CDSC

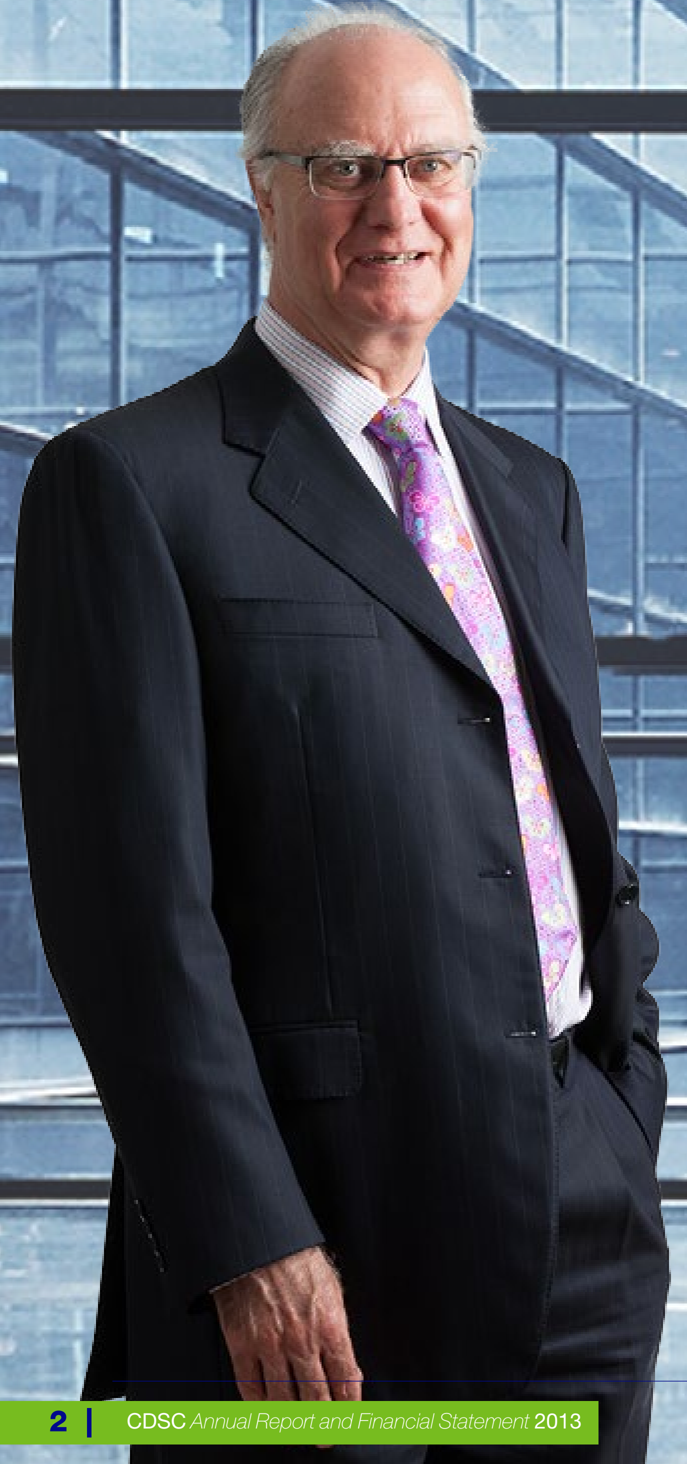
CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION LIMITED

SAFEGUARDING YOUR INVESTMENTS

2013

ANNUAL REPORT &
FINANCIAL STATEMENTS

Contents



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the company's annual report and accounts for the year ended December 31, 2013, together with the highlights of CDSC's performance in that year.

Operating Environment

The peaceful conclusion of the general elections in March 2013 followed by an orderly change of government in April 2013 was underscored by Kenya's strong economic performance during 2013, which registered growth of 5.0 percent. This notable performance has increased Kenya's per capita income to $1040.55 from the previous year's $991, propelling the country into lower middle-income status. This is the culmination of a relatively robust decade of growth with per capita GDP growing by 248% over that period.

Inflation averaged 6.99% having risen from levels of approximately 4% in the first half of the year largely influenced by the implementation of the VAT Act 2013 that led to a rise in prices of a number of important commodities in September 2013.

Despite this, the Central Bank was able to hold a stable monetary policy throughout the year and maintained the benchmark rate at 8.5 percent from May 2013. Commercial bank lending rates were at an average of 16.94 per cent on commercial loans, having opened the year at 18.13 per cent.

Capital Markets Performance

Overall market performance in the year 2013 as measured by the benchmark NSE 20 Share Index rose by 19.21 per cent to close at 4926.97 points up from a low of 4133.02 points posted at the at close of 2012. However, the broader All Share Index (NASI) gained less than 1% to close the year at 136.65.

Activity as measured by Equity Turnover was more robust for the year and rose by 79 per cent to Kshs. 155 billion from Kshs. 86.7 billion in 2012, while the market capitalization stood at 1.92 trillion at the end of 2013 compared to Kshs. 868 million at the end of 2012. The successful completion of the Dematerialization process was a historically significant event in the Kenya's capital markets and excited both local and foreign investors' investment appetite.

