

**Supersonicz Company Limited**

**Annual Report  
and Financial Statements**  
for the year ended 31<sup>st</sup> December 2016

**FORESIGHT**

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

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## Financial Highlights

	<b>Year-Ended 31<sup>st</sup> December 2016 D'000</b>	<b>9 Months Ended 31<sup>st</sup> December 2015 D'000</b>
Profit before provision for credit losses	<b>5,216</b>	5,049
Post Tax profit	<b>4,714</b>	3,357
Earnings per Share (bututs)	<b>13.17</b>	11.30
Return on Asset (ROA)	<b>40%</b>	5%
Return on Equity (ROE)	<b>65%</b>	47%
Cost income ratio (%)	<b>79%</b>	76%
Liquid Asset Ratio	<b>75%</b>	71%
Non-Performing Loans	<b>502</b>	Nil
Aggregate Provision Level	<b>9%</b>	1%

## **General Information**

<b>Directors</b>	Mr. Ebrima Cham	(Chairperson)
	Mr. Alagie 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**

Another year has concluded and I am happy to present to you the 2016 Annual Report of our blossoming company, Supersonicz – *The Microfinance*. Once again, I am grateful to all stakeholders who have helped us in building a strong and vibrant microfinance institution.

### **2016 General Review**

With the eradication of Ebola that plagued West Africa in 2014/15, hopes were high that The Gambian economy will bounce back in 2016 after a period of slowdown. However, the year became very eventful and tough, both politically and economically. This was quite an interesting period as well: the prolonged border crises (extending from February to July 2016) between The Gambia and Senegal had severe economic ramifications for the country; the 2016 presidential elections and the ensuing political impasse also had serious negative implications for The Gambia's economy, especially the finance and banking sector. For instance, during the border crises, transit trade was almost put to a standstill while the banking sector witnessed huge capital flight from the country during the political standoff.

The Gambia's private sector continues to be essentially dominated by micro, small and medium-sized enterprises that operate within the service industry. In some parlance this is seen as the engine of economic growth in the country. Consequently, at Supersonicz our strategy was to specially focus on this micro businesses sector in order to ensure financial inclusion and contribute to the stimulation of sustainable economic development in the country.

### **Key Activities**

1. Products – Supersonicz strives to lead in introducing innovative and relevant product and services. Our Mobile Van Banking Service is one such initiative that extends banking to even the remote areas of Upper River Region (URR) and Central River Region (CRR).
2. Branch Expansion – During the year under review, in a bid to ensure nationwide outreach and facilitate access to finance in rural Gambia, we opened branches in Farafenni, Brikama Baa and Basse. We also opened a branch in Latri Kunda Sabiji market to take Supersonicz services to our growing customer base that bustling catchment area.
3. Employment – We will continue to provide employment opportunities for Gambians, both directly and indirectly. Recruiting and retaining highly motivated workforce remains a cardinal aspect of our business. We will position Supersonicz as employer of first choice in the country.
4. Business promotion – We disbursed approximately D60 million in 2016 supporting various sectors of the economy such as SMEs general trading, women associations, etc.

Our focus is to provide working capital for SMEs and micro business enterprises and 97% of the disbursement was directly accordingly.

### **Financial Performance**

Despite of the huge challenges in the period, in terms of financial performance, our Company remains to be very sound.

- a) We have recorded total operating revenue of D24.8 million (20% increase over previous year) while total expense was 20.7 million.
- b) Our balance sheet grew from D70.72m to D123.39m presenting a 73% increase.
- c) Customer deposits also grew by 100% from D35.31 to D73.71million. I am happy to report that we have been able to achieve budget for this line.

Projections for 2017, with the New Gambia, is quite encouraging and the management would be encouraged to build on this positive and encouraging statistics to further consolidate the Supersonicz brand in the country.

### **Industry Outlook**

The banking and finance industry in The Gambia over the years has been experiencing substantial and rapid changes. The industry has

- a) Three licensed micro-finance institutions,
- b) Several Village Saving and Credit Association (VISACAs), and
- c) Twelve commercial banks.

There are all indications that new players will also enter the market.

