	27,528,819
At 1 October 2008	5,282,006	14,807,549	3,971,763	3,467,501	27,528,819
Charge for the year	1,580,000	2,446,325	1,676,065	1,454,571	7,156,961
At 30 September 2009	6,862,006	17,253,874	5,647,828	4,922,072	34,685,780
NET BOOK VALUE					
At 30 September 2009	2,335,571	3,183,956	8,324,281	7,246,062	21,089,870
At 30 September 2008	2,415,571	3,280,795	4,576,099	6,744,747	17,017,212

Included above are assets with a total cost of Sh 16,256,149 (2008 – Sh 10,449,643) which were fully depreciated as at 30 September 2009. The notional depreciation charge would have been Sh 4,541,313 (2008 - Sh 3,008,128).

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh	2008 Sh
9 INTANGIBLE ASSETS		
COST		
At start of the year	838,871	718,231
Additions	514,534	120,640
	<hr/>	<hr/>
At end of the year	1,353,405	838,871
	<hr/>	<hr/>
AMORTISATION		
At start of the year	261,230	156,372
Charge for the year	169,176	104,858
	<hr/>	<hr/>
At end of the year	430,406	261,230
	<hr/>	<hr/>
NET BOOK VALUE		
At end of the year	922,999	577,641
	<hr/> <hr/>	<hr/> <hr/>

10 DEFERRED TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using the current tax rate of 30%. The deferred tax asset is made up of:

	2009 Sh	2008 Sh
Excess of depreciation over capital allowances	(1,807,701)	937,046
Tax losses available for future relief	84,712,478	64,834,708
Leave pay provision	1,346,704	881,429
Provision for doubtful loans	14,939,107	14,939,107
Gratuity provision	912,113	1,093,159
Deferred tax asset not recognized	(100,102,701)	(82,685,449)
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh	2008 Sh
12 LOANS TO SELF HELP GROUPS		
Loans to self-help groups	468,777,601	375,700,935
Less: provision for doubtful loans	(49,797,025)	(49,797,025)
	<u>418,980,576</u>	<u>325,903,910</u>

The effective interest rate on the loans during the year was 24.54% (2008 – 24.24%). All the loans are issued for periods ranging from six to twelve months.

	2009 Sh	2008 Sh
13 OTHER RECEIVABLES		
Prepayments	2,858,483	2,424,228
World Vision Kenya	289,597	1,049,114
Staff advances	393,690	501,873
Other	1,070,945	127,568
	<u>4,612,715</u>	<u>4,102,783</u>
14 FIXED DEPOSITS- Held to maturity		
Maturing within 90 days of the balance sheet date	81,850,029	-
Accrued interest	6,284,513	-
	<u>88,134,542</u>	<u>-</u>
Maturing after 90 days of the balance sheet date	42,915,120	112,000,000
Accrued interest	1,662,992	7,490,906
	<u>44,578,112</u>	<u>119,490,906</u>
Total	<u>132,712,654</u>	<u>119,490,906</u>

The effective interest rate during the year was 9.11% (2008 – 8.4 %).

Fixed deposits of Sh 50,000,000 are held under lien for one year to secure borrowings as disclosed under note 18.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh	2008 Sh
15	CALL DEPOSIT	
	-	50,000,000
	=====	=====
	The effective interest rate during the year was 1.52% (2008 – 3 %).	
16	TREASURY BILLS-Held to maturity	
	At amortised cost	
	Treasury bills maturing within 90 days of the balance sheet date	
	2,500,000	50,000,000
	(2,203)	(293,301)
	-----	-----
	2,497,797	49,706,699
	-----	-----
	Treasury bills maturing after 90 days of the balance sheet date	
	-	50,000,000
	-	(1,746,724)
	-----	-----
	-	48,253,276
	-----	-----
	2,497,797	97,959,975
	=====	=====
	The effective interest rate during the year was 7.46% (2008 – 7.85 %).	
17	SHARE CAPITAL	
	Authorised:	
	250,000 ordinary shares of Sh 100 each	
	25,000,000	25,000,000
	=====	=====
	Issued and fully paid:	
	171,828 ordinary shares of Sh 100 each	
	17,182,800	17,182,800
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh	2008 Sh
18 BORROWINGS		
Bank overdraft	109,221,609	76,347,226
Loans	146,585,375	104,934,201
	<u>255,806,984</u>	<u>181,281,427</u>
Maturity analysis:		
On demand or within one year	186,578,365	154,659,955
After one year	69,228,619	26,621,472
	<u>255,806,984</u>	<u>181,281,427</u>
The effective interest rates were as follows:		
Bank overdraft	11.15%	6.47%
Loans	10.8%	9.8%

