INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATION MEDIA GROUP PLC

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Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Nation Media Group PLC (the Company) and its subsidiaries (together, the Group) set out on pages 84 to 134, which comprise the Group and Company statements of financial position at 31 December 2021 and the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Nation Media Group PLC give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the 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 (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Determination of expected credit losses on trade receivables Trade receivables are significant to the consolidated and company financial statements. Calculations to determine the expected credit losses on trade receivables as required by IFRS 9, involves the use of significant judgements and estimates by management which is why this is an area of focus. Management have applied significant judgements and estimates in the following areas as described in note 3 and in note 4(b) of the financial statements: (i) The determination and application of IFRS 9 risk parameters i.e. probability of default (PD), loss given default (LGD) and definition of default for trade receivables; and (ii) Determination of expected timing for settlement of government trading debt.	We assessed and tested the key modelling assumptions for reasonableness and appropriateness We challenged management on the appropriateness of the expected timing of the settlement of receivables from the government. We tested the key inputs into the expected credit loss model to source documents/reports and checked for the mathematical accuracy of the model. We also challenged management's definition of default. We evaluated the adequacy of disclosures in the financial statements in accordance with the requirements of the International Financial Reporting Standards.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATION MEDIA GROUP PLC (continued)

Other information

The other information comprises the company information, the corporate governance statement, the chairman's statement, the directors' profiles, the report of the directors, the statement of directors responsibilities, the non-auditable part of the directors' remuneration report, the notice of the annual general meeting, and the report of principal shareholders which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report, 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.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 or error, 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 in accordance 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 in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Group'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 our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATION MEDIA GROUP PLC (continued)

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Auditor's responsibilities for the audit of the financial statements (continued)

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on page 66 to 68 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 74 to 75 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practicing Certificate Number 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
19 April 2022

Group and Company Statements of Comprehensive Income
for the year ended 31 December 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Notes	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Revenue	5	7,613.7	6,812.8	5,354.5	5,016.1
Cost of sales		(1,212.0)	(1,148.0)	(843.9)	(825.9)
Gross profit		**6,401.7**	**5,664.8**	**4,510.6**	**4,190.2**
Distribution costs		(269.4)	(279.0)	(206.5)	(203.0)
Administrative expenses		(4,024.7)	(3,824.6)	(2,754.1)	(2,740.7)
Net impairment losses on financial assets	6	(33.5)	(143.2)	(0.5)	(143.1)
Other expenses		(1,579.4)	(1,511.4)	(1,116.4)	(1,161.4)
Operating profit/(loss)	6	**494.7**	**(93.4)**	**433.1**	**(58.0)**
Finance income	8	241.7	203.2	203.9	170.6
Finance costs	8	(44.6)	(42.0)	(41.7)	(36.4)
Share of profit after income tax of associate	17	38.9	52.1	-	-
Profit before income tax		**730.7**	**119.9**	**595.3**	**76.2**
Income tax expense	9	(237.6)	(72.0)	(209.0)	(39.5)
Profit for the year		**493.1**	**47.9**	**386.3**	**36.7**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		67.7	69.2	-	-
Items that will not be subsequently reclassified to profit or loss					
Other comprehensive income from associate	17	23.9	18.4	-	-
		91.6	**87.6**	**-**	**-**
Total comprehensive income for the year		**584.7**	**135.5**	**386.3**	**36.7**
Profit for the year attributable to:					
Owners of the parent		491.8	48.1	-	-
Non-controlling interest		1.3	(0.2)	-	-
		493.1	**47.9**	**-**	**-**
Total comprehensive income attributable to:					
Owners of the parent		578.3	129.9	-	-
Non-controlling interest		6.4	5.6	-	-
		584.7	**135.5**	**-**	**-**
Basic earnings per share (Shs)	10	2.5	0.2	-	-
Diluted earnings per share (Shs)	10	2.5	0.2	-	-

Group and Company Statements of Financial Position
at 31 December 2021

	Notes	Group 2021 Shs m	Group 2020 Shs m	Company 2021 Shs m	Company 2020 Shs m
CAPITAL EMPLOYED					
Attributable to the Company's equity holders					
Share capital	11	518.5	518.5	518.5	518.5
Other reserves	12	24.2	(57.7)	94.3	96.9
Retained earnings		7,613.7	7,402.7	5,645.9	5,542.4
Proposed dividends	28	285.4	-	285.4	-
Treasury shares reserve	11	(427.5)	-	(427.5)	-
		8,014.3	**7,863.5**	**6,116.6**	**6,157.8**
Non-controlling interest	19	75.9	69.5	-	-
Total equity		**8,090.2**	**7,933.0**	**6,116.6**	**6,157.8**
Non-current liabilities					
Deferred income tax	13	30.2	29.1	-	-
Lease liabilities	16	371.7	448.4	329.9	357.8
Post-employment benefit obligation	27	55.6	-	55.6	-
		457.5	**477.5**	**385.5**	**357.8**
Total equity and non-current liabilities		**8,547.7**	**8,410.5**	**6,502.1**	**6,515.6**
Non-current assets					
Land and buildings	14(a)	585.4	599.0	389.8	408.0
Plant and equipment	14(b)	1,106.9	1,372.2	836.4	1,054.2
Right of use asset	16	518.8	644.6	416.8	503.2
Intangible assets	15	239.9	292.9	213.8	266.6
Investment in associate	17	1,540.5	1,485.4	94.6	94.6
Investment in subsidiaries	18	-	-	702.8	702.8
Deferred income tax	13	481.1	366.9	371.5	290.8
Post-employment benefit obligation	27	-	27.5	-	27.5
Other assets	20	53.9	74.7	53.9	74.7
		4,526.5	**4,863.2**	**3,079.6**	**3,422.4**
Current assets					
Inventories	21	619.5	521.4	490.5	431.8
Receivables and prepayments	22	3,548.8	3,504.5	2,679.1	2,799.5
Cash and cash equivalents	23	2,111.9	1,344.2	1,633.5	1,063.2
Short-term investments	24	1,846.7	1,530.0	1,696.2	1,338.3
Current income tax	9(b)	-	57.3	-	26.9
		8,126.9	**6,957.4**	**6,499.3**	**5,659.7**
Current liabilities					
Payables and accrued expenses	25	3,356.3	2,720.6	2,381.8	1,933.7
Provisions	26	578.9	558.3	548.7	536.5
Lease liabilities	16	96.7	131.2	55.1	96.3
Current tax liability	9(b)	73.8	-	91.2	-
		4,105.7	**3,410.1**	**3,076.8**	**2,566.5**
Net current assets		**4,021.2**	**3,547.3**	**3,422.5**	**3,093.2**
Total assets less current liabilities		**8,547.7**	**8,410.5**	**6,502.1**	**6,515.6**

The financial statements on pages 84 to 134 were approved and authorised for issue by the board of directors on 19th April 2022 and signed on its behalf by:

Dr. W D Kiboro
Chairman

R Tobiko
Group Finance Director

Group Statement of Changes in Equity
for the year ended 31 December 2021

		Attributable to equity holders of the Company					
	Notes	**Share capital**	**Other reserves**	**Retained Earnings**	**Total**	**Non-controlling interest**	**Total equity**
		Shs m	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Year ended 31 December 2020							
At start of year		**471.4**	**(134.9)**	**7,397.1**	**7,733.6**	**63.9**	**7,797.5**
Profit for the year		-	-	48.1	48.1	(0.2)	47.9
Other comprehensive income, net of tax							
Currency translation differences		-	63.4	-	63.4	5.8	69.2
Transfer of excess depreciation		-	(6.5)	6.5	-	-	
Deferred income tax on transfer		-	1.9	(1.9)	-	-	
Share of comprehensive income in associate	17	-	18.4	-	18.4	-	18.4
Total other comprehensive income		-	**77.2**	**4.6**	**81.8**	**5.8**	**87.6**
Total comprehensive income for the year		-	**77.2**	**52.7**	**129.9**	**5.6**	**135.5**
Transactions with owners							
Bonus share issue	11	47.1	-	(47.1)	-	-	-
At end of year		**518.5**	**(57.7)**	**7,402.7**	**7,863.5**	**69.5**	**7,933.0**

Group Statement of Changes in Equity
for the year ended 31 December 2021 (continued)

		Attributable to equity holders of the Company							
	Notes	Share capital	Treasury reserve	Other reserves	Retained Earnings	Proposed Dividends	Total	Non- con-trolling interest	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021									
At start of year		**518.5**	**-**	**(57.7)**	**7,402.7**	**-**	**7,863.5**	**69.5**	**7,933.0**
Profit for the year		-		-	491.8	-	491.8	1.3	493.1
Other comprehensive income, net of tax									
Currency translation differences		-	-	62.6	-	-	62.6	5.1	67.7
Transfer of excess depreciation		-	-	(6.5)	6.5	-	-	-	-
Deferred income tax on transfer		-	-	1.9	(1.9)	-	-	-	-
Share of comprehensive income in associate	17	-	-	23.9	-	-	23.9	-	23.9
Total other comprehensive income		**-**		**81.9**	**4.6**	**-**	**86.5**	**5.1**	**91.6**
Total comprehensive income for the year		-		**81.9**	**496.4**	**-**	**578.3**	**6.4**	**584.7**
Transactions with owners									
Share Buyback	11		(427.5)	-	-	-	(427.5)	-	(427.5)
Proposed final dividend for 2021	28	-	-	-	(285.4)	285.4	-	-	-
At end of year		**518.5**	**(427.5)**	**24.2**	**7,613.7**	**285.4**	**8,014.3**	**75.9**	**8,090.2**

Company Statement of Changes in Equity
for the year ended 31 December 2021

	Notes	Share capital	Treasury reserve	Other reserves	Retained earnings	Proposed dividends	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2020							
At start of year		471.4	-	99.5	5,550.2	-	6,121.1
Total comprehensive income							
Profit for the year		-	-	-	36.7	-	36.7
Other comprehensive income, net of tax							
Transfer of excess depreciation		-	-	(3.7)	3.7	-	-
Deferred income tax on transfer		-	-	1.1	(1.1)	-	-
Total other comprehensive income		-	**-**	**(2.6)**	**2.6**	**-**	**-**
Total comprehensive income for the year		-	**-**	**(2.6)**	**39.3**	**-**	**36.7**
Transactions with owners							
Bonus share issue	11	47.1	-	-	(47.1)	-	-
At end of year		**518.5**	**-**	**96.9**	**5,542.4**	**-**	**6,157.8**
Year ended 31 December 2021							
At start of year		518.5	-	96.9	5,542.4	-	6,157.8
Total comprehensive income							
Profit for the year		-	-	-	386.3	-	386.3
Other comprehensive income, net of tax							
Transfer of excess depreciation		-	-	(3.7)	3.7	-	-
Deferred income tax on transfer		-	-	1.1	(1.1)	-	-
Total other comprehensive income		**-**	**-**	**(2.6)**	**2.6**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**(2.6)**	**388.9**	**-**	**386.3**
Transactions with owners							
Share Buyback	11	-	(427.5)	-	-		(427.5)
Proposed final dividends 2021	28	-	-	-	(285.4)	285.4	-
At end of year		**518.5**	**(427.5)**	**94.3**	**5,645.9**	**285.4**	**6,116.6**