The above notwithstanding the environment creates some stiff competition but also opportunities, and there are still considerable numbers of the population without access to financial services. Supersonicz will continue to make a push to provide access to the unbanked population both in the urban as well as the rural areas.

Between 2013 and 2016, real per capita GDP is estimated to have contracted by 20%, suggesting reduced disposable income and thereby limited savings. High public debt in excess of 100% of GDP in 2015 also undermined the stability of the domestic financial sector. Government interest payments alone were forecast to rise to almost 50% of revenues in 2016 from 40% in 2015.

Another factor that characterized the Gambian economy in 2016 and created financial strain is the fluctuation of the Gambian Dalasi. Central Bank official foreign reserves declined significantly and therefore unable to intervene and stabilize the situation. It resorted to periodic

imposition of currency controls such as limiting cash shipment for foreign currencies and fixing foreign currency benchmark rates for money transfer operators.

In spite of the bleak economic and financial outlook during the year, the Board and Management of Supersonicz have endeavoured to position our company as a strong and vibrant microfinance institution serving the needs of the unbanked population. We focused on acquiring more customers and have been able to increase the number of accounts from 4500 as at 31<sup>st</sup> December 2015 to over 9000 as at period ending 31<sup>st</sup> December 2016; achieve greater outreach by penetrating the provinces (i.e. branched out to Basse, Brikama Baa and Farafenni); and with the approval of the Credit Policy Guidelines (CPG), started giving out credit facilities to promote access to fiancé and diversify our revenue based as well.

Finally, having said the above, the prospects of our business remain high, especially with the advent of New Gambia. 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 honoured, once again, to present to you the Annual Report & Financial Statement of Supersonicz Financial Limited for the year ended 31<sup>st</sup> December 2016. The report reviews our performance for the period as well as plans and aspirations for the coming years.

In December 2015, the board approved the budgets and plans of the 2016 financial year which were implemented by the management with the following results:

### **Financial Performance and forecast**

As outlined by the Chairman, 2016 was very eventful for The Gambia and we have witnessed significant socio-economic and political challenges that affected the entire business community and more so our business in particular. The five-month-border-closure and the entire presidential election cycle from September to January 2017 were very uncertain periods and these impacted significantly on micro business that form the backbone of our customers. However within these constraints

- We recorded total operating revenue of D24.8 million. This is a 20% increase over 2015. Our total expenditure was D20.7 million against a 26% increase over last year's figure of D15.63 million. This was mainly a result of the branch expansions, recruitment of additional 31 staff and increase in business operations.

- Our balance sheet grew from D70.72m to D123.39m. This was a 73% increase. Similarly, customer deposits also grew from D35.31 to D73.71million, an increase of over 100%.

With the advent of New Gambia and the opportunities it offers, we project to generate D38.53 million as revenue with net profit of D8.39 during 2017. With the emergence of the democracy and good governance, we anticipate that business opportunities will improve, the country will attract more foreign direct investment, more donor funded projects will be launched as a result of improved relationship with international partners and confidence will once again be restored in the economy. Supersonicz will position itself to take advantage of the greater possibilities.

### **Human Resources**

One core cardinal of our mission and vision is to build a critical mass of highly skilled workforce that will propel growth and ensure sustainability. Recruiting, training, motivating and retaining highly skilled staff force in Islamic financing and Compliance and Audit has been a major challenge all along. We have been able to fill the Head of Compliance & Audit and the Credit Administration Officer positions. I am happy to report that we have recently recruited an ACCA qualified personnel as Head Compliance & Audit. The former was filled through internal staff rotation and the gentleman manning the position has recently taken study leave (without salary) to pursue MSc Degree in Germany. We continue to hunt for the right caliber of staff.

As at 31<sup>st</sup> December 2016, we had a total of 81 staff (42 males and 39 females) from 51 (for the previous period) with 6 at senior level. Succession planning remains a major objective and focus at present.

### **Mobile Bank Service**

Mobile banking service was introduced in May 2016. This service enables us to provide microfinance banking to across the country through the *lumos*. The mobile bank is a van that provides complete banking service for clients at *lumos* in Central River Region and Upper River Region like Jareng, Sare Bujo, and Wassu. This is one initiative that is helping us in promoting financial inclusion and outreach in the rural communities.