Against this, there was a 14 per cent decline in the bonds market due to subdued interest rates. The year recorded turnover of Kshs. 453 billion compared to Kshs. 530 billion posted at the end of 2012.

CDSC Group Performance

The CDSC group reported a pretax profit for the year 2013 of Kshs.92.9 million compared to the company's 2012 results of Kshs. 23.9 million before tax.

There was a 44.2% increase in transaction levy income following improved market turnover throughout the year and the effect of dematerialization which saw investor appetite grow significantly due to increased confidence in the market. Total income increased to Kshs.243.3 up from 172.5million in 2012.

However, CDSC remains highly susceptible to fluctuations in market trading volumes and, consequently, devotes much attention to finding increasingly cost efficient ways of providing an excellent service to the market and to individual investors. 2013 saw the implementation of an organization restructuring, working in conjunction with PricewaterhouseCoopers, as well as finding ways of reducing communication and postage costs by more than 50%. With this focus on efficiency, costs were held at 2012 levels.

The nascent registrars' businesses in Rwanda and Kenya have made encouraging progress and they are expected to mature in 2014, playing roles that complement existing similar services in the market.

Through this careful management of resources, the company has been able to strengthen its capital base, which stands at Kshs. 270.8 million as at December 2013. I am confident that by maintaining this approach to careful management of the company's resources, it will continue to grow stronger, and that this is an appropriate time to secure the strengthened capital base for the good of the company's long term future. Consequently, the shareholders have approved an increase in the Authorised Capital of the company from Kshs. 100 million to Kshs. 200 million of which Kshs. 75 million will be issued and funded by the capitalization of a similar amount of reserves.

Additionally, the shareholders approved the payment of a dividend of Kshs. 10 per share. Although modest, this is a significant milestone in the life of the company as it is the first dividend to be declared.

The Board is cognizant of the various infrastructure projects that are required for CDSC and this has informed the decision to secure the capital base through a capitalization of reserves and related issue of bonus shares. This strong signal of commitment to the company by existing shareholders will help ensure the company has the necessary funding for those investments.

Future Outlook

The World Bank predicts GDP growth for Kenya of 6.0 percent in 2014, up from an estimated 5.0 per cent in 2013.

The NSE 20 share index increased to 4960.65 index points in March from 4926.97 index points in December 2013. With a continuing confident outlook, it is hoped that operations under a fully dematerialized market will provide a positive influence on investors' appetites both locally and globally.

In 2014, CDSC shall continue to pursue a robust growth and diversification strategy within the ambit of the 10 year Capital Markets Master Plan. The upgrade of the core CDS system is underway and is expected to go live in March 2015. Mindful of international standards for best practice, CDSC's corporate score card for 2014 has been benchmarked on the CPSS IOSCO principles for financial markets infrastructures with a compliance program targeting a "fully observed" status by the end of 2014.

Conclusion and Appreciation

I take this opportunity to recognize the shareholders of CDSC whose unwavering support has seen CDSC achieve tremendous success. The shareholders of CDSC are; Capital Markets Challenge Fund holding 50%, whose members comprise East African Breweries Ltd, Apollo Insurance Ltd, Centum, Commercial Bank of Africa Ltd, East African Development Bank, Kenya Commercial Bank, CFC Stanbic Bank, Jubilee Insurance Ltd and Old Mutual Insurance Company Ltd; The Nairobi Securities Exchange holding 22.5%; Kenya Association of Stockbrokers and Investment Banks holding 18%; The Capital Markets Investor Compensation Fund holding 7%; and Uganda Securities Exchange holding 2.5%.

