

Supersonicz Company Limited

**Annual Report
and Financial Statements**
for the period ended 31st December 2015

Foresight
Chartered Certified & Management Accountants
Garba Jahumpa Road
Bakau New Town, The Gambia

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Financial Highlights

	Period ended 31st December 2015 D'000
Profit before provision for credit losses	5,027
Post Tax profit	3,357
Earnings per Share (bututs)	11.30
Return on Asset (ROA)	5%
Return on Equity (ROE)	47%
Cost income ratio (%)	76%
Liquid Asset Ratio	71%
Non-Performing Loans	Nil
Aggregate Provision Level	1%

General Information

Directors	Mr. Ebrima Cham	(Chairperson)
	Mr. Alhagie Mbow	Member
	Mr. Katim Touray	Member
	Mr. Almami Fanding Taal	Member
	Mr. Dembo Kanheh	Member
	Mr. Almamo Fatty	Member
	Mr Rashid Ashraf	Member
	Mr. Njundu Fatty	Chief Executive Officer

Secretary Mr. Njundu Fatty

Bankers

Central Bank of The Gambia
1/2 Ecowas Avenue
Banjul
The Gambia

Trust Bank Limited
3/4 Ecowas Avenue
Banjul

Ecobank (Gambia) Limited
42 Kairaba Avenue
Kanifing Municipal Council

Guranty Trust Bank (Gambia) Limited
56 Kairaba Avenue
Kanifing Municipal Council

Zenith Bank (Gambia) Limited
56 Kairaba Avenue
Kanifing Municipal Council

Skye Bank (Gambia) Limited
Kairaba Avenue
Kanifing Municipal Council

Auditors

Foresight
Chartered Certified & Management Accountants
Garba Jahumpa Road
Bakau New Town
The Gambia

Registered office

53 Mamadi Manyang Highway
Kanifing
The Gambia

Chairman's Report

I am highly delighted to present to you the first Annual Report & Financial Statement of Supersonicz Financial Limited for the year ended 31st December 2015. I am grateful to all stakeholders who have contributed immensely to our journey thus far:

- to the Government, through Central Bank of The Gambia, for giving us the license and creating an enabling environment to operate a microfinance banking enterprise;
- to the customers for trusting us as a financial service partner;
- to the staff for the hard work and dedication shown;
- and to the shareholders for investing in the *Supersonicz Dream*.

Supersonicz was licensed by the Central Bank of The Gambia in April 2015 to provide

- Microfinance services, including deposit mobilization and the granting of credits to the general public. We had a special focus on those without access to financial services. We aim to promote financial inclusion and stimulate sustainable economic development amongst the economically active poor.
- Foreign currency trading that enables us to support small and medium enterprises that are involved in import and export business to access much need and scarce foreign currency to settle their suppliers abroad.
- Provide remittance or money transfer services. Through this we have developed partnerships with leading money transfer companies like Western Union, RIA, Money Gram, Supersonicz Money Transfer and Aftab Currency Exchange to provide accessible money transfer services to both those who send and receive money.

Supersonicz – *The Microfinance* evolved from Supersonicz Money Transfer, which was established in 2009 as an authorized and licensed money service business in United Kingdom (UK). Building on the success of the UK business, the Company branched out to The Gambia and opened Supersonicz Financial FX Bureau in 2013. On the back heel of the success of the money transfer business we evolved the company into Supersonicz – The Microfinance.

The Supersonicz Mission & Vision

Ladies and Gentlemen!

In this first annual general meeting (AGM), I wish to emphasise the Mission, Vision and Core Values of our company. These principles shape and guide our strategies and operations.

Our Mission: “To facilitate financial inclusion and stimulate sustainable economic development of our communities, using Sharia-compliant micro-finance instruments that leverage on technology and the skills of our people in creating everlasting customer experience.”