### **Branch Network Expansion**

To promote financial inclusion in the form of access to various savings and financing schemes, we established new branches in Farafenni, Brikama Ba and Basse in the provinces and another at Latrikunda Sabiji market. This is part of our strategy to ensure outreach and easy accessibility to our services across the country. Additional branches in Barra and Old Yundum are planned to open in 2017. These two branches will the 2016 branch expansion targets delayed because of slow business activity in the country.

## **Our Priorities**

The Gambian financial sector is experiencing 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. The wider economic and political environment posed further challenges. From October 2016 to February 2017, all available statistics showed businesses were severely affected as sales plummeted, imports reduced and people started moving their cash out of the country fearing the worst.

Despite of the aforesaid conditions, at Supersonicz we endeavored to meet this challenge through the following:

- a) Acquiring more customers and consolidating solid deposit portfolio. As a new MFI, our focus in 2016 continued to be directed at acquiring more clients and building the deposit liability base of the company. We encouraged small-scale businesses and microenterprises to open savings accounts as a way to promote capital formation. In addition to savings, we also provide access to finance to customers. In terms of registering clients, although we fell short of target of 12,000 total accounts, we have been able to double from 4,500 to 9000 accounts by 31<sup>st</sup> December 2016. The D74million deposit liability target was achieved.
- b) Creating strong brand awareness. During the year under review, creating brand awareness was a major area of focus. We embarked on series of radio advertisement campaigns and sponsoring various programmes throughout the year on different FM radio stations. We also installed 3 billboards in strategic locations in the Greater Banjul Area.
- c) Special investment certificate. The Government of The Gambia introduced the special investment certificate through the GIEPA Act 2016 as a mean to attract both domestic and foreign direct investment. Supersonicz is enjoying a five-year tax break (from 2016 to 2021) as a result thereby enabling us to plough back our retained earning into expansion and product development.
- d) As mentioned by the Chairman, in 2016 after the approval of the Credit Policy Guidelines (CPG), we started giving out credit facilities to customers as short-term working capital. We disbursed approximately D60 million in 2016. Supporting various sectors of the economy such as SMEs, general trading, women associations, etc. Our focus is to provide working capital for SMEs, micro business enterprises and women associations (*Kafoos*) and 97% of the disbursement was accordingly directed to these categories.

**Key targets for 2017**

- a) We intend to further grow our total deposit liability to D110.5 million
- b) Deploy ICT based solutions like mobile money,
- c) Increase our customer base to 14,000,
- d) Disburse total of D70million as loans to customers,
- e) Open 2 additional branches in Barra and Old Yundum,

To the shareholders we have a profit before tax (PBT) target of D8.5million.

**Appreciation**

Finally, I wish to acknowledge the contribution of all stakeholders who help us to conclude the second year of our operations with commendable achievements despite of many economic and political challenges.

- a) The Central Bank of The Gambia for their supervisory and advisory role
- b) The hard working and dedicated Board, Management and Staff of Supersonicz
- c) To the shareholders as you steadfastly maintain the vision sold to you
- d) The many other partners who created business opportunities for us;
- e) The vendors who help put up the logistics and infrastructure;
- f) 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 2016.

### **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 10 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 10<sup>th</sup> March 2014 and licensed to Central bank of The Gambia operate a Non Bank Financial Institution on 9<sup>th</sup> 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 2016 and the date of this report.

	<b>Number of shares held</b> <b>2016</b>	<b>Number of shares held</b> <b>2015</b>
Mr. Njundu Fatty	8,100	<b>8,100</b>
	<hr/>	<hr/>
	8,100	<b>8,100</b>
	<hr/>	<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 this .....day of .....2016

## **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 31<sup>st</sup> December 2016, 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.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31<sup>st</sup> December 2016, 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 non-Bank Financial Institutions Act, 2016.