Group and Company Statements of Cash Flows
for the year ended 31 December 2021

		Group		Company	
	Notes	2021	2020	2021	2020
		Shs m	Shs m	Shs m	Shs m
Operating activities					
Cash generated from operations	31	1,711.1	598.1	1,497.5	439.1
Income tax paid		(219.6)	(138.0)	(171.6)	(110.5)
Interest on lease	8	(44.6)	(42.0)	(41.7)	(36.4)
Net cash generated from operating activities		**1,446.9**	**418.1**	**1,284.2**	**292.2**
Investing activities					
Interest received	8	241.7	203.2	203.9	170.6
Purchase of property, plant and equipment	14	(95.9)	(78.0)	(65.1)	(31.6)
Purchase of intangible assets	15	(27.6)	(155.5)	(26.2)	(151.9)
Proceeds from sale of property, plant and equipment		8.6	19.8	5.9	16.5
Dividends received from associate	17	7.7	7.7	7.7	7.7
Long-term deposit	20	20.8	36.4	20.8	36.4
Short-term investments	24	(316.7)	(10.0)	(357.9)	23.7
Net cash generated from / (used in) investing activities		**(161.4)**	**23.6**	**(210.9)**	**71.4**
Financing activities					
Treasury shares purchase		(427.5)	-	(427.5)	-
Principal portion of lease liability payment	16	(128.5)	(162.4)	(75.5)	(117.7)
Net cash used in financing activities		**(556.0)**	**(162.4)**	**(503.0)**	**(117.7)**
Net increase in cash and cash equivalents		**729.5**	**279.3**	**570.3**	**245.9**
Movement in cash and cash equivalents					
At start of year		1,344.2	1,039.0	1,063.2	817.3
Increase in cash and cash equivalents		729.5	279.3	570.3	245.9
Exchange gains/(losses) on cash and cash equivalents		38.2	25.9	-	-
At end of year	23	**2,111.9**	**1,344.2**	**1,633.5**	**1,063.2**

Notes to the financial statements

1. General information

Nation Media Group PLC (the "Company") is incorporated in Kenya under the Kenya Companies Act as a public limited liability company, and is domiciled in Kenya. The address of its registered office is:

Nation Media Group PLC
Nation Centre
Kimathi Street
P O Box 49010 - 00100
Nairobi

The Company's shares are listed on the Nairobi, Kampala, Dar es Salaam and Kigali Stock Exchanges.

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenyan Shillings (Shs m), rounded to the nearest one tenth of a million. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

The group applied the following standards and interpretations for the first time for their annual reporting period commencing 1 January 2021:

a). Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16 addresses the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The phase 2 amendments provide the following reliefs:

i. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of inter-bank offered rates (IBOR) reform and which is considered economically equivalent, will not result in an immediate gain or loss in the income statement.

ii. The hedge accounting reliefs will allow most IAS 39 OR IFRS 9 hedge relationships that are directly affected by inter-bank offered rates (IBOR) reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from inter-bank offered rates (IBOR) reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition.

These amendments had no impact on the financial statements of the Company and Group.

b) Covid-19-Related Rent Concessions - Amendment to IFRS 16

As a result of the Covid-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the International Accounting Standard Board (IASB) made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if there were not lease modifications.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from rent concessions. If lessee already applied the original expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If the lessee did not apply the original practical expedients to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment.

The group did not receive any rent concessions on existing/ ongoing lease agreements in the year.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(ii) New and amended standards in issue but not yet effective as at 31st December 2021

a) Amendments to IAS 16, Property, Plant & Equipment – Proceeds before intended use (effective for annual periods beginning on or after 1 January 2022)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

b) Amendments to IAS 1, Classification of Liabilities as Current and Non-Current (effective for annual periods beginning on or after 1 January 2022)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

c) Amendments to IAS 37, Onerous contracts – cost of fulfilling a contract (effective for annual periods beginning on or after 1 January 2022)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These standards have not been early adopted in preparing the financial statements. None of these is expected to have a significant effect on financial statements of the Group.

(b) Consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(b) Consolidation (continued)

i. Subsidiaries (continued)

a) Changes in ownership interests in subsidiaries without change of control

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

(b) Disposal of subsidiaries

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting. Under the equity method, the investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss as appropriate. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/ (loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognized in profit or loss. Associates are stated at cost in the separate financial statements of the Company.

(c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market value, based on valuations that are conducted at least every five years by external independent valuers, less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life. The annual rates used for this purpose are as follows:

Buildings	40 years
Plant and equipment	5 – 15 years
Computers and software	3 – 5 years
Motor Vehicles	3 – 5 years
Leasehold land	over the remaining lease term

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The executive management team, which is responsible for strategic decision, allocating resources and assessing performance of the operating segments, has been identified as the CODM. All transactions between business segments are conducted on an arm length basis. Income and expenses associated with each segment as included in determining business segment performance.

(e) Revenue and income recognition

The Group recognizes revenue for direct sales of goods and rendering of services. Revenue is recognized as and when the Group satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognized is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

Circulation revenue from the sale of newspapers is recognized on delivery of the newspapers to appointed distributors based on approved allocation list, net of returns of unsold newspapers. Advertising revenue is recognized on publication of the related advertisement on print, online or airing. Contract printing revenue recognition is based on the performance of the service agreed with the customers. E-paper revenue is recognized on delivery of electronic version of the newspaper to the customer.

The Group recognizes revenue at a point in time or over time depending on the nature of goods and services and mode of fulfilling performance obligations.

Interest income is recognized using the effective interest method.

Dividends are recognized as income in the period the right to receive payment is established.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average principle. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Goods in transit are stated at cost. Specific provisions are made for obsolete, slow moving and defective inventories.

(g) Financial instruments

(i) Initial recognition

Financial instruments are recognized when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

(ii) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortized cost.

b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.

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

d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

e) All other financial liabilities are classified and measured at amortized cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and short term investments were classified as at amortized cost.
- Trade and other liabilities were classified as at amortized cost.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Exchange gains and losses on monetary items, interest income and dividend income are recognized in profit or loss.

Fair value is determined as set out in Note 4(e). Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Group recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments (Note 4(b)) for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(vi) Presentation

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

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

(vii) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset. Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

(viii) Offsetting

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

(h) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, the deferred tax liabilities are not recognized if they

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Current and deferred income tax (continued)

arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

(i) Intangible assets

(i) Goodwill

Goodwill represents the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest (NCI), and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for purposes of impairment testing.

The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose and are identified according to operating segments.

(ii) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortized over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programmes are recognized as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Acquired computer software and computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

(iii) Transmission frequencies

Acquired transmission frequencies are capitalized on the basis of the costs incurred to acquire and to bring them to use. Transmission frequencies are tested annually for impairment and carried at cost less accumulated impairment losses.

(j) Employee benefits

(i) Post employment benefit obligations

The Group operates a defined contribution retirement benefit scheme for its employees. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company and all its employees also contribute to the National Social Security Funds in the countries which they operate, which are defined contribution schemes. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate. The Company has no further obligation once the contributions have been paid.

In addition, the Group operates a gratuity scheme where the group makes contributions to a special purpose vehicle that is administered independently. The employees are entitled to specified benefits as per the scheme's rules. The gratuity scheme is a defined benefit scheme. The liability or asset recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation and related service costs is determined using the 'projected unit credit method', which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. The defined benefit obligation is calculated every three years by independent actuaries.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(j) Employee benefits (continued)

(ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Profit-sharing and bonus plans

The group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(k) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenyan Shillings (Shs m), rounded to the nearest one tenth of a million which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income/costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

(iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed or sold, exchange differences that are recorded in equity are recognized in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(m) Dividends

Dividend on ordinary shares are charged to equity in the period in which they are declared. Proposed dividend are shown as separate component of equity until declared.

(n) Share Capital

Ordinary shares are classified as equity.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investment with original maturities of three months or less, and bank overdrafts.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(p) Provisions

Provisions for legal claims are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and 3) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to passage of time is recognized as an expense.

(q) Leases

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Definition of Lease

At inception of a contract, the Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to a customer for a period of time in exchange for consideration

The Group as a Lessee

As a lessee, the Group leases various assets, mainly offices. These lease contracts are typically made for fixed periods of 1 to 6 years but may have extension/termination options. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for the qualifying leases (i.e. these leases are on statement of financial position).

Contracts may contain both lease and non-lease components. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(q) Leases (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(r) Treasury Shares

These are shares acquired on the open market and are held by the company. These shares are deducted from contributed equity and disclosed as treasury shares. Where a company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the shareholders. Treasury shares are not taken into account when calculating the basic earnings per share.

3. Critical accounting estimates and judgements

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) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements and estimations are also required in applying the accounting requirements for measuring ECL, such as:

- The determination and application of IFRS 9 risk parameters i.e. probably of default (PD), loss given at default (LGD) and definition of default to trade receivables; and
- Determination of expected future payment pattern for government advertising debt.

The assumption, estimates and judgement made by management are disclosed in note 4b.

b) Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal advisers estimates a provision based on past precedents. The assumptions and estimates made are disclosed in note 26.

c) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected product lifecycles for its assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The useful lives for the various asset classes is shown under note 2c. Assuming a reduction in useful lives of property, plant and equipment by one year, the consolidated post tax profit for the year and equity would have been Shs 73.2 million lower.

d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining the classification of financial assets and whether assets are impaired.

Notes to the financial statements (continued)

4. Financial risk management

The Group's and the Company's activity expose it to a variety of financial risks comprising market risk (including foreign exchange risks, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects on its financial performance within the options available in East Africa to hedge against such risks.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and mitigates against financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group and the Company make significant purchases of raw materials in foreign currency, principally newsprint, inks and plates used in newspaper production, and TV programming used in broadcasting. This exposes the Group and the Company to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Management manages this risk by making the significant foreign currency purchases within periods when the exchange rates are favourable. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investment in foreign operations.