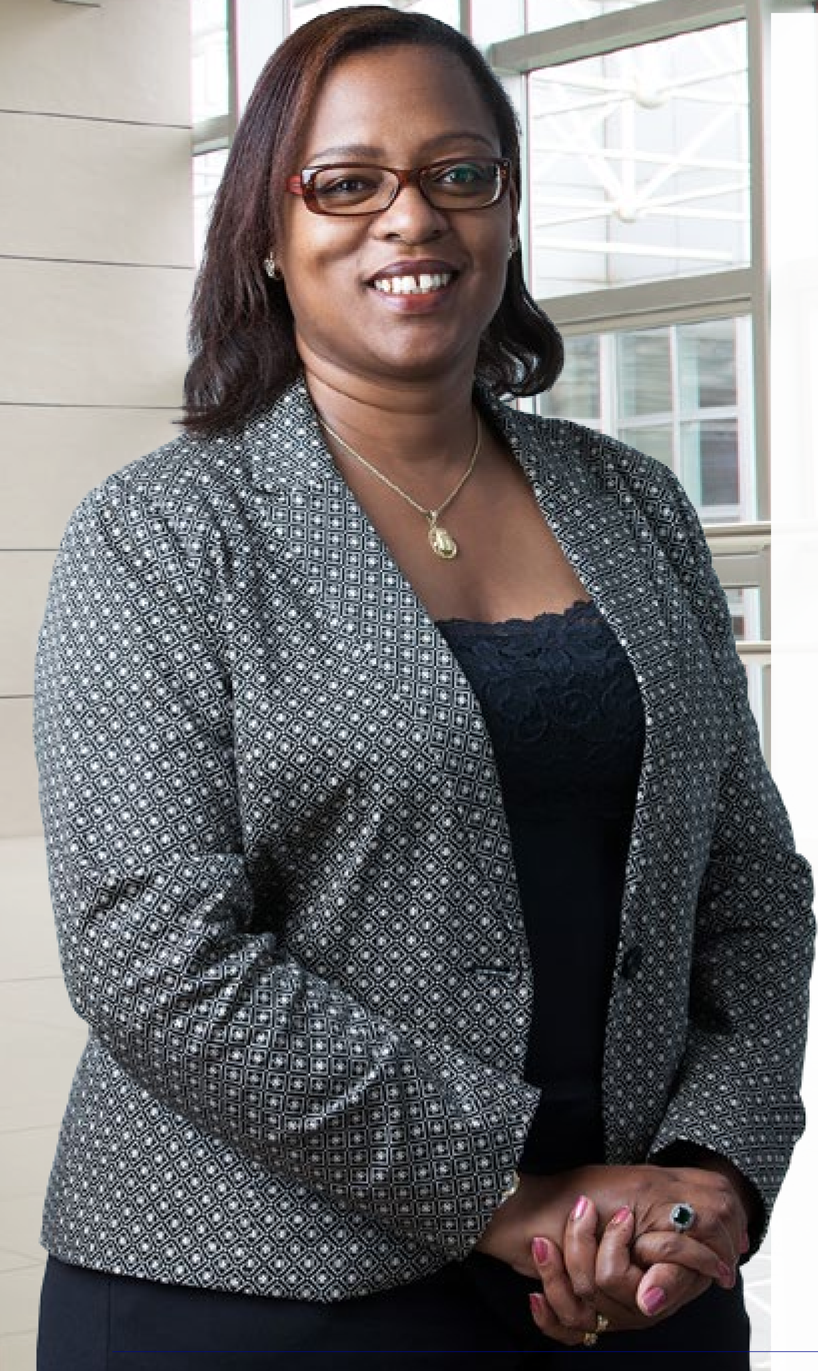
I greatly appreciate the diligence and unwavering support I have continued to enjoy from my fellow directors, without whom the continuous commendable success of CDSC would not have been attainable. I therefore would like to thank all of them for their contribution to the Board and service on the various committees of the Board which play a key role in the corporate governance of our organization.

Very importantly, I would also like to record my sincere gratitude to all the staff, who work with bountiful commitment to ensure CDSC's reputation continues to grow and, without whom, CDSC would not have achieved the impressive results of 2013.

To all the stakeholders and partners, I want to thank you for the continued support and contribution towards CDSC realizing its strategic goals.

Mike Bristow - Chairman
Central Depository & Settlement Corporation Limited

April 2014



Chief Executive Officer's Statement

It has been an exciting year for CDSC, with the highlight in November 2013 when CDSC achieved full dematerialization of all securities listed on the Nairobi Securities Exchange (NSE). With relatively stable macro-economic factors the country as a whole was poised for growth boosted by strong performances in manufacturing and agriculture. The NSE closed the year as the best performing bourse in Africa and the fourth in the World according to the MSCI index, setting the stage for a strong financial performance for CDSC.

It therefore gives me great pleasure, on behalf of the Board of Directors, Management and staff of CDSC, to present to you my report on CDSC's performance in the year 2013, together with highlights of some of the activities undertaken during that year.

Company's Performance

CDSC's group financial statements are presented in detail in the audited accounts for the financial year ended 31 December 2013 contained in this report.
The CDSC group reported a pretax profit for the year 2013 of Kshs. 92.9 million compared to the company's 2012 results of Kshs. 23.9 million before tax.

There was a 44.2% increase in transaction levy income following improved market turnover throughout the year and the effect of dematerialization, which saw investor appetite grow significantly due to increased confidence in the market. Foreign investor participation remained robust throughout the year. Total income increased to Kshs. 243.3 up from Kshs. 172.5 million in 2012. The positive results were also supported by reduction on postage and communication costs from Kshs. 18.7 million posted in 2012 to Kshs. 8.6 million as at December 2013.

Dematerialization of Securities

CDSC completed the dematerialization of all shares listed at the NSE in November 2013, completely eliminating the use of paper certificates in the market. A significant amount of effort was dedicated towards sensitization of the public on the continuing dematerialization processes. A series of informative and engaging workshops were held in the course of the year involving Issuers, their Company Registrars and our Central Depository Agents. Advertising features were published and communication forums put together with the aim of informing and educating investors, thus ensuring that the dematerialization agenda was concluded satisfactorily. These efforts paid off, with the conclusion of the dematerialization process where all equities listed at the NSE were declared dematerialized.