.....  
**FORESIGHT**

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

Date:.....2017

## Income Statement

for the year ended 31<sup>st</sup> December 2016

	<i>Notes</i>	<b>Year ended 31<sup>st</sup> December 2016 D '000</b>	<b>9 Mnths ended 31<sup>st</sup> December 2015 D '000</b>
Interest income	4	12,372	3,248
Interest expense	5	(1,856)	(1,616)
<b>Net interest income</b>		<b>10,516</b>	1,632
Exchange income		9,782	13,698
Fees and commission income		4,512	5,347
<b>Total operating revenue</b>		<b>24,810</b>	20,677
<b>Operating expenses</b>			
Personnel cost	6	(6,888)	(3,718)
Administrative Expenses	7	(4,850)	(2,574)
Operational Expenses	8	(3,390)	(5,433)
Finance Cost	9	(279)	(207)
Depreciation	10	(1,963)	(1,472)
Amortisation of intangible assets	11	(968)	(968)
Amortisation of pre-incorporation expenses	12	(1,256)	(1,256)
<b>Total operating expenses</b>		<b>(19,594)</b>	(15,628)
<b>Operating profit</b>		<b>5,216</b>	5,049
Provision for credit losses		(502)	(22)
<b>Profit before taxation</b>	13	<b>4,714</b>	5,027
Income tax expense	14	-	(1,670)
<b>Profit for the period</b>		<b>4,714</b>	3,357

The attached notes form part of these financial statements.



## Statement of changes in equity

for the year ended 31<sup>st</sup> December 2016

	Share Capital D'000	Statutory Reserve D'000	Retained Earnings D'000	Total
<b>Balance as at 31<sup>st</sup> December 2015</b>	<b>29,700</b>	<b>839</b>	<b>2,518</b>	<b>33,057</b>
Shares issued and fully paid for	-	-	-	-
Profit for the period	-	-	4,714	4,714
Corporation Tax (2015) *	-	1,543	-	1,543
Transfer	-	2,357	(2,357)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 31<sup>st</sup> December 2016</b>	<b>29,700</b>	<b>4,739</b>	<b>4,875</b>	<b>39,314</b>
	<hr/>	<hr/>	<hr/>	<hr/>

\* Supersonicz Microfinance Company in pursuance to the GIEPA Act 2015 has been granted Special Investment Status. 2015 Corporation tax carried forward to 2016 (D1, 543) is hence transferred to Statutory Reserves.

Section 20(1) (a) of the Non-Bank Financial Institutions Act 2016 requires that a non-bank financial institution shall maintain a general reserve fund into which shall be transferred out of its net profits for each year before it declares any dividend and after it has made provision for any taxes an amount not less than fifty percent of its net profit for the year where the amount of its reserve fund is less than fifty percent of its paid-up capital. An amount of D1.956m transferred in 2016 (D.839m in 2015)

The attached notes form part of these financial statements.

## Statement of cash flows

for the year ended 31st December 2016

		Year ended 31 December 2016 D'000	Nine Months ended 31 December 2015 D'000
	<i>Notes</i>		
<b>Operating activities</b>			
Operating profit		4,714	5,027
Depreciation	10	1,963	1,472
Amortisation of intangible assets	11	968	968
Amortisation of pre-incorporation expenses	12	1,256	1,256
Increase in operating assets	22	(33,834)	(54,622)
Increase in operating liabilities	23	47,966	36,115
		<hr/>	<hr/>
<b>Cash used in operations</b>		<b>23,033</b>	<b>(9,784)</b>
Company tax paid		-	(127)
		<hr/>	<hr/>
<b>Cash flows from operating activities</b>		<b>23,033</b>	<b>(9,911)</b>
		<hr/>	<hr/>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	10	(2,631)	(6,611)
Acquisition of intangible assets	11	-	(4,841)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>		<b>(2,631)</b>	<b>(11,452)</b>
		<hr/>	<hr/>
<b>Financing activities</b>			
Proceeds from issue of shares		-	29,700
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>		<b>20,402</b>	<b>29,700</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalent</b>	24	<b>20,403</b>	<b>8,337</b>
		<hr/>	<hr/>

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 on .....2017.

**(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 recognized 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 recognized 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 amortized 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 recognized as a liability in the period in which they are declared.