At 31 December 2021, if the shilling had weakened/strengthened against the US dollar and Euro by 5%, with all other variables held constant, the consolidated post tax profit for the year and equity would have been Shs 8.4 million higher/ lower for the US dollar whereas the Euro effect would have been Shs 2.9 million higher/ lower (2020: Shs 5.7 million for the US dollar and Shs 1.0 million for the Euro) higher/ lower mainly as a result of foreign exchange gains/losses on translation of US$ and Euro-denominated trade receivables, payables and bank balances. The US dollar denominated trade receivables, payables and bank balances in 2021 amounted to Shs 168.9 million (2020: Shs 113.1 million) while Euro denominated amounted to Shs 57.8 million (2020: Shs 19.5 million)

(ii) Price risk

The Group and the Company do not hold any investments subject to price risk.

(iii) Interest rate risk

The Group and the Company do not hold any borrowing and therefore not subject to interest rate risk.

(b) Credit risk and expected credit losses

Credit risk arises from cash and short term investments as well as trade and other receivables. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. For banks and financial institutions, only reputable well established financial institutions are accepted. The utilization of credit limits is regularly monitored.

The amounts that represent the Group's maximum exposure to credit risk is equal to the carrying amount of financial assets in the statement of financial position.

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade and other receivables because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Forward looking information has not been taken into account for other advertising debtors because of their short term nature. Using the simplified approach, management has segmented their accounts receivable balances into Government advertising debtors, other advertising debtors, and circulation and subscription debtors. This segmentation is based on the characteristics of respective debtors. The credit period for trade receivables extended to our customers is 45 days for agencies and 30 days for all the other categories.

For the Government advertising debtors, management uses the Government debt collection trends in the past to determine the expected cash flows from these debts and discounts them to the present value to determine the provision.

For the other advertising debtors, management determines probabilities of default (PD) using collection trends in the past. The average PDs are then used to determine the provision. However, any debt with the exception of Government debt over 180 days is fully impaired.

For circulation and subscription debtors, management determines the portion of the debt not secured by a bank guarantee and applies a PD based on average collection trends in the past on this unsecured portion to compute the provision. Dormant accounts are fully provided for in addition to any other debt over 120 days.

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. Cash balances and long-term deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(b) Credit risk and expected credit losses (continued)

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December is made up as follows:

Trade receivables (Note 22)

Group	Current	30 Days	60 Days	90 days	120+ days	Total
2021	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Gross carrying amount	569.5	379.1	205.1	115.0	3,178.6	4,447.3
Expected credit losses	(45.7)	(48.2)	(30.0)	(23.3)	(2,247.5)	(2,394.7)
Carrying amount	**523.8**	**330.9**	**175.1**	**91.7**	**931.1**	**2,052.6**
2020						
Gross carrying amount	407.0	298.4	194.6	142.3	3,523.0	4,565.3
Expected credit losses	(46.2)	(40.5)	(39.5)	(28.2)	(2,377.8)	(2,532.2)
Carrying amount	**360.8**	**257.9**	**155.1**	**114.1**	**1,145.2**	**2,033.1**

Company	Current	30 Days	60 Days	90 days	120+ days	Total
2021	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Gross carrying amount	393.2	282.0	150.5	87.8	2,341.4	3,254.9
Expected credit losses	(29.3)	(33.2)	(18.2)	(14.0)	(1,471.2)	(1,565.9)
Carrying amount	**363.9**	**248.8**	**132.3**	**73.8**	**870.2**	**1,689.0**
2020						
Gross carrying amount	273.4	205.0	151.2	118.1	2,687.3	3,435.0
Expected credit losses	(35.4)	(31.0)	(30.7)	(20.2)	(1,573.7)	(1,691.0)
Carrying amount	**238.0**	**174.0**	**120.5**	**97.9**	**1,113.6**	**1,744.0**

Trade receivables aging is based on customers' payment terms and expected collection trends.

The overall reduction in the provision for Expected Credit Losses (ECL) results from lower Loss Given Default (LGD) rates on application of IFRS 9 model particularly with respect to private sector debt for the company. The management approved a write off of old debts within the year which had been fully impaired.

Shs 174.9 million was held as collateral in the form of bank guarantees for trade receivables as at 31 December 2021 (2020: Shs 204.5 million). The stated bank guarantee amounts approximate their fair value.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(b) Credit risk and expected credit losses (continued)

Bank deposits and short-term investments

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Deposits with banks (Notes 20, 23 & 24)	3,440.1	2,367.7	2,811.2	1,895.0
Other short-term investments (Note 24)	600.6	600.1	600.6	600.1
Expected credit losses	(28.2)	(18.9)	(28.2)	(18.9)
Total carrying value	**4,012.5**	**2,948.9**	**3,383.6**	**2,476.2**

Cash balances and long-term deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets. The calculated impairment is as shown in the table above.

Other receivables

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Due from related parties (Note 32)	2.5	4.0	420.8	604.6
Expected credit losses	-	-	(360.9)	(364.8)
	2.5	4.0	59.9	239.8
Other receivables and prepayments	1,493.7	1,467.4	930.2	815.7
Total carrying value	**1,496.2**	**1,471.4**	**990.1**	**1,055.5**

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors, which together with management, closely monitor the Group's and Company's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group and the Company's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at the statement of financial position 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.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(c) Liquidity risk (continued)

Group	Less than 1 year	Over 1 year	Total
2021	**Shs m**	**Shs m**	**Shs m**
Payables and accrued expenses (Note 25)	3,356.3	-	3,356.3
Lease liabilities	152.8	415.0	567.8
Total financial liabilities	**3,509.1**	**415.0**	**3,924.1**
2020			
Payables and accrued expenses (Note 25)	2,720.6	-	2,720.6
Lease liabilities	173.0	567.8	740.8
Total financial liabilities	**2,893.6**	**567.8**	**3,461.4**

Company	Less than 1 year	Over 1 year	Total
2021	**Shs m**	**Shs m**	**Shs m**
Payables and accrued expenses (Note 25)	2,381.8	-	2,381.8
Lease liabilities	104.0	378.6	482.6
Total financial liabilities	**2,485.8**	**378.6**	**2,864.4**
2020			
Payables and accrued expenses (Note 25)	1,933.7	-	1,933.7
Lease liabilities	117.2	482.6	599.8
Total financial liabilities	**2,050.9**	**482.6**	**2,533.5**

(d) Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to manage capital.

The capital structure of the Group and Company consists of equity attributable to equity holders, comprising issued capital and retained earnings. The Group and Company had no borrowings at year end (2020: Nil).

(e) Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The carrying amounts of all assets and liabilities at the year-end date approximate their fair values.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(e) Fair value estimation (continued)

The following table shows an analysis of financial and non- financial instruments measured at fair value by level of the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
	Shs m	Shs m	Shs m	Shs m
At 31 December 2021				
Non- financial assets				
Freehold land and buildings	-	585.4	-	585.4
At 31 December 2020				
Non- financial assets				
Freehold land and buildings	-	599.0	-	599.0
Company				
At 31 December 2021				
Non- financial assets				
Freehold land and buildings	-	389.8	-	389.8
At 31 December 2020				
Non- financial assets				
Freehold land and buildings	-	408.0	-	408.0

Land and buildings are categorized under Level 2 fair value hierarchy as their value is based on inputs other than quoted prices, or inputs that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. There were no transfers between the various levels during the year.

The group freehold land and buildings are revalued every 5 years by independent professional valuers. The last revaluation was done in in 2017 and was based on market value for the existing use. There was no change in the valuation technique.

5. Segmental information

Management has determined the operating segments based on the various products or section's performance that are used by Executive Management Team that are used to make strategic decisions. The Group considers the business from a product perspective;

(i) Newspapers and Digital
(ii) Broadcasting

Newspapers and Digital – Incorporating sale of newspapers, advertisements published in the newspapers, advertisements in the digital platforms and subscriptions of e-paper.

Broadcasting – Incorporating advertisements and other content aired on television.

The Executive Management team considers the East African countries in which the Group operates as one geographical segment because of similarities in the risks and returns in the four countries.

Other Group operations mainly comprise courier operations and third party printing services. Neither of these constitute a separately reportable segment and have therefore been included as part of Newspapers, and Digital on the basis that the said operations are closely related and have similar economic characteristics. There are no significant transactions between the two reportable segments.

Notes to the financial statements (continued)

5. Segmental information (continued)

Entity-wide information

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines;

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Advertising revenue	5,187.8	4,416.4	3,724.1	3,257.5
Circulation revenue	1,603.4	1,761.5	1,191.3	1,345.1
Other	822.5	634.9	439.1	413.5
Total	**7,613.7**	**6,812.8**	**5,354.5**	**5,016.1**
Timing of revenue recognition:				
- At a point in time	7,613.7	6,812.8	5,354.5	5,016.1

Segment performance

Nation Media Group is domiciled in Kenya. The revenue attributed to Kenya was Shs 5,354.5 million (2020: Shs 5,016.1 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Shs 2,259.2 million (2020: Shs 1,796.7 million). The Group does not derive revenues in excess of 10% of the total Group's revenue from any individual customer except the Government of Kenya.