Since April 2015 when we secured our operating license from Central Bank of The Gambia (CBG), promoting financial inclusion has been the bedrock of our business. We worked with local communities, such as petty market vendors, women associations and the entrepreneurial poor at large, to stimulate sustainable economic development. We believe that one of the major factors that hinder community development in The Gambia is lack of capital. Making banking service easily accessible and affordable we believe we will enhance capital formation and thereby alleviate poverty and promote entrepreneurial development. During the first 9 months of operations, we developed savings schemes that allow customers to bank easily. For instance, our *Condaneh Collection Service* and *Tes-tes Savings Accounts* (Business Development Account) enable small clients save easily and further plough back into their businesses.

During the period under review, we have also endeavoured to harness the potentials of technology to deliver service to our customers. Some of the ICT-driven services that we have deployed from the very inception of operations include Internet Banking and SMS Alert Service. Our customers have expressed great delight and satisfaction about these two services and the Board & Management will continue to explore similar services.

Another cardinal strategy of our business is to provide option for Gambians to have access to Islamic financing. The enactment of the new Microfinance Act is an encouraging development and I believe it has paved way for us to start full blown Islamic microfinance activities. In a country where at least 90% of the population is Muslim, delivering tailor-made Sharia-compliant financing models will offer special advantage.

Our staff members are the most valuable capital of our company and our strategy is to attract, recruit and retain young talent in order to continue delivery outstanding service that is professional and ethical.

Ladies and Gentle! At Supersonicz, ***We cherish economically and socially progressive societies where people live in dignity with respect, high sense of responsibility and continuously building positive relationships.*** In differentiating our service Supersonicz – *The Micro-finance* is based on the 3Rs of **Respect + Responsible + Relationship**. Through *The Supersonicz 3Rs*, we pledge to:

- Be always respectful to our customers and colleagues alike.
- Have a high sense of responsibility in whatever we do.
- Continuously build positive relationship with all stakeholders.

In line with our vision of increasing financial inclusion and accessibility we have spread our network of business across the entire country. I thank the CEO and team for their relentless efforts in seeing these branches open and operational. It is our vision that they would stimulate economic growth in the areas in which they are open and operational

Financial Performance

In terms of financial performance, our Company remains to be very sound. We have recorded total revenue of D20.67 million while total expense was 15.63 million. I am therefore glad to report the record set by Supersonicz MFI. We continue to maintain strict financial discipline and performance driven strategies in the coming periods.

Industry Outlook

The banking and finance industry in The Gambia over the years has been experiencing substantial and rapid changes. The industry has three licensed micro-finance institutions, several Village Saving and Credit Association (VISACAs), and twelve commercial banks. This engenders some stiff competition but also opportunities, and there are still considerable numbers of the population without access to financial services.

According to a World Bank report, in sub-Saharan Africa growth is estimated to have slowed to 3.5 percent in 2015 from 5.0 percent in 2014. Furthermore, in the Gambia, the impact of Ebola in the neighboring countries seriously affected tourism and bad season in the agriculture sector. The Gambia Bureau of Statistics estimated GDP growth for 2015 at 0.9 percent. Forecast for 2016 is that growth is expected to be supported by strong recovery in tourism and agriculture as well as increased infrastructure spending.

The total assets of the industry increased to D29.3 billion, or 3.8 percent from 2014. Deposit liabilities, on the other hand, totaled D16.5 billion, a decrease of 1.9 percent from 2014. The liquidity ratio averaged 93.0 percent, higher than the statutory minimum requirement of 30.0 percent. Also, the industry recorded a net profit of D604.0 million from D624 million in 2014. The return on assets was 2.1 percent and the return on equity (13.5 percent) compared to 2.2 percent and 15.9 percent respectively in 2014.

Finally, having said the above, the prospects of our business remain high. Your Board and Management will continue to work hard and remain relevant to the communities we operate. We thank each and every one of you for the support as we strive to become a household name in the country. It inspires and gives us more enthusiasm.

