Delta Corp East Africa Limited (in Liquidation)

Independent Auditor's Report

To the shareholders of Delta Corp East Africa Limited (In Liquidation)

Opinion

We have audited the accompanying Financial Statements of Delta Corp East Africa Limited (In Liquidation), which comprise the Statement of Financial Position as at 31 March, 2017, and the Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the.accompanying Financial Statements give a true and fair view, in all material respects, the financial position of Delta Corp East Africa Limited (In Liquidation) as at 31 March, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Kenyan Companies Act.

Basis for opinion

We conducted our audit in accordance with international Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code)* and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

The shareholders of Delta Corp East Africa Limited (In Liquidation) approved a plan of Members Voluntary Liquidation on 10th September 2013, and the company commenced liquidation shortly thereafter. As a result, the company has changed its basis of accounting for periods subsequent to 10th September 2013 from the going-concern basis to a liquidation basis.

Other information

The directors and liquidator are responsible for the other information. The other information comprises the Directors' and Liquidator's Report as required by the Kenyan Companies Act, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors and liquidator for the Financial Statements

The directors and liquidator are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standard and the requirements of the Kenyan Companies Act, and for such internal control as the directors and liquidator 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 and liquidator are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal Requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the company, so far as appears *from* our examination of those books; and

iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Joy V. *Bhatt -Practicing certificate No. P992.*

Joy V. Bhatt & Co.
Certified Public Accountants (K)
Nairobi.

Date: 12th April, 2017

Statement of Profit or Loss for the year ended 31st March, 2017

	Notes	2017 Kshs.	2016 Kshs.
Other operating income/(loss)	**3**	(235,489)	(1,942,357)
Administrative expenses	**5**	(30,839,061)	(1,073,040)
Other operating expenses	**6**	(20,059)	-
Operating loss		**(31,094,609)**	(3,015,397)
Finance costs	**7**	(12,283)	(12,017)
Loss before tax		**(31,106,892)**	(3,027,414)
Loss for the year		**(31,106,892)**	(3,027,414)
Loss per share	8	(4.107)	(0.328)

Statement of Comprehensive Income for the year ended 31st March, 2017

	2017 Kshs.	2016 Kshs.
Net loss for the year	(31,106,892)	(3,027,414)
Other comprehensive income:		
Total comprehensive loss for the year attributable to the owners of the company	**(31,106,892)**	(3,027,414)

Statement of Changes in Equity for the year ended 31st March, 2017

	Share capital	Share premium	Retained earnings	Total
Balance at 1st April, 2015	143,806,816	25,193,184	71,949,306	240,949,306
Changes in equity in 2016:				
Net loss for the year	-	-	(3,027,414)	(3,027,414)
Redemption of Share Capital and Premium	(68,074,233)	(11,925,767)	-	(80,000,000)
Balance at 31st March 2016	75,732,584	13,267,416	68,921,892	157,921,892
Changes in equity in 2017:				
Dividends paid	-	-	(37,815,000)	(37,815,000)
Net loss for the year	-	-	(31,106,892)	(31,106,892)
Redemption of Share Capital and Premium	(75,732,584)	(13,267,416)	-	(89,000,000)
Balance at 31st March 2017	-	-	-	-

Statement of Financial Position
As At 31st March, 2017

	Notes	**2017 Kshs.**	2016 Kshs.
ASSETS			
Current Assets			
Trade and other receivables	9	-	53,758,482
Amounts due from related parties	17	-	136,150,000
Bank balances and cash	13(a)	12,492,760	380,328
		12,492,760	190,288,810
TOTAL ASSETS		**12,492,760**	190,288,810
EQUITY & LIABILITIES			
Capital & Reserves			
Share capital	14	**-**	75,732,584
Share premium	14	**-**	13,267,416
Retained earnings		**-**	68,921,892
		-	157,921,892
Current Liabilities			
Trade and other payables	11	313,979	5,232,000
Taxation account	12	-	11,905,538
Amounts due to related parties	17	12,178,781	15,229,380
		12,492,760	32,366,918
TOTAL EQUITY & LIABILITIES		**12,492,760**	190,288,810

The financial statements on pages 6 to 20 were approved for issue by the board of directors on 12 April 2017 and were signed on its behalf by:

Director

Director

Liquidator

Statement of Cash Flows
for the year ended 31st March, 2017

	Notes	2017 Kshs.	2016 Kshs.
OPERATING ACTIVITIES			
Cash (used in)/generated from operations	13(b)	**150,832,970**	79,712,724
Income tax paid	12	**(11,905,538)**	-
Net cash (used in)/generated from operating activities		**138,927,432**	79,712,724
FINANCIAL ACTIVITIES			
Repayment of Share Capital and Share Premium	14	**(89,000,000)**	(80,000,000)
Dividends paid	16	**(37,815,000)**	-
Net cash (used in)/generated from investing activities		**(126,815,000)**	(80,000,000)
Net decrease in cash and cash equivalents		**12,112,432**	(287,276)
Cash and cash equivalent at beginning of the year	13(a)	**380,328**	667,604
Cash and cash equivalent at end of the year	13(a)	**12,492,760**	380,328

Notes to the Financial Statements for the year ended 31st March 2017

GENERAL INFORMATION

Delta Corp East Africa Limited is incorporated and domiciled in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of its registered office is L. R. No. 1870/11/236, The Pride Rock No.6, Donyo Sabuk Avenue, P.O. Box 69952 - 00400, Nairobi. The principal activity of the company is purchasing various properties in Kenya for future development and then resale.

1 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

In accordance with IAS 1, Presentation of financial statements("IAS 1"), the Company changed the basis of preparing its financial statements from going concern to liquidation, effective September 10, 2013. As a result, these financial statements have been prepared using the liquidation basis of accounting. They are presented in Kenya Shillings (Kshs).

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with prior year except for the adoption of the above new or revised standards:

a Liquidation basis of accounting

Under the liquidation basis of accounting, all assets and liabilities are measured at their net realizable values. Costs expected to be incurred during the winding up, including administrative costs and professional fees expected to be incurred in future periods until the winding up of the Company is completed, have been accrued. Provisions for contingent liabilities are accrued when the probability of loss is more likely than not. Contingent assets are not accrued unless receipt is virtually certain.

b Revenue recognition

Revenue from sales of properties is recognised when the properties' title has passed. Revenue from non-refundable deposits are recorded when received with related costs. Revenue from sale of services is recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the right to receive the payment is established.

c Inventories

Inventories are stated at the lower of cost and net realisable value as valued by directors. Cost comprises direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Cost of issues are calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of disposal.

d Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any),

The recoverable amount represents the greater of the net selling price and the value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognised in income immediately.

Notes to the Financial Statements for the year ended 31st March 2017

e Property, plant and equipment

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

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

Increases in the carrying amount arising on revaluation are credited to the revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Capital work-in-progress	NIL
Furniture & fittings	12.5%
Office equipment	12,5%
Motor vehicle	25%
Computers, faxes & copiers	30%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

f Intangible asset-computer software costs

Costs incurred on computer software are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 33%.

g Investment property

Buildings held for long-term rental yields and/or capital appreciation and which are not occupied by the company are classified as investment property under non current assets. Investment property is carried at fair value. Leasehold land interest on these properties are treated as operating leases.

h Operating leases

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

i Translation of foreign currencies

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

Notes to the Financial Statements for the year ended 31st March 2017

j Leases and hirepurchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

k Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits defer from net profit as reported in the income statement as it is adjusted in accordance with the Kenyan Income Tax Act. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of the assets and the liabilities in the financial statements on the corresponding tax bases used in the computation of the taxable profit (known as temporary differences), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profits in the future and only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authorities and an entity within the company intends to settle its current tax assets and liabilities on a net basis.

I Comparatives

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

m Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds. Borrowing costs are expensed in the period they occur. Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

n Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

o Provisions

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

p Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Notes to the Financial Statements for the year ended 31st March 2017

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the company con units to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established.

Presentation

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

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to. be paid within 12 monthS of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash

Notes to the Financial Statements for the year ended 31st March 2017

receipts (including all fees, transaction costs and premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. *Derecognition of financial assets*

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been impacted.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment individually. Objective evidence of impairment for receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amounts reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

q Financial liabilities and equity instruments issued by the company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Classification as debt or equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified in the category of other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

r Cash and cash equivalents

These comprise cash on hand and at bank, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to and insignificant risk of changes in value.

s Retirement benefit costs

The liability for post-employment benefit obligations relates to pensions. All full-time staff are covered by the programme.The Company also contributes to a statutory defined contribution pension scheme, the National society security fund (NSSF). Contributions are determined by local statute and shared equally between employer and employee.