Segment assets comprise primarily property, plant and equipment, inventories and receivables. They exclude operating cash, intangible assets, income taxes and investments. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Notes to the financial statements (continued)

5. Segmental information (continued)

Statement of comprehensive income

	Newspapers and Digital	Broadcasting	Unallocated	Total
2021	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Revenue	5,938.0	1,675.7	-	7,613.7
Cost of sales	(843.6)	(368.4)	-	(1,212.0)
Gross profit	5,094.4	1,307.3	-	6,401.7
Depreciation and amortization of RoU assets	(415.1)	(129.7)	-	(544.8)
Amortization of intangible assets	(71.2)	(9.7)	-	(80.9)
Provision for expected credit losses	(63.7)	30.2	-	(33.5)
Other operating costs	(3,851.6)	(985.5)	(410.7)	(5,247.8)
Total operating expenses	(4,401.6)	(1,094.7)	(410.7)	(5,907.0)
Operating profit	692.8	212.6	(410.7)	494.7
Finance income	-	-	241.7	241.7
Finance cost	(42.7)	(1.9)	-	(44.6)
Share of results of associate	-	-	38.9	38.9
Contribution/profit before income tax	**650.1**	**210.7**	**(130.1)**	**730.7**
2020				
Revenue	5,477.9	1,334.9	-	6,812.8
Cost of sales	(845.4)	(302.6)	-	(1,148.0)
Gross profit	**4,632.5**	**1,032.3**	**-**	**5,664.8**
Depreciation and amortization of RoU assets	(466.3)	(135.2)	-	(601.5)
Amortization of intangible assets	(45.4)	(9.0)	-	(54.4)
Provision for expected credit losses	(93.7)	(49.5)	-	(143.2)
Other operating costs	(3,611.0)	(808.0)	(540.1)	(4,959.1)
Total operating expenses	**(4,216.4)**	**(1,001.7)**	**(540.1)**	**(5,758.2)**
Operating profit	416.1	30.6	(540.1)	(93.4)
Finance income	-	-	203.2	203.2
Finance cost	(38.7)	(3.3)	-	(42.0)
Share of results of associate	-	-	52.1	52.1
Contribution/profit before income tax	**377.4**	**27.3**	**(284.8)**	**119.9**

Notes to the financial statements (continued)

5. Segmental information (continued)

Statement of financial position

	Newspapers and Digital	Broadcasting	Unallocated	Total
2021	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Current assets				
Inventories	573.1	46.4	-	619.5
Receivables and prepayments	1,406.2	1,553.9	588.7	3,548.8
Other assets	-	-	3,958.6	3,958.6
	1,979.3	1,600.3	4,547.3	8,126.9
Non-current assets				
Property, plant and equipment	1,456.6	233.5	2.2	1,692.3
Right of Use Asset	400.9	50.9	67.0	518.8
Investment in associate	-	-	1,540.5	1,540.5
Other assets	-	-	774.9	774.9
	1,857.5	284.4	2,384.6	4,526.5
Total assets	3,836.8	1,884.7	6,931.9	12,653.4
Current liabilities				
Payables and accrued expenses	994.4	2,540.1	(178.2)	3,356.3
Lease liability	84.7	12.0	-	96.7
Other liabilities	-	-	652.7	652.7
	1,079.1	2,552.1	474.5	4,105.7
Non-current liabilities				
Lease liability		-	371.7	371.7
Other liabilities	-	-	85.8	85.8
	-	-	457.5	457.5
Total liabilities	1,079.1	2,552.1	932.0	4,563.2
Capital expenditure	59.5	64.0	-	123.5
2020				
Current assets				
Inventories	470.3	51.1	-	521.4
Receivables and prepayments	1,260.7	1,577.9	665.9	3,504.5
Other assets	-	-	2,931.5	2,931.5
	1,731.0	**1,629.0**	**3,597.4**	**6,957.4**
Non-current assets				
Property, plant and equipment	1,688.3	280.7	2.2	1,971.2
Right of Use Asset	499.7	77.4	67.5	644.6
Investment in associate	-	-	1,485.4	1,485.4
Other assets	-	-	762.0	762.0
	2,188.0	**358.1**	**2,317.1**	**4,863.2**
Total assets	**3,919.0**	**1,987.1**	**5,914.5**	**11,820.6**
Current liabilities				
Payables and accrued expenses	588.6	2,355.5	(223.5)	2,720.6
Lease liability	111.6	19.6	-	131.2
Other liabilities	-	-	558.3	558.3
	700.2	**2,375.1**	**334.8**	**3,410.1**
Non-current liabilities				
Lease liability	-	-	448.4	448.4
Other liabilities	-	-	29.1	29.1
	-	**-**	**477.5**	**477.5**
Total liabilities	**700.2**	**2,375.1**	**812.3**	**3,887.6**
Capital expenditure	**176.6**	**56.9**	**-**	**233.5**

Notes to the financial statements (continued)

6. Expenses by nature

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
The following items have been charged/(credited) in arriving at operating profit:				
Profit on disposal of property, plant and equipment	(6.3)	(19.6)	(5.9)	(16.0)
Employee benefits expense (Note 7)	3,200.6	3,106.8	2,196.1	2,267.4
Trade receivables-provision for impairment (Note 22)	24.2	124.3	(8.8)	124.2
Cash and cash equivalent impairment	9.3	18.9	9.3	18.9
	33.5	143.2	0.5	143.1
Depreciation of property, plant & equipment (Note 14)	401.0	450.9	301.1	345.0
Amortization of leases (Note 16)	143.8	150.6	92.8	95.5
Amortization of intangible assets (Note 15)	80.9	54.4	79.0	53.0
Consumption of inventories	787.4	801.6	559.4	586.3
Exchange (gains)/losses	(31.0)	(20.2)	(37.2)	(16.6)
Provision for inventory	4.3	1.5	3.5	1.0
Auditors' remuneration	23.4	23.4	13.3	13.3
Repairs and maintenance expenditure on property, plant and equipment	59.8	43.3	41.4	34.9

7. Employee benefits expense

Salaries and wages	3,013.2	2,965.8	2,077.6	2,185.2
Defined contribution benefit scheme	71.4	71.9	65.2	66.2
National Social Security Fund	66.0	56.6	3.3	3.5
Post-employment benefit obligation (Note 27)	50.0	12.5	50.0	12.5
	3,200.6	**3,106.8**	**2,196.1**	**2,267.4**

	2021	2020
The number of persons employed by the Group at the year-end was:	Number	Number
Full time	891	930
Part time	392	388
	1,283	**1,318**

8. Finance cost and income

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Finance income:				
Interest income	241.7	203.2	203.9	170.6
Finance costs:				
Interest on leases (Note 16)	(44.6)	(42.0)	(41.7)	(36.4)

Notes to the financial statements (continued)

9. Income tax expense

	Group		Company	
	2021	**2020**	**2021**	**2020**
Current income tax:	**Shs m**	**Shs m**	**Shs m**	**Shs m**
- Current year charge to profit or loss	352.3	150.0	289.7	121.1
- Under/(over) provision of current tax in prior years	(1.6)	4.5	-	3.2
Deferred income tax (Note 13):	(113.1)	(82.5)	(80.7)	(84.8)
Total income tax expense	**237.6**	**72.0**	**209.0**	**39.5**

The tax on the Group and Company's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country as follows:

9. (a) Income tax expense

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Profit before income tax	730.7	119.9	595.3	76.2
Tax calculated at the statutory tax rate of 30% (2020: 25% & 30%)	218.0	42.2	178.6	19.1
Tax effect of:				
- Income not subject to tax	(19.4)	(24.6)	(7.7)	(1.5)
- Expenses not deductible for tax purposes	42.3	19.9	31.6	14.6
Effect of change in tax rate	-	(17.9)	-	(17.9)
Under/(over) provision of deferred tax in prior years	(1.7)	27.9	6.5	22.0
Under/(over) provision of current tax in prior years	(1.6)	4.5	-	3.2
Deferred tax derecognized	-	20.0	-	-
Income tax expense	**237.6**	**72.0**	**209.0**	**39.5**

The statutory tax rate in Kenya was reviewed upwards from 25% to 30% effective January 2021. The tax rate in other countries in which the Group operates remained at 30%.

9. (b) Current income tax movement

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Opening balance	57.3	73.8	26.9	40.7
Current tax liability charge for the year	(352.3)	(150.0)	(289.7)	(121.1)
Under/(over) provision of current tax in prior years	1.6	(4.5)	-	(3.2)
Tax paid	219.6	138.0	171.6	110.5
Closing balance	**(73.8)**	**57.3**	**(91.2)**	**26.9**

Notes to the financial statements (continued)

10. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The ordinary shares in 2021 have been adjusted for treasury shares bought within the year (2020 is weighted average of shares after issue of bonus shares).

	Group	
	2021	**2020**
Net profit attributable to shareholders (Shs million)	491.8	48.1
Weighted average number of ordinary shares in issue (million)	198.5	197.9
Basic earnings per share (Shs)	**2.5**	**0.2**

b) Diluted earnings per share

There were no dilutive/potentially dilutive ordinary shares at 31 December 2021 and therefore diluted earnings per share is equal to basic earnings per share.

11. Share capital

	Group & Company	
	Number of shares (million)	**Ordinary shares Shs m**
Authorised (par value of Shs 2.5 per share)	240.0	600.0
Issued and fully paid:		
31 December 2020	207.4	518.5
31 December 2021	207.4	518.5

Movement of share capital is as follows:

	2021	2020
	Shs m	**Shs m**
At the start of the year	518.5	471.4
Bonus share issue	-	47.1
At the end of the year	518.5	518.5

	Number of shares (million)	
Movement in number of shares is as follows:	**2021**	**2020**
Issued and fully paid shares	207.4	188.5
Bonus shares issued	-	18.9
Treasury shares purchased	(17.1)	-
Adjusted outstanding shares	190.3	207.4

b) Share buy back

The Shareholders during an AGM held on 25 June 2021 approved purchase of up to ten percent (10%) of its issued and paid-up share capital in a share Buyback Programme in accordance with the provisions of the Companies Act 2015 of the Laws of Kenya. The shares repurchased through the share Buyback totaling 17.1 million are held by the company as Treasury shares.