Depository and Settlement Operations

Compared to same period in 2012, the number of central depository accounts rose from 1,981,958 million to stand at 2,470,347 million accounts, a 488,389 difference representing a 24% increase as at 31st December 2013. A significant portion of this increase represents investors who have not yet opened their own accounts, and are therefore represented in the CDS through non trading accounts. The total number of trading accounts is 2,011,479 with the remaining 458,479 being non-trading. The number of shares deposited rose from 32 billion to 80 billion in 2013 signaling the impact of dematerialization.

The face value of corporate bonds deposited by December 2013 was Kshs. 50.8 billion. Market capitalization of immobilized corporate bonds was Kshs. 4.3 trillion representing 63% of total market capitalization which stood at Kshs. 6.9 trillion. Plans are underway to immobilize all corporate bonds by the end of 2014.

Equity Investment Bank, Commercial Bank of Africa and National Treasury joined the list of Central Depository Agents bringing the total number of Central Depository Agents to 37. However, it is important to note that the National Treasury will act as a Central Depository Agent only on behalf of the Government of Kenya.

CDSC Registrars

CDSC Registrars is now a stand-alone auxiliary of CDSC with an independent Board. With full maturity expected by end of 2014, management is confident that it will leverage on technology already in place to competitively offer registry, post trade and corporate actions services to the markets in the region across several products for both listed and non-listed entities.

Corporate Social Responsibility

During the year under review CDSC, together with Nairobi Securities Exchange and the Capital Markets Authority made donations of books and computers to WEMA Centre, a Children's Home in Mombasa. The Board of Directors and Management of the three institutions visited the home in August 2013 and spent a delightful afternoon with the children. Ever mindful of the role and positive impact that good governance has in the capital market and other sectors in the economy, CDSC has continued to partner with the Institute of Certified Public Secretaries of Kenya (ICPSK) in the promotion and sponsorship of the annual Champions of Governance Awards.

Future Outlook

With the successes enjoyed in 2013 signifying a working formula, CDSC is determined to realize the goals outlined in its strategic plan, and play its role towards the realization of the newly launched Capital Markets Master Plan.

With most elements of the 2012 organizational review recommendations having been fully implemented in 2013, CDSC is assured of a more productive and results oriented workforce. The new organizational structure and performance management system have already yielded good results towards the achievement of our predetermined objectives.

The procurement of a new CDS system is in progress with a projected go live date in Q2 of 2015, and the new system will bring new tidings for CDSC. Securities lending, E-voting, collateral management and business intelligence outputs are just a mention of some of the new products envisaged to be rolled out with the new system.

With the new IOSCO principles for financial markets intermediaries, greater emphasis is placed on robust risk management and reporting structures and CDSC is additionally undertaking several initiatives to improve its operational efficiency.

Appreciation

I wish to take this opportunity to express my sincere gratitude to our partners in the dematerialization exercise, the listed companies, shares registrars, Nairobi Securities Exchange and the Capital Markets Authority, who joined hands with us and ensured a successful outcome of this project.

I am also grateful to our customers, shareholders and business partners for their support and loyalty. I would like to thank the Board for their judicious leadership and guidance and the staff for their commitment which has seen CDSC deliver positive results in 2013. I look forward to working with you all in 2014, building on our successes of previous years and embracing lessons learnt along the way, while charting a strong future for CDSC.

Rose Mambo - Chief Executive
Central Depository & Settlement Corporation Limited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Board of Directors

1 Ashok Kumar Mepa Shah

Ashok Kumar Mepa Shah's education is in Applied Chemistry. Professionally he is a Chartered Insurer with ACII. He is a member of the Chartered Institute of Arbitrators (MCIArb) and an Associate of the Insurance Institute of Kenya (AIIK). He is a past Chairman of Association of Kenya Insurers (AKI) He is currently the Group Chief Executive of Apollo Investments Limited. Before taking over this position he was the CEO of APA Insurance from its inception from the merger of the General Insurance business of Apollo Insurance and Pan Africa Insurance. APA is a leading regional player. He is a Director of CDSC representing the Capital Market Challenge Fund. Other directorships include APA Insurance Ltd, Barclays Bank of Kenya, APA Life Assurance, Apollo Asset Management, APA Insurance Uganda and Reliance Insurance Company Ltd in Tanzania. He was the first recipient of the Lifetime Achievement Award for his contribution to the Insurance Industry. Recently he was one of the finalists of the Ernest and Young Enterprenuer of the Year Award in the Masters Category.