The company's obligations to the scheme are charged to the income statement as they fall due.

Notes to the Financial Statements for the year ended 31st March 2017

t Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium'.

Dividend

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with International Financial reporting

Standards requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying company's accounting policies.

In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within current and future financial years. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are set out below:

a Property and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment based on the intended useful lives of the assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

b Inventories

Critical estimates are made by the directors in determining other costs to be included in the cost of inventories to the extent that they are incurred in bringing the inventories to their present location and condition.

c Investment property

Critical estimates are made by the directors in determining the fair value and the portion on prepaid operating lease rentals and buildings for investment property.

d Impairment of financial instruments

The company reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable.

Impairment of non-financial sets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reproting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

e Use of estimate

Effective September 10, 2013; the preparation of financial statements under the liquidation basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Different assumptions could significantly affect these estimates.

Accordingly, the estimated net realizable values of the assets and liabilities may differ from the actual values received or settled in the winding up, and the estimates of future costs expected to be incurred may differ from those actually incurred during the winding up. The primary areas of measurement uncertainty include accruals for the costs expected to be incurred during the winding up (note 11).

Notes to the Financial Statements for the year ended 31st March 2017

		2017 Kshs.	2016 Kshs.
3	**OTHER OPERATING INCOME/(LOSS)**		
	Unrealised exchange gain/(loss)	**(235,489)**	(1,942,496)
	Other income	**-**	139
		(235,489)	(1,942,357)

		2017 Kshs.	2016 Kshs.
4.	**OPERATING LOSS**		
	(a) Items charged		
	The following items have been charged in arriving at operating loss:		
	Unrealised exchange loss	**-**	1,942,496
	Auditors' remuneration - current year	**928,000**	1,044,000

		2017 Kshs.	2016 Kshs.
5.	**ADMINISTRATION EXPENSES**		
	Auditors remuneration	**928,000**	1,044,000
	General expenses	**230,275**	-
	Legal & professional expenses	**1,981,979**	-
	Special damages - out of court settlement	**27,625,000**	-
	Travelling and accomodation	**13,000**	11,200
	Telephone, fax, email & postage	**28,147**	17,840
	Secretarial fees	**32,660**	-
		30,839,061	1,073,040

		2017 Kshs.	2016 Kshs.
6.	**OTHER OPERATING EXPENSES**		
	Penalties and fines	**20,059**	-
		20,059	-

		2017 Kshs.	2016 Kshs.
7.	**FINANCE COSTS**		
	Bank charges	**12,283**	12,017
		12,283	12,017

		2017 Kshs.	2016 Kshs.
8.	**LOSS PER SHARE**		
	Net loss attributable to ordinary shareholders	**(31,106,892)**	(3,027,414)
	Number of ordinary shares	**7,573,258**	9,228,615
	Loss per share	**(4.107)**	(0.328)

a) Basic per share is calculated on the profit/(loss) after taxation and on the average number of ordinary shares in issue during the year.

b) The basic and diluted earnings/(loss) per share are the same.

Notes to the Financial Statements for the year ended 31st March 2017

9. TRADE AND OTHER RECEIVABLES	**2017 Kshs.**	2016 Kshs.
Vat receivable	**-**	11,905,540
Deposits	**-**	1,787
Other receivables & advances	**-**	41,851,155
	-	53,758,482

There were no impairments recognised (see note below); trade receivables are non-interest bearing.
The above represent the fair value of trade and other receivables.

10 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

- Group 1 - new customers/related parties (less than 6 months)/ recent banks.
- Group 2 - existing customers/related parties (more than 6 months) with no defaults in the past/other reputable banks
- Group 3 - existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered. Currently, nothing is in this category.

None of the financial assets that are fully performing has been renegotiated in the last year. Loan to related party is not impaired.

	Kshs. Group 1	**Kshs. Group 2**	**2017 Kshs.**
Cash at bank and short-term bank deposits:			
Company	-	12,492,760	12,492,760
	-	12,492,760	12,492,760

	Kshs. Group 1	**Kshs. Group 2**	**2016 Kshs.**
Cash at bank and short-term bank deposits:			
Company	-	380,328	380,328
	-	380,328	380,328
Loans to related parties:			
Company	-	136,150,000	136,150,000
	-	136,150,000	136,150,000

11 TRADE AND OTHER PAYABLES	**2017 Kshs.**	2016 Kshs.
Provisions	**81,979**	5,000,000
Accruals	**232,000**	232,000
	313,979	5,232,000

2017: A provision has been created towards liquidation expense amounting to Kshs 81,979/-.