Notes to the financial statements (continued)

12. Other Reserves

Group	Revaluation reserve on buildings	Controlling Interest	Currency translation	Total
	Shs m	Shs m	Shs m	Shs m
As at 1 January 2020	**173.0**	**(69.4)**	**(238.5)**	**(134.9)**
Share of comprehensive income from associate	-	18.4	-	18.4
Currency translation differences	-	-	63.4	63.4
Transfer of excess depreciation	(6.5)	-	-	(6.5)
Deferred income tax on transfer of depreciation	1.9	-	-	1.9
	(4.6)	-	-	(4.6)
Balance as at 31 December 2020	**168.4**	**(51.0)**	**(175.1)**	**(57.7)**
As at 1 January 2021	**168.4**	**(51.0)**	**(175.1)**	**(57.7)**
Share of comprehensive income from associate	-	23.9	-	23.9
Currency translation differences	-	-	62.6	62.6
Transfer of excess depreciation	(6.5)	-	-	(6.5)
Deferred tax on transfer of depreciation	1.9	-	-	1.9
	(4.6)			(4.6)
Balance as at 31 December 2021	**163.8**	**(27.1)**	**(112.5)**	**24.2**

Company	Revaluation reserve on buildings	Total
	Shs m	Shs m
As at 1 January 2020	**99.5**	**99.5**
Transfer of excess depreciation	(3.7)	(3.7)
Deferred tax on transfer of depreciation	1.1	1.1
	(2.6)	(2.6)
Balance as at 31 December 2020	**96.9**	**96.9**
As at 1 January 2021	**96.9**	**96.9**
Transfer of excess depreciation	(3.7)	(3.7)
Deferred tax on transfer of depreciation	1.1	1.1
	(2.6)	(2.6)
Balance as at 31 December 2021	**94.3**	**94.3**

Notes to the financial statements (continued)

13. Deferred income tax

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
At start of year	**(337.8)**	**(255.3)**	**(290.8)**	**(206.0)**
(Credit) to profit or loss (Note 9)	(113.1)	(82.5)	(80.7)	(84.8)
At end of year	**(450.9)**	**(337.8)**	**(371.5)**	**(290.8)**
Presented by:				
Deferred income tax liabilities	30.2	29.1	-	-
Deferred income tax assets	(481.1)	(366.9)	(371.5)	(290.8)
At end of year	**(450.9)**	**(337.8)**	**(371.5)**	**(290.8)**

Deferred income tax assets and liabilities are attributable to the following items:

Group	2020	Charged/ (credited) to P&L	Charged/ (credited) to OCI	2021
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021				
Deferred income tax liabilities				
Property, plant and equipment	141.6	(71.8)	-	69.8
Buildings	75.4	(0.2)	-	75.2
Right of use asset	172.4	(36.9)	-	135.5
Unrealized exchange gains	40.4	(17.1)	-	23.3
	429.8	**(126.0)**	**-**	**303.8**
Deferred income tax assets				
Provisions	(544.0)	(40.2)	-	(584.2)
Tax losses	(3.8)	1.7	-	(2.1)
Lease liability	(177.1)	36.6	-	(140.5)
Unrealized exchange losses	(42.7)	14.8	-	(27.9)
	(767.6)	**12.9**	**-**	**(754.7)**
Net deferred income tax (asset)	**(337.8)**	**(113.1)**	**-**	**(450.9)**

Group	2019	to P&L	to OCI	2020
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2020				
Deferred income tax liabilities				
Property, plant and equipment	184.9	(43.3)	-	141.6
Buildings	75.5	(0.1)	-	75.4
Right of use asset	208.9	(36.5)	-	172.4
Unrealized exchange gains	2.6	37.8	-	40.4
	471.9	**(42.1)**	**-**	**429.8**
Deferred income tax assets				
Provisions	(500.1)	(43.9)	-	(544.0)
Tax losses	(2.2)	(1.6)	-	(3.8)
Lease liability	(213.2)	36.1		(177.1)
Unrealized exchange losses	(11.7)	(31.0)	-	(42.7)
	(727.2)	**(40.4)**		**(767.6)**
Net deferred income tax (asset)	**(255.3)**	**(82.5)**	**-**	**(337.8)**

Notes to the financial statements (continued)

13. Deferred income tax (continued)

Company	2020	Charged/ (credited) to P&L	Charged/ (credited) to OCI	2021
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021				
Deferred income tax liabilities				
Property, plant and equipment	119.8	(51.8)	-	68.0
Buildings	43.3	-	-	43.3
Right of use asset	139.1	(25.5)	-	113.6
Unrealized exchange gains	42.1	(16.2)	-	25.9
	344.3	**(93.5)**	**-**	**250.8**
Deferred income tax assets				
Provisions	(476.4)	(22.7)	-	(499.1)
Lease liability	(136.2)	20.7		(115.5)
Unrealized exchange losses	(22.5)	14.8	-	(7.7)
	(635.1)	**12.8**	**-**	**(622.3)**
Net deferred income tax (asset)	**(290.8)**	**(80.7)**	**-**	**(371.5)**

Company	2019	Charged/ (credited) to P&L	Charged/ (credited) to OCI	2020
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2020				
Deferred income tax liabilities				
Property, plant and equipment	151.7	(31.9)	-	119.8
Buildings	43.3	-	-	43.3
Right of use asset	165.3	(26.2)		139.1
Unrealized exchange gains	4.0	38.1	-	42.1
	364.3	**(20.0)**	**-**	**344.3**
Deferred income tax assets				
Provisions	(410.1)	(66.3)	-	(476.4)
Lease liability	(168.7)	32.5		(136.2)
Unrealized exchange losses	8.5	(31.0)	-	(22.5)
	(570.3)	**(64.8)**	**-**	**(635.1)**
Net deferred income tax (asset)	**(206.0)**	**(84.8)**	**-**	**(290.8)**

Notes to the financial statements (continued)

14(a) Land and buildings

Group	Freehold land	Buildings	Total
	Shs m	Shs m	Shs m
As at 1 January 2020			
Valuation	9.1	803.8	812.9
Accumulated depreciation	-	(217.7)	(217.7)
Net book value	**9.1**	**586.1**	**595.2**
Year ended 31 December 2020			
Opening net book value	9.1	586.1	595.2
Addition	-	0.6	0.6
Reclassification	-	13.6	13.6
Depreciation charge	-	(22.3)	(22.3)
Currency translation differences	-	11.9	11.9
Closing net book value	**9.1**	**589.9**	**599.0**
Year ended 31 December 2021			
Opening net book value	9.1	589.9	599.0
Depreciation charge	-	(23.8)	(23.8)
Currency translation differences	-	10.2	10.2
Closing net book value	**9.1**	**576.3**	**585.4**
As at 31 December 2021			
Valuation	9.1	840.1	849.2
Accumulated depreciation	-	(263.8)	(263.8)
Net book value	**9.1**	**576.3**	**585.4**

Company	Freehold land	Buildings	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2020			
Opening net book value	9.1	417.1	426.2
Depreciation charge	-	(18.2)	(18.2)
Closing net book value	**9.1**	**398.9**	**408.0**
As at 31 December 2020			
Valuation	9.1	570.8	579.9
Accumulated depreciation	-	(171.9)	(171.9)
Net book value	**9.1**	**398.9**	**408.0**
Year ended 31 December 2021			
Opening net book value	9.1	398.9	408.0
Depreciation charge	-	(18.2)	(18.2)
Closing net book value	**9.1**	**380.7**	**389.8**
As at 31 December 2021			
Valuation	9.1	570.8	579.9
Accumulated depreciation	-	(190.1)	(190.1)
Net book value	**9.1**	**380.7**	**389.8**

Notes to the financial statements (continued)

14(a) Land and buildings (continued)

The Group's freehold land and buildings were revalued in 2017 by independent professional valuers. Valuations were made on the basis of open market value for existing use. The book values of the revalued assets were adjusted to the revalued amounts. Increase/ (decrease) arising on the revaluation was recognized in other comprehensive income and accumulated in the revaluation surplus. There was no change in the valuation technique.

If the buildings were stated on historical cost basis, the amounts would be as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Cost	560.7	560.7	411.0	411.0
Accumulated depreciation	(225.4)	(211.8)	(206.6)	(188.4)
Net book value	**335.3**	**348.9**	**204.4**	**222.6**

If freehold land was to be stated on historical cost basis, the amount would be as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Cost	1.8	1.8	1.8	1.8

14(b) Plant and equipment

Group	Plant and equipment	Motor vehicle	Total
	Shs m	Shs m	Shs m
As at 1 January 2020			
Cost	8,630.8	530.6	9,161.4
Accumulated depreciation	(6,974.4)	(477.0)	(7,451.4)
Net book value	**1,656.4**	**53.6**	**1,710.0**
Year ended 31 December 2020			
Opening net book value	1,656.4	53.6	1,710.0
Additions	58.8	18.6	77.4
Reclassification	(13.6)	-	(13.6)
Disposals	(1.7)	-	(1.7)
Depreciation charge	(389.6)	(39.0)	(428.6)
Currency translation differences	28.7	-	28.7
Closing net book value	**1,339.0**	**33.2**	**1,372.2**

Notes to the financial statements (continued)

14(b) Plant and equipment (continued)

Group	Plant and equipment	Motor vehicle	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2021			
Opening net book value	1,339.0	33.2	1,372.2
Additions	67.8	28.1	95.9
Disposals	(1.1)	(0.5)	(1.6)
Depreciation charge	(342.9)	(34.3)	(377.2)
Currency translation differences	17.6	-	17.6
Closing net book value	**1,080.4**	**26.5**	**1,106.9**
As at 31 December 2021			
Cost	8,788.4	577.3	9,365.7
Accumulated depreciation	(7,708.0)	(550.8)	(8,258.8)
Net book value	**1,080.4**	**26.5**	**1,106.9**

Company	Plant and equipment	Motor vehicle	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2020			
Opening net book value	1,295.0	54.6	1,349.6
Additions	19.1	12.5	31.6
Disposals	(0.2)	-	(0.2)
Depreciation charge	(296.4)	(30.4)	(326.8)
Closing net book value	**1,017.5**	**36.7**	**1,054.2**
As at 31 December 2020			
Cost	6,615.7	466.3	7,082.0
Accumulated depreciation	(5,598.2)	(429.6)	(6,027.8)
Net book value	**1,017.5**	**36.7**	**1,054.2**
Year ended 31 December 2021			
Opening net book value	1,017.5	36.7	1,054.2
Additions	52.6	12.5	65.1
Depreciation charge	(252.5)	(30.4)	(282.9)
Closing net book value	**817.6**	**18.8**	**836.4**
As at 31 December 2021			
Cost	6,668.3	478.8	7,147.1
Accumulated depreciation	(5,850.7)	(460.0)	(6,310.7)
Net book value	**817.6**	**18.8**	**836.4**

Notes to the financial statements (continued)

15. Intangible assets

Group	Goodwill	Computer software	Transmission frequencies	Total
	Shs m	Shs m	Shs m	Shs m
As at 1 January 2020				
Cost	187.9	736.6	27.2	951.7
Impairment/ accumulated amortization	(164.9)	(568.0)	(27.2)	(760.1)
Net book value	**23.0**	**168.6**	**-**	**191.6**
Year ended 31 December 2020				
Opening net book value	23.0	168.6	-	191.6
Additions	-	155.5	-	155.5
Amortization	-	(54.4)	-	(54.4)
Currency translation differences	-	0.2	-	0.2
Closing net book value	**23.0**	**269.9**	**-**	**292.9**
Year ended 31 December 2021				
Opening net book value	23.0	269.9	-	292.9
Additions	-	27.6	-	27.6
Amortization	-	(80.9)	-	(80.9)
Currency translation differences	-	0.3	-	0.3
Closing net book value	**23.0**	**216.9**	**-**	**239.9**
As at 31 December 2021				
Cost	187.9	920.2	27.2	1,135.3
Impairment/ accumulated amortization	(164.9)	(703.3)	(27.2)	(895.4)
Net book value	**23.0**	**216.9**	**-**	**239.9**

The goodwill arose from the historical acquisition of various entities and is allocated to the newspaper and broadcasting segments. The directors monitor goodwill impairment at the level of the acquired entity, being the cash generating unit (CGU). The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

A segment-level summary of the goodwill allocated is presented below:

	Operating Segment	2021	2020
		Shs m	Shs m
Monitor Publications Limited (MPL)	Newspapers	23.0	23.0

Movement in goodwill	**2021**	**2020**
	Shs m	Shs m
At start of year	23.0	23.0
Impairment of goodwill	-	-
At end of year	**23.0**	**23.0**

Significant estimates : key assumptions used for value-in-use calculations.