Chief Executive Officer's Report

I am highly delighted to present to you the maiden Annual Report & Financial Statement of Supersonicz Financial Limited for the year ended 31st December 2015. The report reviews our performance for the period as well as plans and aspirations for the coming years.

Human Resources

As mentioned by the Chairman 2015 our maiden year was remarkable for Supersonicz Microfinance. It was a period that registered lots of successes and challenges alike.

- We received our operating license from Central Bank of The Gambia in April 2015 and started operations in May. The months leading to this was marked by scouting and recruiting of staff. At present we have recruited 51 staff with 6 of these in our senior management team including Head of Business Development, Head of Operations and Head of Finance & Administration with human resources. These staff members bring on board considerable experience and expertise in finance, banking and management that is highly valued. Getting highly skilled staff in specialized fields like Compliance & Audit, Credit Administration and Islamic Finance remains a challenge. As such, up till end of December, we were not able to fill the Head of Compliance & Audit and the Credit Administration Officer positions. We continue to hunt for the right caliber of staff. However, I am happy to report that we have recently recruited an ACCA qualified personnel as Head Compliance & Audit
- Staff recruitment was followed by intense training and capacity building in Islamic Microfinance, Banking Operations, Customers Service, Business Communication and Soft Skills in Corporate Behaviour for all categories of staff as well as the board. In total over 30 operations and sales staff were recruited and train in the preparatory phase and by 31st December we have recruited and trained 51 staff out of which 3 left. The objective of this training program was to prepare our people for the journey ahead.

Technology

In February 2015, as part of the preparatory arrangements of launching the MFI, we contracted Trust Systems & Software Ltd of India to implement a core Islamic banking software application. The project was delivered within the required timeframe of three months. During this period, our team collaborated with them to

- define the scope of the project;
- conduct requirements analysis and data gathering;
- develop custom solutions and reports;
- conduct training for the staff;
- deploy production and test/training environments.

In addition to the core banking application, we also implemented internet banking and SMS alert solution as a way of delivering enhanced customer experience. These two services have earned us special commendations from customers as they continue to express delight about them.

Branch Network Expansion

As part of our strategy to ensure outreach, accessibility of our service through the country has always been our concern. We started operating with seven branches, namely Jimpex, Kairaba Avenue, Sayerr Jobe Avenue, London Corner, Talinding and Brikama 1 & 2. The London Corner branch was closed in December after opening one at The Mall of Gambia.

By December 2016, our plan is to establish six extra branches/outlets, with focus in the provincial areas such as Basse, Farafenni, Brikama Baa, Barra, Wellingara Ba(Bureng Junction), Latri Kunda Sabiji Market and Old Yundum. This strategy, coupled with the vision to provide cheap alternative financing where the products and services are productivity oriented, has helped us grow exponentially. For instance, within 8 months of operations we registered over 4500 customers across the network. During the same period, we mobilized total deposit liability of D35 million at a growth rate of 25% per month.

Financial Performance

During the period under review, driving revenue and maximizing cost efficiency was our major focus and achievement. Within eight months of operations, we have generated revenue of 20 million Dalasi with profit before tax of 5.02 million. As we earnestly commenced 2016, we anticipate increasing both revenue and profit before tax by 50%.

Our Priorities

The Gambian financial sector is experiencing substantial and rapid changes and stiff competition. There are three licensed non-bank financial institutions operating in the country with twelve commercial banks. Also, the lack of substantial numbers of middle and high income earners has forced even commercial banks to operate at the retail banking level more akin to microfinance. Despite of the aforesaid factors, the greater majority of Gambians are not banked. The year 2015, has witnessed keen competition in the banking and financial services industry. At Supersonicz we endeavoured to meet this challenge through the following:

- Creating and consolidating solid deposit portfolio. As a new MFI, our focus in 2015 was to build the liability base of the company by encouraging small-scale businesses and microenterprises to open accounts and save as a way to promote capital formation, as well as attract competitive sources of funds for lending.
- Building strong corporate structures and policies. During the year under review, we created strong corporate policies and structure that will support and sustain the business into the future as a going concern. This included development of various policies like the Financial Manual, Credit Policy Guidelines and Human Resource Manual & Staff Policy.