2 Mike Bristow

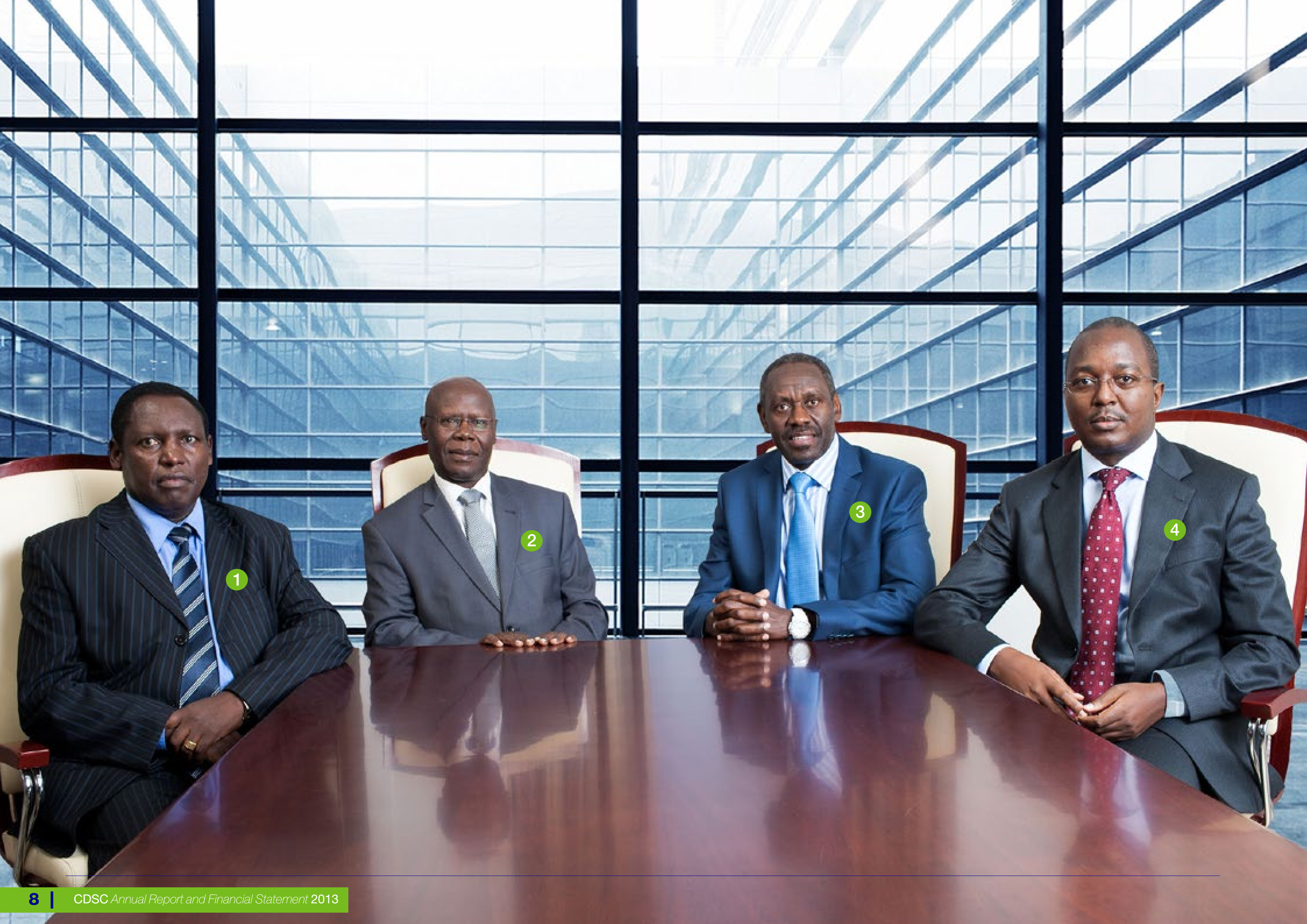
Mike Bristow holds a Masters degree from London University and is a Fellow of the Chartered Institute of Bankers. He is a seasoned banker with considerable experience in retail and corporate banking. He served for many years as the Executive Director of Commercial Bank of Africa, prior to which, he served in various senior executive positions for Barclays Bank in the UK and a number of countries in Africa. He is a non-Executive Director of First Assurance Ltd. He has also served in the Council of the Ghana Stock Exchange.

3 Eunice Mueni Kariuki

Eunice Mueni Kariuki holds an MBA in Strategic Management from Maastricht School of Management (affiliated to ESAMI), a BSc (Hons) degree in Business Studies, a Higher National Diploma in Business Information Technology (BITech), and Chartered Institute of Marketing (CIM) Diploma all from the UK. Eunice is the Marketing Director at Kenya ICT Board where she also doubles up as a Deputy CEO, a position she has held for the last 5 years. Prior to her appointment, she served as the Microsoft public sector manager for 2 years. Eunice founded Records & Archives Management Solutions (RAMS) Ltd in 1999 and served as a managing Director for 7 years. She worked for Eastman Kodak as the public sector document imaging solutions manager for two years from 1997 prior to which, she worked at Avro International Aerospace in UK for a year. She is a nominated member of the Kenya Information & Technology Outsourcing Society (KITOS) where she represents government interests. She is also the National Chair of the Kenya Freedom Online Chapter of the 17 country members Coalition for the freedom of expression online movement.