Notes to the financial statements (continued)

15. Intangible assets (continued)

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of goodwill has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media industry in which the CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them;

	Monitor Publications Limited	
	2021	**2020**
Pre-tax Discount rate	19.1%	17.7%
Long term growth rate	1.6%	4.8%
Gross profit margin	87%	85%

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax Discount rate* - reflects the specific risks relating to the relevant segments and the countries in which they operate. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.

- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports eg inflation rate.

- *Gross profit margin* - is based on past performance and management's expectations for the future.

No impairment was noted from the calculations done by management. Sensitivity analysis conducted by management did not result in impairment upon applying reasonable possible shifts in key assumptions.

Notes to the financial statements (continued)

15. Intangible assets (continued)

Company	Computer software	Transmission Frequencies	Total
	Shs m	Shs m	Shs m
As at 1 January 2020			
Cost	670.8	27.2	698.0
Accumulated amortization	(503.1)	(27.2)	(530.3)
Net book value	**167.7**	**-**	**167.7**
Year ended 31 December 2020			
Opening net book value	167.7	-	167.7
Additions	151.9	-	151.9
Amortization	(53.0)	-	(53.0)
Closing net book value	**266.6**	**-**	**266.6**
As at 31 December 2020			
Cost	822.7	27.2	849.9
Accumulated amortization	(556.1)	(27.2)	(583.3)
Net book value	**266.6**	**-**	**266.6**
Year ended 31 December 2021			
Opening net book value	266.6	-	266.6
Additions	26.2	-	26.2
Amortization	(79.0)	-	(79.0)
Closing net book value	**213.8**	**-**	**213.8**
As at 31 December 2021			
Cost	848.9	27.2	876.1
Accumulated amortization	(635.1)	(27.2)	(662.3)
Net book value	**213.8**	**-**	**213.8**

Notes to the financial statements (continued)

16. Leases

(i) Right of Use Asset

Group	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021					
At start of year	67.5	557.6	7.7	11.8	644.6
Additions	-	9.3	-	-	9.3
Amortization for the year	(1.8)	(132.5)	(4.3)	(5.2)	(143.8)
Currency translation differences	1.3	5.7	-	1.7	8.7
At end of year	**67.0**	**440.1**	**3.4**	**8.3**	**518.8**
Year ended 31 December 2020					
At start of year	67.4	783.6	8.1	12.5	871.6
Additions	-	32.2	3.9	14.7	50.8
Amortization for the year	(1.8)	(136.2)	(4.3)	(8.3)	(150.6)
Lease Modifications	-	(132.9)	-	(7.3)	(140.2)
Currency translation differences	1.9	10.9	-	0.2	13.0
At end of year	**67.5**	**557.6**	**7.7**	**11.8**	**644.6**

Amounts charged to profit and loss account during the year in relation to short term leases amounted to Shs 2.9 million.

Company	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021					
At start of year	39.5	456.1	7.6	-	503.2
Additions	-	6.4	-	-	6.4
Amortization for the year	(1.4)	(87.2)	(4.2)		(92.8)
At end of year	**38.1**	**375.3**	**3.4**	**-**	**416.8**
Year ended 31 December 2020					
At start of year	40.9	653.2	8.1	-	702.2
Additions	-	23.7	3.8	-	27.5
Amortization for the year	(1.4)	(89.8)	(4.3)	-	(95.5)
Lease modification	-	(131.0)	-	-	(131.0)
At end of year	**39.5**	**456.1**	**7.6**	**-**	**503.2**

The company does not have any short-term leases.

Notes to the financial statements (continued)

16. Leases (continued)

ii) Lease liabilities

The movement in the lease liabilities over the year was as follows:

Group	Buildings	Plant and Equipment	Motor Vehicle	Total
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021				
At start of year	557.6	8.4	13.6	579.6
Additions	9.3	-	-	9.3
Interest on lease liability	43.5	0.7	0.4	44.6
Interest payment	(43.5)	(0.7)	(0.4)	(44.6)
Principal portion of lease payment	(118.5)	(4.3)	(5.7)	(128.5)
Currency translation differences	7.0	-	1.0	8.0
At end of year	**455.4**	**4.1**	**8.9**	**468.4**
Year ended 31 December 2020				
At start of year	800.5	8.5	13.0	822.0
Additions	32.2	3.8	14.8	50.8
Interest on lease liability	40.9	0.9	0.2	42.0
Lease modification	(133.1)	-	(9.7)	(142.8)
Interest payment	(40.9)	(0.9)	(0.2)	(42.0)
Principal portion of lease payment	(153.0)	(3.9)	(5.5)	(162.4)
Currency translation differences	11.0	-	1.0	12.0
At end of year	**557.6**	**8.4**	**13.6**	**579.6**

Company	Buildings	Plant and Equipment	Motor Vehicle	Total
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021				
At start of year	445.7	8.4	-	454.1
Additions	6.4	-	-	6.4
Interest on lease liability	41.0	0.7	-	41.7
Interest payment	(41.0)	(0.7)	-	(41.7)
Principal portion of lease payment	(71.2)	(4.3)	-	(75.5)
At end of year	**380.9**	**4.1**	**-**	**385.0**
Year ended 31 December 2020				
At start of year	666.3	8.5	-	674.8
Additions	23.7	3.8	-	27.5
Interest expense	35.5	0.9	-	36.4
Interest payment	(35.5)	(0.9)	-	(36.4)
Principal portion of lease payment	(113.8)	(3.9)	-	(117.7)
Lease modification	(130.5)	-	-	(130.5)
At end of year	**445.7**	**8.4**	**-**	**454.1**

Notes to the financial statements (continued)

16. Leases (continued)

ii) Lease liabilities (continued)

The split of the lease liabilities is as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Current	96.7	131.2	55.1	96.3
Non-current	371.7	448.4	329.9	357.8
At end of year	**468.4**	**579.6**	**385.0**	**454.1**

iii) Net debt reconciliation

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Cash and cash equivalent	2,111.9	1,344.2	1,633.5	1,063.2
Short-term investments	1,846.7	1,530.0	1,696.2	1,338.3
Lease liabilities	(468.4)	(579.6)	(385.0)	(454.1)
Net cash and cash equivalent/(net debt)	**3,490.2**	**2,294.6**	**2,944.7**	**1,947.4**

Net debt movement

Group	Leases	Cash and Cash Equivalent	Short-term Investment	Total
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021				
At start of year	(579.6)	1,344.2	1,530.0	2,294.6
Financing cash flows	-	729.5	316.7	1,046.2
New leases	(9.3)	-	-	(9.3)
Principal portion of lease payment	128.5	-	-	128.5
Interest payment	44.6	-	-	44.6
Interest expense	(44.6)	-	-	(44.6)
Currency translation differences	(8.0)	38.2	-	30.2
At end of year	**(468.4)**	**2,111.9**	**1,846.7**	**3,490.2**
Year ended 31 December 2020				
At start of year	(822.0)	1,039.0	1,520.0	1,737.0
Financing cash flows	-	279.3	10.0	289.3
New leases	(50.8)	-	-	(50.8)
Principal portion of lease payment	162.4	-	-	162.4
Interest payment	42.0	-	-	42.0
Interest expense	(42.0)	-	-	(42.0)
Lease modification	142.8	-	-	142.8
Currency translation differences	(12.0)	25.9	-	13.9
At end of year	**(579.6)**	**1,344.2**	**1,530.0**	**2,294.6**

Notes to the financial statements (continued)

16. Leases (continued)

iii) Net debt reconciliation (continued)

Net debt movement (continued)

Company	Leases	Cash and Cash Equivalent	Short-term Investment	Total
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2021				
At start of year	(454.1)	1,063.2	1,338.3	1,947.4
Financing cash flows	-	570.3	357.9	928.2
New leases	(6.4)	-	-	(6.4)
Principal portion of lease payment	75.5	-	-	75.5
Interest payment	41.7	-	-	41.7
Interest expense	(41.7)	-	-	(41.7)
At end of year	**(385.0)**	**1,633.5**	**1,696.2**	**2,944.7**
Year ended 31 December 2020				
At start of year	(674.8)	817.3	1,362.0	1,504.5
Financing cash flows	-	245.9	(23.7)	222.2
New leases	(27.5)	-	-	(27.5)
Principal portion of lease payment	117.7	-	-	117.7
Interest payment	36.4	-	-	36.4
Interest expense	(36.4)	-	-	(36.4)
Lease modification	130.5	-	-	130.5
At end of year	**(454.1)**	**1,063.2**	**1,338.3**	**1,947.4**

Notes to the financial statements (continued)

17. Investment in associate

	Group	
	2021	2020
	Shs m	Shs m
At start of year	1,485.4	1,422.6
Share of profit before income tax	59.5	75.0
Share of income tax expense	(20.6)	(22.9)
	38.9	52.1
Dividends received	(7.7)	(7.7)
Share of other comprehensive income	23.9	18.4
At end of year	**1,540.5**	**1,485.4**

Reconciliation of summarised financial information to investment in associate

PDM net assets	8,089.6	7,816.2
Group's 20% interest in associate	1,617.9	1,562.8
Fair value adjustment on acquisition	(77.4)	(77.4)
Investment in associate at year end	**1,540.5**	**1,485.4**

Property Development and Management Limited (PDM) principle activity is property investment, development and management. PDM operates primarily in the East African region. The associate company leases one of its property to the group as disclosed in note 32.

Investment in associate is carried in the consolidated statement of financial position at amounts that reflect the Group's share of the net assets of the associate and includes goodwill on acquisition.

Other comprehensive income from associate relates to the net fair value (loss)/gain on financial assets (quoted and unquoted investments).