**4. Interest income**

	<b>Year-ended 31<sup>st</sup> December 2016 D '000</b>	<b>Nine Months ended 31<sup>st</sup> December 2015 D '000</b>
Loans	4,619	-
Investments	7,753	3,248
	12,372	3,248

**5. Interest expense**

Savings	1,543	1,616
Interest on SDF Loan	313	-
	1,856	1,616

**6. Personnel Costs**

**Staff numbers and cost**

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

	<b>Number of Employees 2016</b>	<b>Number of Employees 2015</b>
Executive director	1	1
General staff	80	50
	81	51

The aggregate payroll costs of these persons were as follows:

	<b>Year-ended 31<sup>st</sup> December 2016 D'000</b>	<b>9 Months-ended 31<sup>st</sup> December 2015 D'000</b>
Wages and salaries	5,500	2,671
Provident Fund/ICF	469	194
Staff income tax	899	396
Staff Training	20	457
	<b>6,888</b>	<b>3,718</b>
<b>7. Administration cost</b>		
Donation & Gift	68	78
Board Expenses	120	155
Miscellaneous Expenses	83	177
Office Provision	185	158
Trek & Local Transport	414	148
Internet & Telephone	1,122	518
Office Stationery & Supply	656	584
Utilities	526	581
Audit fees	165	175
International Travel	222	-
Office Expenses	226	-
Legal Fees	73	-
Transport Refund	990	-
	<b>4,850</b>	<b>2,574</b>

	<b>Year ended 31<sup>st</sup> December 2016 D'000</b>	<b>Nine Months end 31<sup>st</sup> December 2015 D'000</b>
<b>8. Operational cost</b>		
Business Entertainment	109	59
Consultancy	-	1,387
Repairs and Maintenance	256	847
Fuel	467	428
Rent	847	1,379
Security Expenses	176	126
FX Telex Charges & Commission	444	111
Marketing & Promotions	721	951
Vehicle Insurance	58	9
Trade Licenses, Taxes	265	136
Incentives	37	-
Building Insurance	10	-
	3,390	5,433
<b>9. Finance Costs</b>		
Bank Charges	279	207
	279	207

## 10. Property, Plant and Equipment

	<b>Leasehold Improvement D'000</b>	<b>Furniture &amp; Fittings D'000</b>	<b>Office Equipment D'000</b>	<b>Motor Vehicle D'000</b>	<b>Total D'000</b>
<b>Cost</b>					
At 01 January 2016	722	1,594	3,008	1,287	6,611
Additions	402	686	1,167	376	2,631
	-----	-----	-----	-----	-----
<b>At 31 Dec. 2015</b>	<b>1,124</b>	<b>2,280</b>	<b>4,175</b>	<b>1,663</b>	<b>9,242</b>
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 01 January 2016	144	319	752	257	1,472
Charge for the year	183	438	1,059	283	1,963
	-----	-----	-----	-----	-----
<b>At 31 Dec. 2015</b>	<b>327</b>	<b>757</b>	<b>1,811</b>	<b>540</b>	<b>3,435</b>
	-----	-----	-----	-----	-----
<b>Net book value</b>					
<b>At 31 December 2016</b>	<b>797</b>	<b>1,523</b>	<b>2,364</b>	<b>1,123</b>	<b>5,807</b>
	-----	-----	-----	-----	-----
<i>Net book value</i>					
<i>At 31 December 2015</i>	<i>578</i>	<i>1,275</i>	<i>2,256</i>	<i>1,030</i>	<i>5,139</i>
	-----	-----	-----	-----	-----

## 11. Intangible assets

	<b>Computer Software D'000</b>	<b>Total D'000</b>
<b>Cost</b>		
At 01 January 2016	4,841	4,841
Additions	-	-
	4,841	4,841
<b>At 31 Dec. 2016</b>	<b>4,841</b>	<b>4,841</b>
<b>Depreciation</b>		
At 01 January 2016	968	968
Depreciation for the year	968	968
	1,936	1,936
<b>At 31 Dec. 2016</b>	<b>1,936</b>	<b>1,936</b>
<b>Net book value</b>		
<b>At 31 December 2016</b>	<b>2,904</b>	<b>2,904</b>
Net book value At 31 December 2015	3,873	3,873

## 12. 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	2,513	3,769
Amount charge to income statement	(1,256)	(1,256)
	1,257	2,513
Balance outstanding	1,257	2,513

### 13. Profit before taxation

	<b>Year ended 31<sup>st</sup> December 2016 D '000</b>	<b>Nine Months ended 31<sup>st</sup> December 2015 D '000</b>
The profit before taxation is stated after:		
<i>Charging:</i>		
Directors' remuneration	313	155
Audit fees	175	175
	_____	_____

### 14. Income tax expense

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: Also in 2016 period under review, Supersonicz has been granted Special Investment Status hence nothing is shown in 2016.