Analysis of borrowings by currency

	Borrowings In KES	Borrowings in USD	Borrowings in EUR	Total
2009				
Bank overdrafts	109,221,609	-	-	109,221,609
Loans	75,923,296	70,662,079	-	146,585,375
	<u>185,144,905</u>	<u>70,662,079</u>	<u>-</u>	<u>255,806,984</u>
2008				
Bank overdrafts	76,347,226	-	-	76,347,226
Loans	70,207,387	32,148,240	2,578,574	104,934,201
	<u>146,554,613</u>	<u>32,148,240</u>	<u>2,578,574</u>	<u>181,281,427</u>

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 BORROWINGS (Continued)

The bank overdraft limit is Sh 150,000,000 with Standard Chartered Bank Kenya Limited and is secured by lien on treasury bonds for Sh 150,000,000.

The company has 6 principal loans:

- (a) A loan from Micro Enterprises Support Programme Trust (MESPT) of Sh 20,454,546 (2008 – Sh 36,363,637). It is secured by a lien on treasury bonds for Sh 20,000,000. The effective interest rate as at 30 September 2009 was 8.18% (2008- 8%).
- (b) A loan from Stromme Micro Finance East Africa Ltd of Sh 50,000,000 (2008 – Sh 6,500,000). It is secured by lien on fixed deposit for Sh 50,000,000. The effective interest rate as at 30 September 2009 was 12% (2008-10.5%).
- (c) A loan from Jitegemee Trust Limited of Sh 5,468,750 (2008 – Sh 27,343,750). It is secured by a fixed and floating debenture over the assets of the company for Sh 50,000,000. The effective interest rate as at 30 September 2009 was 10 % (2008 – 9%).
- (d) A loan from Vision Fund International of Sh 47,933,036 (2008 –Sh 32,148,240). It is unsecured and interest free.
- (e) A loan from World Vision Kenya of Sh 15,212,000 (2008 – nil). It is unsecured and interest free.
- (f) A loan from KIVA of Sh 7,081,938 (2008 – nil). It is unsecured and interest free.

19 SELF HELP GROUPS' SAVINGS

The savings represents amount deposited by the self help groups as collateral for loans advanced to them. The savings are non interest bearing.