The group holds an interest of 20% in PDM. Key financial information on the associate, PDM which was incorporated in kenya and is unlisted, was as follows:

	Current assets	Non- Current assets	Current liabilities	Non- current liabilities	Revenues	Profit/ (loss)	Other Com-pre-hensive income
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year 2021 PDM	508.2	9,525.7	582.8	1,361.5	935.7	194.7	119.7
Year 2020 PDM	342.2	9,794.4	728.3	1,592.1	939.5	262.1	92.1

There were no changes in the interest held in the unlisted associate during the year. The initial investment in associate carried in the Company's statement of financial position is Shs 94.6 million (2020: Shs 94.6 million).

Notes to the financial statements (continued)

18. Investment in subsidiaries

The Company's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the Company, were as follows as at 31 December 2021 and 2020:

				Company	
	Country of incorporation	Principal Activity	Holding %	2021 Shs m	2020 Shs m
Trading subsidiaries:					
Nation Marketing & Publishing Limited	Kenya	Magazines Distribution	100.0	0.5	0.5
Monitor Publications Limited	Uganda	Print Publication	83.3	75.1	75.1
Mwananchi Communications Limited	Tanzania	Print Publication	100.0	569.3	569.3
Nation Holdings Tanzania Limited	Tanzania	Property Development	100.0	150.4	150.4
Africa Broadcasting Uganda Limited	Uganda	Television Broadcasting	100.0	347.7	347.7
Nation Holdings Rwanda Limited	Rwanda	Print Circulation	100.0	8.3	8.3
Kenya Buzz Limited	Kenya	Ticketing	51.0	2.0	2.0
				1,153.3	**1,153.3**
Non trading subsidiaries:					
Nation Carriers Limited	Kenya	Dormant	100.0	3.0	3.0
Nation Infotech Limited	Kenya	Dormant	100.0	1.5	1.5
East African Televisions Network Limited	Kenya	Dormant	100.0	-	-
Africa Broadcasting Limited	Kenya	Dormant	100.0	-	-
Nation Newspapers Limited	Kenya	Dormant	100.0	-	-
Nation Carriers Uganda Limited	Uganda	Dormant	100.0	-	-
Nation Carriers Tanzania Limited	Tanzania	Dormant	100.0	-	-
Africa Broadcasting Tanzania Limited	Tanzania	Dormant	100.0	-	-
Nation Printers and Publishers Limited	Kenya	Dormant	100.0	-	-
Radio Uhuru Limited	Tanzania	Dormant	100.0	20.5	20.5
				1,178.3	**1,178.3**
Provision for impairment on investment in:					
Mwananchi Communications Limited				(416.8)	(416.8)
Africa Broadcasting Uganda Limited				(17.5)	(17.5)
Radio Uhuru Limited				(20.5)	(20.5)
Nation Holdings Rwanda Limited				(8.3)	(8.3)
Nation Holdings Tanzania Limited				(12.4)	(12.4)
				(475.5)	(475.5)
Net investment in subsidiaries				**702.8**	**702.8**

Notes to the financial statements (continued)

18. Investment in subsidiaries (continued)

The company tests whether investment in subsidiaries has suffered any impairment whenever indicators are noted. The Directors performed a valuation exercise on Mwananchi Communications Limited. The recoverable value of the entity has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The following table sets out the key assumptions:

	Mwananchi Communications Limited	
	2021	**2020**
Pre-tax Discount rate	17.1%	16.7%
Long term growth rate	6.0%	5.9%
Gross profit margin	71%	72%

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax Discount rate* - reflects the specific risks relating to the entity and the countries in which the subsidiary operates. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.

- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports e.g. inflation rate.

- *Gross profit margin* - is based on past performance and management's expectations for the future.

Following the above exercise, there was no additional provision for impairment made on the Company's investment in Mwananchi Communications Limited.

Notes to the financial statements (continued)

19. Non-controlling interest

Group	2021	2020
	Shs m	Shs m
At start of the year	69.5	63.9
Share of profit/ (loss)	1.3	(0.2)
Currency translation difference	5.1	5.8
At end of the year	**75.9**	**69.5**

Subsidiary with material non-controlling interest

16.7% equity interest is held by other individuals in Monitor Publications Limited

Monitor Publications Limited which has a 16.7% non-controlling interest operates as a Print Publication and Radio Broadcasting Company in Uganda. A summary of its financial performance is set out below:

Monitor Publications Limited summarised statement of financial position

	2021	2020
	Shs m	Shs m
Current assets	565.9	606.0
Current liabilities	(239.0)	(315.6)
Total current net assets	**326.9**	**290.4**
Non-current assets	195.3	199.7
Non-current liabilities	(13.1)	(28.2)
Total non-current net assets	**182.2**	**171.5**
Total net assets	**509.1**	**461.9**

Monitor Publications Limited summarised statement of comprehensive income

	2021	2020
	Shs m	Shs m
Revenue	835.2	675.0
Profit before income tax	23.4	14.8
Income tax expense	(7.3)	(6.0)
Profit for the year	**16.1**	**8.8**
Other comprehensive income	30.6	34.8
Total comprehensive income	**46.7**	**43.6**

Notes to the financial statements (continued)

19. Non-controlling interest (continued)

Monitor Publications Limited summarised cash flows

	2021	2020
	Shs m	**Shs m**
Net cash (used in)/ generated from operating activities	(5.5)	36.4
Net cash generated from/ (used in) investing activities	10.1	(18.7)
Net cash used in financing activities	(15.8)	(16.5)
Net (decrease)/ increase in cash and cash equivalents	(11.2)	1.2
Cash and cash equivalents at start of year	21.5	17.1
Effect of exchange rates	1.2	3.2
At end of year	**11.5**	**21.5**

The profit allocated to NCI in Monitor Publications Limited is Shs 2.7 million (2020: Shs 1.5 million) while the cumulative NCI balance was Shs 85.0 million (2020: Shs 77.1 million).

20. Other assets

	Group & Company	
	2021	**2020**
	Shs m	**Shs m**
Gross long-term deposits	58.4	77.8
Expected credit loss	(4.5)	(3.1)
Net carrying value	**53.9**	**74.7**
Movement of long-term deposit is as below:		
Opening balance	74.7	111.1
Interest earned	3.5	3.6
Redemption	(22.9)	(36.9)
Expected credit loss	(1.4)	(3.1)
Closing balance	**53.9**	**74.7**

The balance relates to long-term deposits held with a bank as back up funds for staff mortgage scheme. The long-term deposits have been assessed for credit loss based on the credit rating of the financial institution holding the assets. The calculated impairment is as shown in the table above.

21. Inventories

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Raw materials	507.6	407.3	403.8	345.7
Engineering spares	233.3	229.7	205.1	199.9
Other stock	67.8	69.3	67.1	68.2
Gross inventory	**808.7**	**706.3**	**676.0**	**613.8**
Less: provision for obsolete stock	(189.2)	(184.9)	(185.5)	(182.0)
	619.5	**521.4**	**490.5**	**431.8**

Inventories are held at cost using the weighted average costing method. The cost of inventories recognized as an expense and included in the consolidated 'cost of sales' amounted to Shs 787.4 million (2020: Shs 801.6 million). The cost of sales for the company for the company amounted to Shs 559.4 million (2020: Shs 586.3).

Notes to the financial statements (continued)

22. Receivables and prepayments

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Trade receivables	4,447.3	4,565.3	3,254.9	3,435.0
Less: provision for impairment	(2,394.7)	(2,532.2)	(1,565.9)	(1,691.0)
	2,052.6	2,033.1	1,689.0	1,744.0
Due from related parties (Note 32)	2.5	4.0	420.8	604.6
Less: provision for impairment	-	-	(360.9)	(364.8)
	2.5	4.0	59.9	239.8
Other receivables and prepayments	1,493.7	1,467.4	930.2	815.7
	3,548.8	**3,504.5**	**2,679.1**	**2,799.5**

Movement on the provision for impairment of trade receivables is as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
At start of year	2,532.2	2,449.6	1,691.0	1,566.8
Charge for the year	24.2	124.3	(8.8)	124.2
Debt write off	(161.7)	(41.7)	(116.3)	-
At end of year	**2,394.7**	**2,532.2**	**1,565.9**	**1,691.0**

The carrying amounts of the above receivables approximate their fair values.

23. Cash and cash equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash and bank balances and term deposits held with banks, maturing in less than 90 days from origination. The year-end cash and cash equivalent comprise the following:

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Cash and bank balances	577.5	341.7	493.7	272.0
Fixed deposits with banks	1,534.4	1,002.5	1,139.8	791.2
	2,111.9	**1,344.2**	**1,633.5**	**1,063.2**

24. Short-term investments

Fixed deposits with banks	1,246.1	929.9	1,095.6	738.2
Other short-term investments	600.6	600.1	600.6	600.1
	1,846.7	**1,530.0**	**1,696.2**	**1,338.3**

The short term investments include term deposits, treasury bills and other short term investments with maturity more than 90 days but less than one year. Included in the other short term investments is a commercial paper and fixed deposits with related parties. Refer to Note 32 (vii) for further details.

The weighted average effective interest rate on the bank deposits during the year was 8.3% (2020: 7.2%) and that of the other short term investments was 8.6% (2020: 9.7%). The carrying amounts of the above short term investments approximate their fair values.

Notes to the financial statements (continued)

25. Payables and accrued expenses

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Trade payables	567.5	416.1	364.9	280.0
Due to related parties (Note 32)	7.3	9.3	10.6	60.6
Accrued expenses	1,820.9	1,358.3	1,418.4	1,068.1
Other payables	960.6	936.9	587.9	525.0
	3,356.3	**2,720.6**	**2,381.8**	**1,933.7**

The carrying amounts of the above payables and accrued expenses approximate their fair values. The average credit terms extended by key creditors is 90 days.

26. Provisions for claims and other liabilities

	Group		Company	
	Shs m	Shs m	Shs m	Shs m
	2021	2020	2021	2020
At 1 January	558.3	537.9	536.5	515.1
Payments in the year	(20.6)	(43.5)	(19.5)	(40.4)
Charge for the year	41.2	63.9	31.7	61.8
At 31 December	**578.9**	**558.3**	**548.7**	**536.5**

The Group makes specific provisions for claims and other liabilities arising in the normal course of business. Specific provisions are made for estimated claims and other liabilities to the extent that the Group considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. Any insurance reimbursements in relation to claims and other liabilities are only recognized when the Group is certain of reimbursement. Typically, this will only occur when a reimbursement claim is accepted by the insurer.