As a new institution we have to ensure maintain a high sense of professionalism amongst our staff. Tightening risk control management. With the board having approved the Credit Policy Guidelines and the Finance Manual during the year, we embarked on a series of training programmes for the account officers who are responsible for processing loans and advances. These policies will streamline the process of credit management and administration.

Key targets for 2016

In summary over the coming months by December 2016, we intend to further grow our total deposit liability by 100%, deploy ICT based solutions like mobile money, increase our customer base to 12,000, disburse total of D20million as loans to customers, open 6 additional branches across the country with special focus on rural Gambia, and enhance the profitability of our Company.

Appreciation

Finally, I wish to acknowledge the contribution of all stakeholders who help us to conclude the first year of our operations with commendable achievements. This includes the Central Bank of The Gambia for their supervisory and advisory role; to the hard working and dedicated Management and Staff of Supersonicz; to the shareholders who bought into a mere project document that has now become a reality; to the various partners who created business opportunities for us; to the vendors who help put up the logistics and infrastructure; and most importantly, to our customers who we diligently wish to serve

I thank you all.

Directors' Report

The directors present their report and financial statements for the period ended 31 December 2015.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Banking Act 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The company's principal activity is that of non-bank financial intermediation.

Results for the period and dividend

Results for the period are as presented in the accompanying financial statements.

The directors did not recommend the payment of dividend for the financial period.

Significant changes in fixed assets

Changes in fixed assets are shown in note 13 to the financial statements.

Post Balance Sheet events

There were no significant events after the period end which could affect the results or financial position of the Company.

Incorporation

The company was incorporated on 10th March 2014 and licensed to Central bank of The Gambia operate a Non Bank Financial Institution on 9rd April 2015.

Directors and directors' interest

The directors who held office during the period are shown on page 4.

The directors' beneficial interest in the ordinary shares of the company is shown below. No other changes have occurred between 31 December 2015 and the date of this report.

	Number of shares held 2015
Mr. Njundu Fatty	8,100
	<hr/>
	8,100 <hr/>

Auditors

The auditors, Foresight have indicated their willingness to continue in office pursuant to Section 342 (2c) of the Companies Act 2013.

By order of the board of directors

Secretary

Dated thisday of2016

Independent Auditors' Report To the Members of Supersonicz Company Limited

We have audited the accompanying financial statements of Supersonicz Company Limited, which comprise the balance sheet as at 31st December 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the financial statements

The directors are responsible for the preparation and the fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, the Companies Act 2013 and the Banking Act 2009. This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with Generally Accepted Accounting Principles; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the directors, as well as evaluating the overall presentation of the financial statement.

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

*Supersonicz Company Limited
Annual Report and Financial Statements
for the period ended 31st December 2015*

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31st December 2015, and of its financial performance and its cash flows for the period then ended in accordance with Generally Accepted Accounting Principles and have been properly prepared in accordance with the requirements of the Companies Act 2013 and the Banking Act 2009.



Foresight
Chartered Certified & Management Accountants
Garba Jahumpa Road
Bakau New Town, The Gambia

Date: 21st APRIL 2016

Income Statement

for the period ended 31st December 2015

	<i>Notes</i>	Period ended 31st December 2015 D '000
Interest income	4	3,248
Interest expense	5	(1,616)
Net interest income		1,632
Exchange income		13,698
Fees and commission income		5,347
Total operating revenue		20,677
Operating expenses		
Personnel cost	6	(2,865)
General and administration cost		(9,067)
Depreciation	13	(1,472)
Amortisation of intangible assets	14	(968)
Amortisation of pre-incorporation expenses		(1,256)
Total operating expenses		(15,628)
Operating profit		5,049
Provision for credit losses		(22)
Profit before taxation	7	5,027
Income tax expense	8	(1,670)
Profit for the period		3,357

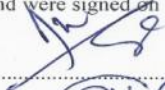
The attached notes form part of these financial statements.