	2009 Sh	2008 Sh
20 STAFF GRATUITY		
At the beginning of the year	3,643,865	3,244,784
Cash payments	(18,588,829)	(16,006,350)
Income statement charge (note 4)	17,985,340	16,405,431
	-----	-----
At the end of the year	3,040,376	3,643,865
	=====	=====
21 LEAVE PAY PROVISION		
At the beginning of the year	2,938,095	2,710,662
Income statement charge (note 4)	1,550,917	227,433
	-----	-----
At the end of the year	4,489,012	2,938,095
	=====	=====
22 OTHER PAYABLES		
Other payables and accruals	5,716,423	7,659,008
Interest payable	136,364	122,229
	-----	-----
	5,852,787	7,781,237
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh	2008 Sh
23		
NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of profit before taxation to cash used in operations		
Profit before taxation	5,952,090	2,642,096
Adjustments:		
Depreciation	7,156,961	6,687,783
Loss/(gain) on disposal of equipment	10,000	(897,500)
Amortisation	169,176	104,858
Interest income	(21,055,694)	(16,617,008)
Interest expense	18,283,776	14,677,851
Foreign exchange losses	435,105	-
	<hr/>	<hr/>
Operating profit before working capital changes	10,951,414	6,598,080
(Increase)/decrease in loans to self help groups	(93,076,666)	37,448,106
(Increase)/decrease in other receivables	(509,932)	198,589
Increase in self help groups savings	72,075,684	1,704,828
Increase in leave pay provision	1,550,917	227,433
(Decrease)/increase in staff gratuity provision	(603,489)	399,081
Increase in other payables	1,928,450	1,940,846
Increase in self-insurance fund	3,994,552	5,880,080
	<hr/>	<hr/>
Net cash generated from operations	7,545,970	54,397,043
	=====	=====
(b) Analysis of cash and cash equivalents		
Fixed deposits maturing within three months	88,134,542	-
Treasury bills maturing within three months	2,497,797	49,706,699
Call deposit	-	50,000,000
Cash and bank balances	30,589,139	18,755,288
Bank overdraft	(109,221,609)	(76,347,226)
	<hr/>	<hr/>
	11,999,869	42,114,761
	=====	=====
(c) Analysis of changes in loans		
At 1 October	104,934,201	100,413,053
Loans received	88,078,734	65,470,903
Loans repaid	(46,862,665)	(60,949,755)
Unrealised exchange losses	435,105	-
	<hr/>	<hr/>
At 30 September	146,585,375	104,934,201
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2009 Sh	2008 Sh
24 OPERATING LEASE COMMITMENTS		
At the balance sheet date the company had outstanding Commitments under operating leases which fall due as follows:		
Within one year	9,569,690	6,157,146
Between two to five years	11,832,565	14,020,522
	<u>21,402,255</u>	<u>20,177,668</u>
	=====	=====
25 CAPITAL COMMITMENTS		
Authorised but not contracted for	7,450,000	26,550,000
	<u>7,450,000</u>	<u>26,550,000</u>
	=====	=====
The capital commitments relate to acquisition of equipment.		
26 RELATED PARTY BALANCES AND TRANSACTIONS		
The Company's parent company is World Vision Kenya which is registered as a charitable organization under section 10 of the Non-Governmental Organization Coordination Act. The Company is related to other World Vision International bodies through its parent company.		
	2009 Sh	2008 Sh
(a) Transactions with related parties		
Loans received from Vision Fund International	15,784,796	2,970,903
Loan received from World Vision Kenya	15,212,000	-
Grants received from World Vision Kenya (note 5(a))	67,115,664	65,636,599
Grants received from Vision Fund International (note 5(a))	8,906,000	4,632,050
Grants received from AMFI (note 5(a))	900,000	-
	<u>108,918,460</u>	<u>73,239,552</u>
	=====	=====
(b) Balances with related parties		
Loan due to Vision Fund International (note 18)	47,933,036	32,148,240
Loan due to World Vision Kenya (note 18)	15,212,000	-
Balance due from World Vision Kenya (note 13)	289,597	1,049,114
	<u>63,434,633</u>	<u>33,197,354</u>
	=====	=====
c) Key management compensation		
The remuneration of directors and other members of key management during the year was as follows:		
	2009 Sh	2008 Sh
Salaries and other short-term employment benefits	25,654,927	19,829,271
	<u>25,654,927</u>	<u>19,829,271</u>
	=====	=====
(d) Directors' remuneration		
Other emoluments (included in key management compensation above)	5,372,023	4,864,663
	<u>5,372,023</u>	<u>4,864,663</u>
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance identifies, evaluates and manages financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

MARKET RISK

(i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Sterling pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 30 September 2009

	KES Sh	USD Sh	EURO Sh	TOTAL Sh
LIABILITIES				
Borrowings	185,144,905	70,662,079	-	255,806,984
	=====	=====	=====	=====

At 30 September 2008

Borrowings	146,554,613	32,148,240	2,578,574	181,281,427
	=====	=====	=====	=====

Foreign currency sensitivity analysis

The following table details the effects of foreign exchange rate changes on the results for the year arising from monetary liabilities (borrowings) at the end of the year.

A positive number below indicates an increase in profit and other equity where the Kenya shilling strengthens against the relevant currency. For a 5% weakening of the Kenya shilling against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances would be negative.

	2009 Ksh Effect on profit	2008 Ksh Effect on profit
Currency – USD		
+ 5% Ksh Movement	(3,511,349)	(1,607,412)
-5 % Ksh Movement	3,511,349	1,607,412
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Currency – EURO		
+ 5% Ksh Movement	-	(128,929)
-5 % Ksh Movement	-	128,929
	=====	=====

(ii) Price risk

The company does not hold investments that would be subject to price risk; hence this risk is not applicable.

(iii) Interest rate risk

The company is exposed to the risk that the value of financial instruments will fluctuate due to changes in the market interest rates.

Interest rates on loans and advances to customers are pegged on the company's lending rate which is at the discretion of the management based on the loan amount and the cycle of the loan applied for. The company has the discretion to change the rates in line with changes in market trends. These measures minimise the company's exposure to interest rate. Interest rates on borrowings are negotiated upfront between the company and the lender.

Interest rate risk – Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. The analysis was prepared using the following assumptions:

- Interest-bearing assets and liabilities outstanding as at 30 September 2009 were outstanding at those levels for the whole year.
- All other variables are held constant.

As at 30 September 2009, an increase/decrease of 5% on average borrowing rates and lending rates would have resulted in an increase/decrease in the profit before tax of Sh 23,671,081.