Due to the nature of these provisions, management is unable to estimate the timing of their settlement with certainty. The impact of discounting on the provision is not considered to be material.

Notes to the financial statements (continued)

27. Post-employment benefit obligation

The Group maintains a gratuity scheme under which qualifying employees are entitled to receive remuneration equal to the sum of two weeks' pay for every year of service completed upon leaving the Group.

The amount included in the statement of financial position arising from the post-employment benefit obligation is arrived at as follows:

	Group and Company	
	2021	**2020**
	Shs m	**Shs m**
Opening balance	(27.5)	6.0
Payments in the year	(3.4)	(46.0)
Charge to P&L	50.0	12.5
Received from scheme	36.5	-
Closing balance	**55.6**	**(27.5)**
Present value of funded obligations	(146.6)	(88.0)
Fair value of plan assets (fixed term deposit)	91.0	115.5
Deficit/Surplus on funded plan	**(55.6)**	**27.5**

Movement of fair value asset	**2021**	**2020**
	Shs m	**Shs m**
Opening balance	115.5	113.5
Interest earned	12.0	2.0
Transfers	(36.5)	-
Closing balance	**91.0**	**115.5**

Movement of funded obligations	**2021**	**2020**
	Shs m	**Shs m**
Opening balance	(88.0)	(119.5)
Charge for the year	(13.8)	(12.5)
Prior year deficit (based on valuation)	(36.2)	-
Interest earned	(12.0)	(2.0)
Payments	3.4	46.0
Closing balance	**(146.6)**	**(88.0)**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is not significant for 2021 and 2020.

The scheme was last valued by an independent actuary as at 31 December 2020. The significant actuarial assumptions were as follows;

	2020
Discount rate	10%
Inflation rate	5%
Current service cost (% salary)	1.6%
Assumed retirement age	60 years

A slight increase or reduction in the actuarial assumptions does not result in a material change in the liability and the Group adopted the most conservative resultant liability.

Risk exposure
The plan is not exposed to any significant risk.

Notes to the financial statements (continued)

28. Dividends

During the year, no interim dividend was paid (2020: Nil). At the annual general meeting to be held in June 2022, a final dividend in respect of the year ended 31 December 2021 of Shs 1.5 per share amounting to Shs 285.4 million will be proposed, excluding treasury shares repurchased during the year. The payment of dividend is subject to withholding tax at the rate of 5% for resident and 15% for non-resident tax payers.

29. Commitments

Capital expenditure

Commitments for capital expenditure at the reporting date are as follows:

	Group	
	2021	**2020**
	Shs m	**Shs m**
Contracted for but not provided for	20.4	1.7

30. Contingent liabilities

The Group is a defendant in various claims brought against the Group in the normal course of business. The Group has made provisions were deemed appropriate in line with group policy and legal advice. In the directors' opinion after taking appropriate legal advice, no significant additional liability will arise from the resolution of these matters beyond what has been provided for in the financial statements.

31. Cash generated from operations

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Reconciliation of profit before tax to cash generated from operations				
Profit before income tax	730.7	119.9	595.3	76.2
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	401.0	450.9	301.1	345.0
Amortization of leases (Note 16)	143.8	150.6	92.8	95.5
Amortization of intangible assets (Note 15)	80.9	54.4	79.0	53.0
Profit on sale of property, plant and equipment	(6.3)	(19.7)	(5.9)	(16.1)
Interest income (Note 8)	(241.7)	(203.2)	(203.9)	(170.6)
Lease finance cost (Note 8)	44.6	42.0	41.7	36.4
Share of result after tax of associate (Note 17)	(38.9)	(52.1)	-	-
Dividend received from associate (Note 17)	-	-	(7.7)	(7.7)
Post-employment benefit obligation changes (Note 27)	50.0	12.5	50.0	12.5
Bad debts written off (Note 22)	161.7	41.7	116.3	-
Trade receivables – provision for impairment (Note 22)	(24.2)	(124.3)	8.8	(124.2)
Provision for claims payment (Note 26)	(20.6)	(43.5)	(19.5)	(40.4)
Exchange (gain)s/losses (Note 6)	(31.0)	(20.2)	(37.2)	(16.6)
Changes in working capital:				
- inventories	(98.1)	135.3	(58.7)	77.1
- receivables and prepayments	(181.8)	201.1	(4.7)	198.8
- payables and accrued expenses, and provisions	707.9	(101.3)	517.0	(33.8)
Post-employment benefit – payments made (Note 27)	(3.4)	(46.0)	(3.4)	(46.0)
Post-employment benefit – funds received from scheme (Note 27)	36.5	-	36.5	-
Cash generated from operations	**1,711.1**	**598.1**	**1,497.5**	**439.1**

Notes to the financial statements (continued)

32. Related parties

Aga Khan Fund for Economic Development, S.A (AKFED) incorporated in Switzerland is the principal shareholder of the Company. There are various other companies which are related to the Group through common shareholdings and directorships.

	Group		Company	
i) Sale of goods and services	**2021**	**2020**	**2021**	**2020**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Subsidiaries:				
Monitor Publications Limited	-	-	9.2	9.7
Mwananchi Communications Limited	-	-	8.9	19.7
Other related parties:				
Property Development and Management Limited	0.3	1.5	0.3	1.5
TPS Eastern Africa Limited	1.9	3.3	1.3	1.6
Jubilee Holdings Limited	9.1	9.4	7.9	8.0
	11.3	**14.2**	**27.6**	**40.5**
ii) Purchase of goods and services				
Subsidiaries:				
Monitor Publications Limited	-	-	15.0	7.8
Mwananchi Communications Limited	-	-	26.3	27.6
Other related parties:				
Property Development and Management Limited	124.9	88.9	124.9	88.9
TPS Eastern Africa Limited	32.4	17.1	1.6	0.6
Jubilee Holdings Limited	206.7	215.1	173.0	181.3
	364.0	**321.1**	**340.8**	**306.2**

Notes to the financial statements (continued)

32. Related parties (continued)

iii) Purchase of treasury shares

The company purchased treasury shares in a share Buyback programme concluded in 2021. See details in note 11.

iv) Outstanding balances from transactions with related parties

	Group		Company	
	2021	2020	2021	2020
Amounts due from related parties	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Subsidiaries:				
Mwananchi Communications Limited	-	-	23.8	41.1
Monitor Publications Limited	-	-	-	159.0
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Nation Marketing and Publishing Limited	-	-	18.2	37.0
Nation Holdings Rwanda Limited	-	-	342.7	327.8
Kenya Buzz Limited	-	-	10.5	12.7
Nation Holdings Tanzania Limited	-	-	19.2	19.1
Other related parties:				
TPS Eastern Africa Limited	2.1	1.9	0.3	0.1
Jubilee Holdings Limited	0.4	0.6	0.3	0.5
Property Development and Management Limited	-	1.5	-	1.5
	2.5	**4.0**	**420.8**	**604.6**
Provision for impairment				
Nation Holdings Rwanda Limited	-	-	(342.7)	(327.8)
Nation Marketing and Publishing Limited	-	-	(18.2)	(37.0)
	2.5	**4.0**	**59.9**	**239.8**
Amounts due to related parties				
Subsidiaries:				
Africa Broadcasting Uganda Limited	-	-	8.2	57.0
Monitor Publications Limited	-	-	0.3	-
Other related parties:				
Property Development and Management Limited	0.8	0.7	0.8	1.3
Jubilee Insurance	3.3	7.8	0.6	1.7
TPS Eastern Africa Limited	3.2	0.8	0.7	0.6
	7.3	**9.3**	**10.6**	**60.6**

Notes to the financial statements (continued)

32. Related parties (continued)

v) Key management compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below.

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Salaries and other short term employment benefits	191.8	149.6	166.9	128.5
Post-employment benefits (Defined contribution)	11.1	10.2	9.6	7.7
	202.9	**159.8**	**176.5**	**136.2**

vi) Directors' remuneration

	Group		Company	
	2021	2020	2021	2020
	Shs m	Shs m	Shs m	Shs m
Fees for services as director	29.6	25.8	27.4	24.0
Salaries and other short term employment benefits	57.1	46.6	57.1	46.6
Other benefits	11.1	3.5	11.1	3.5
	97.8	**75.9**	**95.6**	**74.1**

vii) Other related party transactions

Included as part of short-term investments (Note 23) are the following balances with related parties:

	Group and Company	
	2021	2020
	Shs m	Shs m
Term deposit with Diamond Trust Bank Kenya Limited	422.5	610.0
Short term note investment with Industrial Promotion Services (K) Limited	400.0	400.0
	822.5	**1,010.0**

The short term investment note with Industrial Promotion Services (K) Limited is for a duration of 3 months each (renewable), attracting interest rate of 8.5% per annum for 2021 and 7.8% per annum for 2020.

Principal Shareholders and their respective Shareholding
At 31 December 2021

No.	Name of shareholder	No. of shares held	%
1	THE AGA KHAN FUND FOR ECONOMIC DEVELOPMENT (AKFED)	92,618,177	44.66
2	ALPINE INVESTMENTS LIMITED	21,050,222	10.15
3	NATION MEDIA GROUP (TREASURY SHARES)	17,101,352	8.25
4	KIMANI JOHN KIBUNGA	7,344,116	3.54
5	STANBIC NOMINEES LIMITED	2,677,871	1.29
6	STANDARD CHARTERED NOMINEES RESD A/C KE11450	2,512,210	1.21
7	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915B	2,492,636	1.20
8	SHAH,KANAIYALAL MANSUKHLAL;SHAH,LALITABEN KANAIYALAL	1,140,036	0.55
9	KENYA REINSURANCE CORPORATION LIMITED	1,054,152	0.51
10	MWANGI,PETER KINGORI	947,038	0.46

Distribution of Shareholding
At 31 December 2021

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 - 500	5,244	905,828	0.44
501 - 5,000	5,183	10,764,495	5.19
5,001 - 10,000	802	5,805,789	2.80
10,001 - 100,000	1,075	25,736,976	12.41
100,001 - 1000,000	70	16,192,655	7.81
Over 1,000,000	9	147,990,772	71.36
TOTAL	12,383	207,396,515	100.00

Directors Shareholding

Name	No. of shares held	% of Shareholding
Yasmin Jetha	15,000	0.0072
Wangethi Mwangi	7,450	0.0036
Stephen Gitagama	1,025	0.0005