Balance Sheet

as at 31st December 2015

	<i>Notes</i>	Period ended 31st December 2015 D '000
Assets		
Cash and cash equivalents	<i>9</i>	8,337
Treasury bills and other investments	<i>10</i>	42,075
Loans and advances	<i>11</i>	2,155
Other assets	<i>12</i>	6,623
Property, plant and equipment	<i>13</i>	5,139
Intangible assets	<i>14</i>	3,873
Pre-incorporation expenses	<i>15</i>	2,513
Total assets		70,715
Liabilities		
Deposits	<i>16</i>	35,310
Other payables	<i>17</i>	805
Taxation		1,543
Total liabilities		37,658
Equity and reserves		
Share capital	<i>18</i>	29,700
Retained earnings		2,518
Statutory reserve		839
Total equity and reserves		33,057
Total equity and liabilities		70,715

These financial statements were approved by the board of directors on2016
and were signed on its behalf by:


..... Director


..... Director


..... Director

The attached notes form part of these financial statements.

Statement of changes in equity

for the period ended 31st December 2015

	Share Capital D'000	Statutory Reserve D'000	Retained Earnings D'000	Total
Shares issued and fully paid for	29,700	-	-	29,700
Profit for the period	-	-	3,357	3,357
Transfer	-	839	(839)	-
	-----	-----	-----	-----
Balance as at 31st December 2015	29,700	839	2,518	33,057
	-----	-----	-----	-----

Central Bank of The Gambia requires all licensed Financial Institutions that do not meet the minimum capital and statutory reserve ratio of 1:1 to transfer 25% of their annual profits to statutory reserve, thereafter, transfers to reserves decrease to 15%. Accordingly, an amount of D 0.839 million was transferred to statutory reserve for the period.

The attached notes form part of these financial statements.

Statement of cash flows

for the period ended 31st December 2015

	<i>Notes</i>	Period ended 31 December 2015 D'000
Operating activities		
Operating profit		5,027
Depreciation	13	1,472
Amortisation of intangible assets	14	968
Amortisation of preincorporation expenses	15	1,256
Increase in operating assets	19	(54,622)
Increase in operating liabilities	20	36,115
		(9,784)
Cash used in operations		(9,784)
Company tax paid		(127)
		(9,911)
Investing activities		
Acquisition of property, plant and equipment	13	(6,611)
Acquisition of intangible assets	14	(4,841)
		(11,452)
Financing activities		
Proceeds from issue of shares		29,700
		29,700
Cash flows from financing activities		29,700
Net increase in cash and cash equivalent	9	8,337

The attached notes form part of these financial statements.

Notes (forming part of the financial statements)

1. General Information

Supersonicz Financial Services Company Limited is a company incorporated and domiciled in The Gambia. The registered address of the company is 53 Mamadi Manyang Highway K.S.M.D., The Gambia. The company is involved primarily in financial intermediation as Non Bank Financial Institution (NBFI).

2. Basis of Preparation

The following accounting policies have been applied consistently in dealing with items, which are considered material to the Company's financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles, requirements of the Companies Act 2013 and also the Banking Act 2009.

The financial statements were approved by the Board of Directors on2016.

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

These financial statements are presented in The Gambian Dalasis (GMD), which is the Company's functional and presentation currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently in all periods presented in these financial statements in dealing with items, which are considered material to the Company's financial statements.

(a) Foreign currencies

Transactions in foreign currencies are translated to Dalasi at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Dalasi at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are historical cost, are translated to Dalasi at the foreign exchange rate ruling at the date of the transaction.

(b) Interest income

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the company and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement.

Interest earned comprises of interest on loans, treasury bills and bonds and is accounted for on an accruals basis. In respect of loans, recognition of interest income ceases when payment of interest or principal is in doubt and any interest already recognised during that accounting period is reversed. Interest is thereafter included in income only when received.