4 Nkoregamba Mwebesa

Nkoregamba Mwebesa holds an MBA from the Maastricht School of Management and an Upper Second Class Bachelors Degree in Economics and Philosophy from the University of Nairobi. He is the Chief Executive of SBG Securities Ltd, (SBGS), a leading securities trading and placement firm with membership at the Nairobi, Uganda and Rwanda Securities Exchanges. At SBGS, Nkoregamba is responsible for the Sales and Trading (Execution) desks across all distribution channels. He is also responsible for the Capital Markets business with direct oversight for Marketing and Distribution Strategies and Equity and Debt Placement.
Prior to joining SBGS, he was the Chief Executive of the Nairobi Securities Exchange (NSE). At the NSE, Nkoregamba was responsible for the successful implementation of the Automated Trading System (ATS) and also presided over 11 new listings.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Board of Directors

1 Job Kihumba

Job Kihumba is a Fellow of the ICPSK, a member of various professional organizations and holds a Masters in Business Administration from the UK. He is a director at Standard Investment Bank, Nairobi Stock Exchange, Centre for Corporate Governance, East Africa School of Management, among others. He has served with the capital markets industry for over twenty (20) years having been the first CEO of the NSE for nine years (1991-1999), where he is now the second Vice Chairman. Mr. Kihumba has served in various professional and business capacities in many organizations e.g. Chairman of ICPSK, Public Procurement Appeals Board, Association of Professional Societies in East Africa, Development Learning Resources Centre, Africa Capital Markets Forum, International Corporate Governance Forum, among others.

2 Charles Ogalo

Charles Ogalo holds a BSc in Economics from the State University of New York, New Paltz, and an MSc in Economics from Rutgers University, New Jersey. He is currently the Managing Director of Genesis Kenya Investment Management Ltd, a position he has held since 1st April 1996. He is also the Chairman of South Nyanza Sugar Company and Board Member of Ecobank Kenya. Mr Ogalo has served in various positions of responsibility in the banking industry for over 11 years, both locally and internationally before joining Genesis Kenya.

3 Bob Karina

Bob Karina is the Founder and Chairman of Faida Investment Bank and the Vice Chairman of the Nairobi Securities Exchange (NSE) Ltd. He is also the Vice Chairman of the Rwanda Stock Exchange, where he has played a key role in the set up of the Rwanda Stock Exchange (RSE) and serves as the Chairman of the Trading Committee. He is also a Board Member of the Central Depository and Settlement Corporation (CDSC), where he serves as the Chairman of the Finance Committee.

He is an accomplished stockbroker, an information technology professional and a successful businessman. He plays other roles including; Chairman of Asterisks Holdings, Chairman of Norwich Union Properties Ltd., Chairman of Association of Kenya Stockbrokers (AKS) Nominees Ltd and Founder Member of the Institute of Certified Securities and Investment Analysts (ICSIA). He is also a member of the Institute of Directors. He also served as the Director and Chairman of the Finance Committee of the National Chamber of Commerce and Industry.

Mr. Karina was instrumental in the establishment of the CDSC, the implementation of the NSE's Automated Trading System (ATS), the Wide Area Network (WAN), and the Broker Back Office (BBO) system, as the Chair of the implementation committees that spearheaded these developments in the Kenyan Capital Markets. He has broad experience in advising institutional and corporate investors, corporate finance consulting and research analysis. He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.

4 Peter Mwangi

Peter Mwangi is the Chief Executive of the Nairobi Securities Exchange. He is also a Director of the Central Depository and Settlement Corporation in Kenya, a Member of the Executive Committees of the African Securities Exchanges Association (ASEA) and the East African Securities Exchanges Association (EASEA). Before joining the Exchange, Peter was the Managing Director of Centum Investment. Centum is the largest publicly quoted investment company in the East African region.