Profit before taxation for the year	<b>3,912</b>	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
	_____	_____

	<b>Year ended 31<sup>st</sup> December 2016 D'000</b>	<b>NineMnt-ended 31<sup>st</sup> December 2015 D'000</b>
<b>15. Cash and local bank balances</b>		
Cash	3,597	2,744
Balances with other banks	25,143	5,593
	28,740	8,337
<b>16. Investments</b>		
Sukuk Salam	55,714	42,075
<b>17. Loans and advances</b>		
Micro Enterprises	14,727	2,177
	14,727	2,177
Less:		
Provision for bad debts	(502)	(22)
	14,225	2,155
<b>18. Other assets</b>		
Money Transfer Organisations	14,748	6,623
<b>19. Customer deposits</b>		
Savings	73,711	35,310

	<b>Year ended 31<sup>st</sup> December</b>	<b>NineMnt-ended 31<sup>st</sup> December</b>
	<b>2016 D'000</b>	<b>2015 D'000</b>
<b>20. Other payables</b>		
Money Transfer Organisations	1,015	630
SDF Loan	8,953	-
Accruals	165	175
LM Transfers	45	-
Cash Express	5	-
	10,370	805
<b>21. Share Capital</b>		
<p>The total number of authorized ordinary shares at period end was 30,000,000 shares with a par value of D1.00 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 1.00 per share.</p>		
<b>22. Increase in operating assets</b>		
Treasury bills and other investments	(13,639)	(42,075)
Funds advanced to customers	(12,070)	(2,155)
Other assets	(8,125)	(6,623)
Pre-incorporation expenses	-	(3,769)
	(33,834)	(54,622)
<b>23. Increase in operating liabilities</b>		
Deposits from customers	38,401	35,310
Other payables	9,565	805
	47,966	36,115
<b>24. Net Increase in Cash &amp; Cash Equalivent</b>		
Cash	853	2,744
Balances with other Banks	19,550	5,593
	20,403	8,337

	<b>Year ended</b> <b>31<sup>st</sup> December</b>	<b>Nine Month-ended</b> <b>31<sup>st</sup> December</b>
	<b>2016</b> <b>D'000</b>	<b>2015</b> <b>D'000</b>
<b>25. Contingent liabilities</b>		
Acceptances, endorsements and other obligations	-	-
	<hr/>	<hr/>
<b>26. Capital commitments</b>		
Authorised by the Board and contracted for	-	-
	<hr/>	<hr/>
Authorised by the Board but not contracted for	-	-
	<hr/>	<hr/>
<b>27. Related Party Transactions</b>		
<i>Compensation of Board members and Senior Management</i>		
Board sitting allowances	313	155
Salaries and allowances	5,500	910
Pension Contributions	-	-
	<hr/>	<hr/>
	<b>5,813</b>	<b>1,065</b>
	<hr/>	<hr/>
<i>The following are loan balances due from related parties:</i>		
Board members	-	-
Senior management staff	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<i>The following are loan balances due to related parties:</i>		
Board members	-	-
Senior management staff	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

## 28. Shareholding structure

The shareholding of Supersonicz Financial Company is structured as follows:

	% Shareholding	Number of shares held	
		31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
Mr. Njundu Fatty.	27	<b>8,100,000</b>	8,100,000
Mr Almamo Fatty	27	<b>8,100,000</b>	8,100,000
Aftab Currency Exchange	10	<b>3,000,000</b>	8,100,000
Lasting Solution	10	<b>3,000,000</b>	3,000,000
Kairawan Fx Bureau	5	<b>1,500,000</b>	1,500,000
Others	21	<b>6,000,000</b>	6,000,000
	<b>100</b>	<b>29,700,000</b>	29,700,000