Notes to the Financial Statements for the year ended 31st March 2017

12 TAXATION ACCOUNT

	2017 Kshs.	2016 Kshs.
a) Statement of financial position		
Balance as at 01/04/2016	**11,905,538**	11,905,538
Tax paid	**(11,905,538)**	-
Balance as at 31/03/2017	**-**	11,905,538
b) Reconciliation of tax charge to expected tax based on accounting loss		
Accounting loss before taxation	**(31,106,892)**	(3,027,414)
Tax at applicable rate of 30%	**(9,332,068)**	(908,224)
Tax effect of expenses not deductible for tax / (non taxable income)	**9,332,068**	908,224
Current tax charge	**-**	-

13 a) CASH AND CASH EQUIVALENTS

	2017 Kshs.	2016 Kshs.
Cash at bank	**12,492,760**	380,328
	12,492,760	380,328

b) RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM/(USED IN) OPERATIONS

	2017 Kshs.	2016 Kshs.
Loss before income tax	**(31,106,892)**	(3,027,414)
Adjustments for:-		
Operating profit/ (loss) before working capital changes	**(31,106,892)**	(3,027,414)
(Increase)/Decrease in trade and other receivables	**53,758,483**	9,444
(Decrease)/Increase in trade and other payables	**(4,918,021)**	(7,985,806)
Decrease/ (Increase) in related party balances	**133,099,400**	90,716,500
Cash (used in)/ generated from operations	**150,832,970**	79,712,724

14 SHARE CAPITAL

	2017 Kshs.	2016 Kshs.
AUTHORISED		
289,000,000 Ordinary shares of Kshs 10/= each	**2,890,000,000**	2,890,000,000
ISSUED & FULLY PAID UP		
Ordinary shares of Kshs 10/= each	**75,732,584**	143,806,817
Redemption of share capital (2016: 6,807,423 Ordinary shares)	**(75,732,584)**	(68,074,233)
NIL Ordinary shares (2016: 7,573,258 Ordinary shares of Kshs 10/= each)	**-**	75,732,584

Notes to the Financial Statements for the year ended 31st March 2017

	2017 Kshs.	2016 Kshs.
SHARE PREMIUM		
Share premium	**13,267,416**	25,193,184
Redemption of share premium	**(13,267,416)**	(11,925,767)
	-	13,267,416

March 2017: During the year ended 31st March 2017, the twelfth and final distribution of capital was made totalling to Kshs 89,000,000/- (March 2016: During the year ended 31st March 2016, further distributions were made towards redemption of Share Capital and Share Premium amounting to Kshs 80,000,000/-).

15 RESERVES	2017 Kshs.	2016 Kshs.
Share premium	-	13,267,416
Retained earnings	-	68,921,892
	-	82,189,308

16 CONTINGENT LIABILITIES

Contingent liabilities:

March 2017: There were no contingencies at year end (March 2016: During the year ended 31st March 2015; a Civil Case was filed at the High Court, Milimani Law Court under Commercial and Admirality Division, Civil Case Number 152 of 2014 by Edward M Kamau, Ngoroge N Mungai, Peter M Murage and Esther N Omulele trading as (T/A) Muiru Mungai & Company Advocates Versus Delta Resources Limited (former name of Delta Corp East Africa Limited) claiming special damages amounting to KShs. 55.3 million).

17 RELATED PARTIES

The company is related to other companies which are related through common shareholding.

The following transactions were carried out with related parties.

	2017 Kshs.	2016 Kshs.
i) **Delta Square Limited**		
Funds received against sale of property	**(40,748,550)**	(93,850,000)
Distribution in specie	**(95,000,000)**	-
ii) **Amounts due from related party**		
Delta Square Limited	**-**	136,150,000
	-	136,150,000
iii) **Amounts due to related party**		
Neelish Shah	**233,700**	15,229,380
Wave Land Developers Limited (in Liquidation)	**7,232,520**	-
Delta Pan Africa Limited (In Liquidation)	**3,732,312**	-
Delta Offshore Developers Limited (In Liquidation)	**980,249**	-
	12,178,781	15,229,380