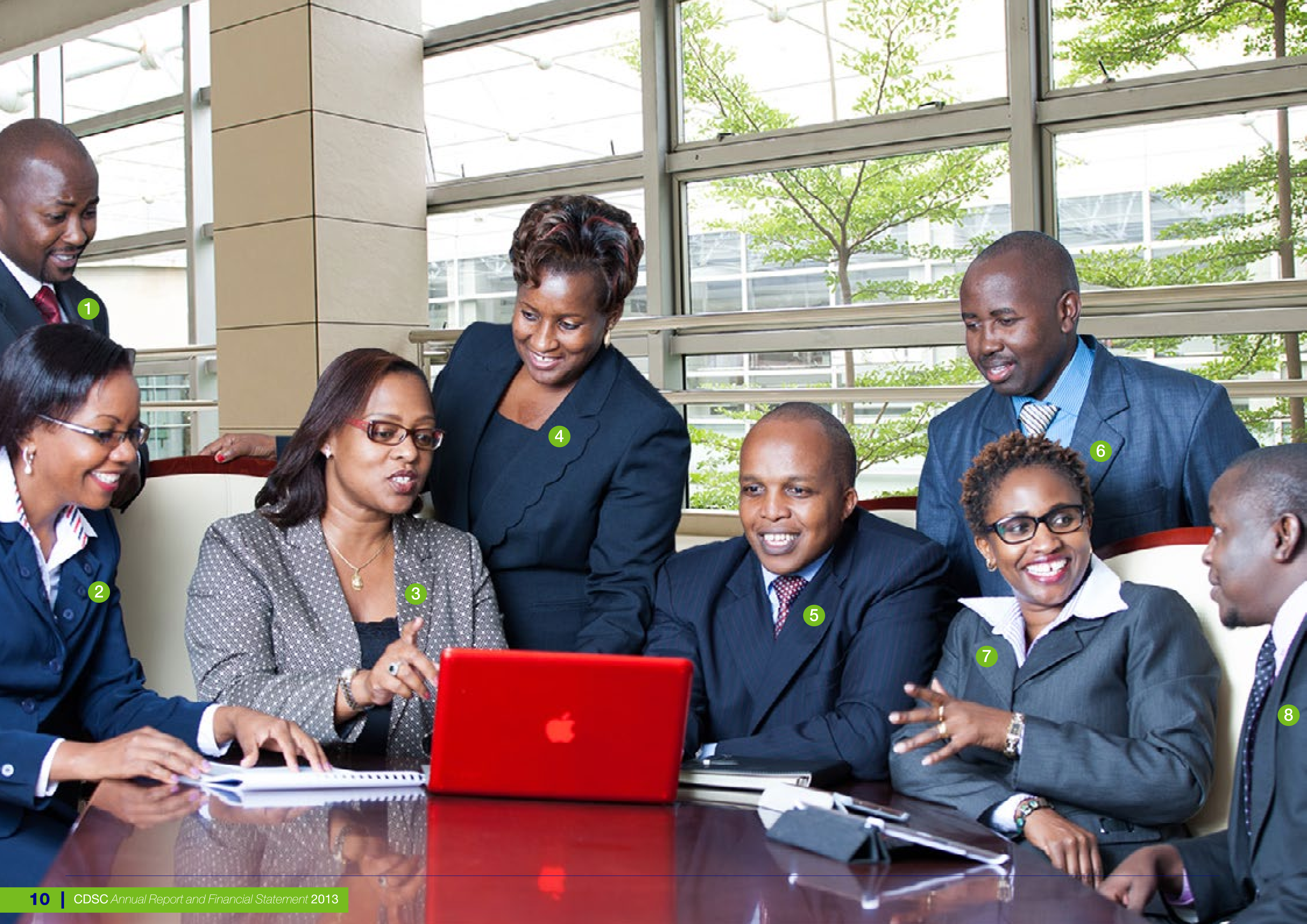
Peter holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi. He is a Certified Public Accountant of Kenya and a CFA Charter holder.

5 James Mworia

James Mworia is the Managing Director and Chief Executive Officer of Centum Investment Limited (Centum) having being appointed in October 2008. Prior to his appointment he was the Head of Investments at Trans-Century Ltd and also served as the Head of Investments at ICDC Investment Company Limited, now Centum.

Mworia is a member of the Board of UAP Life Insurance, Lewa Conservancy, East Africa Venture Capital Association and he represents Centum as a non Executive director on the Boards of UAP Holdings Ltd., Almasi Bottlers, Nairobi Bottlers Limited, General Motors East Africa and NAS Airport Services. Mr. Mworia is an Advocate of the High Court of Kenya. He is also a member of the CFA Institute, Institute of Certified Public Accountants of Kenya (ICPAK) and the Chartered Institute of Management Accountants (CIMA).

He also sits on the board of Genesis Kenya Investment Management Limited.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Senior Management Team

1 John Karanja
Manager, Registry Services

John Karanja holds an MBA in Corporate Finance from The University of Dallas (Texas-USA), a Bachelor of Science degree in International Business Administration (USIU) and a Postgraduate Diploma in Marketing (CIM-UK).
He has over eight years of experience both locally and internationally. John has been involved in managing and overseeing several projects in the financial services sector prior to joining CDSC. He has previously worked for Chase Bank (K), Equity Bank (K) and most recently Custody & Registrars Services Ltd where he gained vast experience in overall business management, relationship management and operations. He also had a chance to work in Corporate Finance as a Financial Analyst and in Mortgage Re-financing.

John heads the Registry Department which is responsible for the company's Registrars Services.

2 Hilda Njeru
Manager, Legal & Compliance

Hilda Njeru holds a Bachelor of Laws degree from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya. She is also a Certified Public Secretary, CPS (K) and has successfully completed the Certified Public Accountants (CPA) course. Hilda is currently pursuing her Master of Laws degree at the University of Nairobi, specializing in Banking and Financial Services Law. She has over 8 years experience in the field of financial law and compliance and has worked in the Banking and Capital Markets industries.

Hilda heads the Legal & Compliance Department whose mandate is to provide legal services to CDSC and its subsidiaries and ensure compliance with regulatory requirements. She also serves as the Group Company Secretary.

3 Rose Mambo
Chief Executive Officer

Rose Mambo holds a Master of Laws degree from the American University in Washington DC specializing in international business law, a Bachelor of Laws degree from the University of Nairobi and is currently pursuing an MBA at Strathmore University. She is an advocate of the High Court of Kenya and a Fellow of the Institute of Certified Public Secretaries of Kenya. Rose has worked as a State Counsel at the State Law Office and prior to taking up her current position as Chief Executive of CDSC in September 2007, she worked at the Nairobi Securities Exchange as the Company Secretary and Head of Legal and Compliance.

Rose is the Chief Executive at CDSC and is responsible for strategic leadership for the corporation and corporate governance.