LIQUIDITY RISK

The company is exposed to the risk that it will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk is addressed through the following measures:

- The company enters into lending contracts subject to availability of funds.
- The company invests in short term liquid instruments which can easily be sold in the market when the need arises.
- Investments in equipment are properly budgeted for and done when the company has sufficient cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

	Up to 1 month Sh'000	1 - 3 months Sh'000	4 - 12 months Sh'000	1 - 3 years Sh'000	4 - 5 years Sh'000	Total Sh'000
At 30 September 2009						
Financial liabilities						
Borrowings	117,906,585	10,014,205	58,657,575	56,450,065	12,778,554	255,806,984
Self help group savings	241,118,107	41,227,009	14,672,792	-	-	297,017,908
Sundry payables and accruals	13,382,175	-	-	-	-	13,382,175
Contracted maturity	372,406,867	51,241,214	73,330,367	56,450,065	12,778,554	566,207,067
At 30 September 2008						
Borrowings	76,347,226	19,092,779	59,219,950	23,650,569	2,970,903	181,281,427
Self help group savings	209,720,751	6,406,398	8,815,075	-	-	224,942,224
Sundry payables and accruals	14,363,197	-	-	-	-	14,363,197
Contracted maturity	315,652,647	19,092,779	59,219,950	23,650,569	2,970,903	420,586,848

CREDIT RISK

The company takes on exposure to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers. This is achieved through awarding loans on a graduated scale.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

The amount that best represents the company's maximum exposure to credit risk is made up as follows:

30 September 2009

	Total amount Sh	Fully Performing Sh	Past due Sh	Impaired Sh
Cash and bank balances	30,589,139	30,589,139	-	-
Treasury bills	2,497,797	2,497,797	-	-
Fixed deposits	132,712,654	132,712,654	-	-
Treasury bonds	175,037,568	175,037,568	-	-
Other receivables	4,612,715	4,587,715	-	-
Loans to self help groups	468,777,601	418,980,576	-	49,797,025

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

30 September 2008

	Total amount Sh	Fully Performing Sh	Past due Sh	Impaired Sh
Cash and bank balances	18,755,288	18,755,288	-	-
Call deposits	50,000,000	50,000,000	-	-
Treasury bills	97,959,975	97,959,975	-	-
Fixed deposits	119,490,906	119,490,906	-	-
Other receivables	4,102,783	4,102,783	-	-
Loans to self help groups	375,700,935	325,903,910	-	49,797,025
	=====	=====	=====	=====

Cash and cash equivalents are fully performing. The customers under the fully performing category are paying their debts and are in employment and/or in business. The default rate is low. The debt that is impaired has been fully provided for.

In addition, all loan receivables are secured by customers' collateral savings which are all in cash. As at 30 September 2009, customers' collateral savings amounted to Sh 297,017,908 (2008- Sh 224,942,224).

28 CAPITAL MANAGEMENT

The company's objective when managing capital is to:

- safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders;
- maintain a strong capital base to support the development of its business; and to
- maintain an optimal structure to reduce the cost of capital.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The constitution of capital managed by the company is as shown below:

	2009 Sh	2008 Sh
Share capital	17,182,800	17,182,800
Share premium	47,132,800	47,132,800
Loan fund reserve	346,180,863	296,037,658
Self insurance fund	23,816,516	19,821,964
Bad debt reserve	25,374,525	-
Revenue deficit	(231,657,157)	(162,091,517)
	-----	-----
Equity	228,030,347	218,083,705
	=====	=====

KENYA AGENCY FOR DEVELOPMENT OF
ENTERPRISES AND TECHNOLOGY (KADET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 CAPITAL MANAGEMENT (Continued)

Total borrowings	255,371,879	181,281,427
Less: cash and cash equivalents	(121,221,278)	(118,461,987)
Net debt	<u>134,150,601</u>	<u>62,819,440</u>
Total capital	<u>362,180,948</u>	<u>280,903,145</u>
Gearing	<u>37%</u>	<u>22%</u>

29 CONTINGENT LIABILITIES

There are pending lawsuits relating to civil suits lodged against the company and its officers by various parties in the normal course of business. The estimated liability if outcome of the suits is unfavourable to the company is Sh 1,623,534. The directors believe there are high chances of a favourable court decision and are of the opinion that the pending cases are unlikely to result in any liability to the company.

30 INCORPORATION

The company is incorporated in Kenya under the Companies Act. It is a wholly owned subsidiary of World Vision Kenya, an international Non Governmental Organisation.

31 CURRENCY

The financial statements are presented in Kenya Shillings (Sh).