(c) Fees and commission income

Fees and commission income, including remittances commission, account servicing fees, are recognised as the related services are performed. Fees and commission expense relates to mainly to transaction and service fees, which are expensed as the service is received. Loan fees are credited to income when the loan is granted.

(d) Lease payments made

Payments made under operating leases are recognised in Income Statement on a straight-line basis over the term of the lease.

(e) Income tax

Income tax on the profit for the year comprises current tax and is recognised in the income statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(f) Cash and cash equivalent

Cash and cash equivalents include notes and coins on hand, balances held with local correspondent and central banks and liquid assets with original maturities of less than one year, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position. Cash and cash equivalent as per cash flow statement comprises of cash and bank balances and short term investment.

(g) Loans and advances

Loans are stated after deduction of applicable unearned income and provisions for possible credit losses. Provision for bad and doubtful debts are held in respect of loans taking into consideration both specific and general risks.

Provisions against loans are based on an appraisal of the loan portfolio. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected.

Provisions made during the year less amounts released and recoveries of advances previously written off are charged as a separate amount in the profit and loss account.

(h) Investment securities – treasury bills and placements with Banks

Treasury bills are stated at cost. Credit is taken for related income in the period when it accrues.

(i) Property, plant, equipment and others

(i) Owned assets

Items of property, plant, equipment and others are stated at cost less accumulated depreciation. Freehold and leasehold premises are included in the accounts at their historical costs and the amount of any subsequent valuation.

(ii) *Depreciation*

Depreciation of fixed assets is calculated and charged to the income statement on a straight-line basis by reference to the expected useful lives of the assets at the following rates:

Land is not depreciated. It is the company's policy to maintain freehold and long leasehold premises in a good state of repair and it is considered that the residual values, based on price prevailing at the time of acquisition or subsequent valuation, are such that any depreciation will not be significant. Accordingly, depreciation for freehold buildings is over the estimated useful economic life to a maximum of 50 years. Short leasehold premises are depreciated over the unexpired period of the lease.

Premises - Leasehold	20%
Furniture and Fittings	20%
Office equipment	20%
Motor Vehicles	25%
Computer hardware	20%
Computer software	
(Banking software)	20%

(iii) *Subsequent expenditure*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

(j) **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(k) **Provisions**

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Employee benefits

The company has a defined contribution plan for its employees and obligations for contributions to the Social Security and Housing Finance Corporation administered retirement benefit plan are recognised as expense in the income statement as incurred.

(m) Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

4. Interest income

	Period ended 31st December 2015 D '000
Loans	-
Investments	3,248
	3,248

5. Interest expense

Savings	1,616
Time deposits	-
	1,616

6. Staff numbers and cost

The average number of staff employed during the period (including directors) analysed by category, is as follows:

	Number of employees 2015
Executive director	1
General staff	22
	23

The aggregate payroll costs of these persons were as follows:

	2015 D '000
Wages and salaries	2,671
Provident Fund/ICF	194
	2,865

7. Profit before taxation

**Period ended
31st December
2015
D '000**

The profit before taxation is stated after:

<i>Charging:</i>	
Directors' remuneration	155
Audit fees	175
	330

8. Income tax expense

	Period ended 31st December 2015 D '000
Taxation at 31% of taxable profit	1,670

The tax on the company's turnover for the period ended agrees with the theoretical amount that would arise using the basic tax rate as follows:

Profit before taxation for the year	5,027
	=====
Tax calculated at a rate of 31%	1,558
Depreciation and amortisation	757
Others	43
Capital allowances	(688)
	1,670

Reconciliation of effective tax rate

	%
Income tax using the domestic tax rate	31.0
Depreciation and amortisation	15.1
Other	0.9
Capital allowances	(13.7)
	33.2

9. Cash and local bank balances

Cash	2,744
Balances with other banks	5,593
	8,337

10. Investments

**Period ended
31st December
2015
D '000**

Sukuk Salam 42,075

11. Loans and advances

Micro Enterprises 2,177

2,177

Less:

Provision for bad debts (22)

Interest in suspense -

2,155

12. Other assets

Money Transfer Organisations 6,623

13. Property, Plant and Equipment

	Leasehold Improvement D'000	Furniture & Fittings D'000	Office Equipment D'000	Motor Vehicle D'000	Total D'000
Cost					
Additions	722	1,594	3,008	1,287	6,611
Disposal	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Dec. 2015	722	1,594	3,008	1,287	6,611
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
Charge for the year	144	319	752	257	1,472
Disposal	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Dec. 2015	144	319	752	257	1,472
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2015	578	1,275	2,256	1,030	5,139
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

14. Intangible assets

	Computer Software D'000	Total D'000
Cost		
Additions	4,841	4,841
Disposal	-	-
	4,841	4,841
At 31 Dec. 2015	4,841	4,841
Depreciation		
Charge for the year	968	968
Disposal	-	-
	968	968
At 31 Dec. 2015	968	968
Net book value		
At 31 December 2015	3,873	3,873

15. Pre-incorporation expenses

This represents expenses incurred before the company was incorporated, the total amount of which will be expensed over three years in accordance with a decision by the Board of Directors.

Amount at the beginning of the period	3,769
Amount charge to income statement	(1,256)
	2,513
Balance outstanding	2,513

16. Customer deposits

	Period ended 31st December 2015 D '000
Savings	35,310
	35,310

17. Other payables

Money Transfer Organisations	630
Accruals	175
	805
	805

18. Share Capital

The total number of authorised ordinary shares at period end was 30,000,000 shares with a par value of D5.00 per share. The total number of issued and fully paid shares at the end of the period was 29,700,000 with a par value of D 5.00 per share.

19. Increase in operating assets

Treasury bills and other investments	(42,075)
Funds advanced to customers	(2,155)
Other assets	(6,623)
Pre-incorporation expenses	(3,769)
	(54,622)
	(54,622)

20. Increase in operating liabilities

	Period ended 31st December 2015 D '000
Deposits from customers	35,310
Other payables	805
	36,115

21. Contingent liabilities

Acceptances, endorsements and other obligations	-
	-

22. Capital commitments

Authorised by the Board and contracted for	-
	-
Authorised by the Board but not contracted for	-
	-

23. Related Party Transactions

<i>Compensation of Board members and Senior Management</i>	
Board sitting allowances	155
Salaries and allowances	910
Pension Contributions	-
	1,065

The following are loan balances due from related parties:

Board members	-
Senior management staff	-
	-
	-

The following are loan balances due to related parties:

	Period ended 31st December 2015 D '000
Board members	-
Senior management staff	-
	<hr/>
	-
	<hr/>

24. Comparatives

This being the first set of financial statements, there are no comparative figures.

Supplementary Information

1. General and administration cost

	Period ended 31st December 2015 D'000
Business Entertainment	59
Donation & Gift	78
Staff income tax	396
Consultancy	1,387
Miscellaneous Expenses	177
Bank Charges	207
Office Provision	158
Trek & Local Transport	148
Repairs and Maintenance	847
Internet & Telephone	518
Office Stationery & Supply	584
Fuel	428
Staff Training	457
Rent	1,379
Utilities	581
Security Expenses	126
Board Expenses	155
FX Telex Charges & Commission	111
Marketing & Promotions	951
Vehicle Insurance	9
Trade Licenses, Taxes	136
Audit fees	175
	9,067

2. Shareholding structure

The shareholding of the micro-finance is structured as follows:

	% Shareholding	Number of shares held Period ended 31st December 2015
Mr. Njundu Fatty.	27	8,100,000
Mr Almamo Fatty	27	8,100,000
Katim Touray	11	3,350,000
Lasting Solution	10	3,000,000
Others	25	7,500,000
	<hr/>	<hr/>
	100	29,700,000
	<hr/>	<hr/>