4 Irene Mutiso
Manager, HR & Administration

Irene Mutiso holds a Masters of Business Administration Degree in Human Resources Management and a Bachelors Degree in Commerce both from University of Nairobi. Irene is a Certified Human Resource Analyst (CHRA), a Full Member of Institute of Human Resource Management (IHRM), Kenya Institute of Management (KIM) and Society of Human Resources (SHRM). Irene has over eight years experience in Human Capital Management. Prior to joining CDSC, she worked at Nairobi Securities Exchange and held various positions. She represents CDSC in Investor Education Working Committee (IEWC), Securities Industry Training Institute East Africa (SITI) and she is a taskforce member of Champions of Corporate Governance Award (COG).

Irene heads HR and Corporate Communications department which is responsible for attracting, developing and retaining best talent, and corporate communications.

Senior Management Team

5 James Gikonyo
Head, Information & Communication Technology

James Gikonyo holds a Master's of Science degree in Information Systems specializing in Strategic Management of Information and Communication Technology as well as Information Systems Security. He also holds a Bachelor of Science degree in Mathematics and Computer Science from the University of Nairobi. James is a Certified Information Systems Auditor (CISA) and has over 21 years experience in the Information and Communication Technology fields with 16 years experience in Banking ICT systems having worked with Barclays Bank of Kenya and Transnational Bank Limited.

James Heads the ICT Department and is charged with implementing Information Systems' policies and decision making on the suitable Systems that enable CDSC to achieve its strategic initiatives and meet its core mandate to stake holders.

6 Augustine Suka
Head of Finance and Administration

Augustine Suka holds a Masters of Business Administration (Finance) degree as well as a Bachelor of Commerce (Accounting) degree, both from the university of Nairobi. He is a certified Public Accountant-CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Augustine has also undertaken and completed the Certified Public Secretaries (CPS) course. He has 14 years experience in Accounting, Finance & Administration acquired in the Insurance, Logistics and public sector where he served in various capacities as an Accountant, Finance Manager, Group Finance Manager and Deputy Director -Finance & Administration.

Augustine heads the Finance & Administration Department which is primarily charged with the management and control of the company's financial resources. He is also the Secretary to the CDSC Finance & Staff committee.

7 Florence Kamau
Head of Operations

Florence Kamau holds a Masters of Business Administration degree from Strathmore Business School and Bachelor of Arts degree in Economics. She joined CDSC in 2003 to commence functions of the Operations department. Prior to joining CDSC, Florence worked for Nairobi Securities Exchange Ltd and held various positions at the NSE's Trading, Delivery & Settlement departments.

Florence heads the Operations Department which is in charge of safe custody of securities in CDS and management of the daily electronic clearing, delivery and settlement processes. She has over 16 years of experience in capital markets operations. She is also the Secretary of CDSC's Business Conduct Committee.

8 Francis Kibathi
Manager, Internal Audit

Francis Kibathi holds a Bachelor of Commerce Degree, Finance option and is a Certified Information System Auditor. He is also a Certified Public Accountant and is currently pursuing certification as a Chartered Financial Analyst. He has served in various capacities as an internal auditor, and has a wealth of experience in audit.

Francis heads the Internal Audit Department which is primarily charged with risk management and control.

Pictorials

CDSC Staff at a 2013 team building excursion

CMA, NSE and CDSC Board Members donate books at Wema centre in Mombasa

CDSC Chief Executive (R) presents the Best Quoted Stock of the year award during the 2013 Capital Markets Awards

CDSC Chief Executive (L) presents an award to a winner during the 2013 COG awards

CDSC Chief Executive (Extreme left) answers a question during a dematerialization workshop

CDSC Staff attend to Investor queries during the 2013 Capital Markets Authority open day

CDSC Staff at a 2013 team building excursion

Members of staff pose for a group photo during a 'Koroga' cooking competition

Corporate Information

DIRECTORS

Mr Michael Bristow*	-	**Chairman**
Mr Ashok Shah*		
Mr Charles Ogalo		
Mr Joseph Kitamirike**	-	Resigned on 9 August 2013
Mr Peter Mwangi		
Mr Bob Karina		
Mr Job Kihumba		
Mr Nkoregamba Mwebesa		
Mr James Mworia		
Ms. Eunice Kariuki		

* British ** Ugandan

CHIEF EXECUTIVE OFFICER

Rose Mambo

SECRETARY

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P O Box 3464, 00100 GPO
Nairobi

REGISTERED OFFICE

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Nairobi

BANKERS

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CFC Stanbic Bank Limited
Kenyatta Avenue
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Nairobi

AUDITORS

Deloitte & Touche
Deloitte Place
Waiyaki Way, Muthangari
P O Box 40092, 00100 GPO
Nairobi

ADVOCATE

Mboya Wangong'u & Waiyaki Advocates
Lex Chambers
Off James Gichuru Road,
Lavington,
P O Box 74041, 00200
Nairobi

Report of the Directors

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2013.

ACTIVITIES

The principal activity of the group is the provision of automated clearing, delivery and settlement facilities in respect of transactions carried out at the Nairobi Securities Exchange and the holding of securities as nominees on behalf of investors.

RESULTS

	2013 Sh '000
Profit before taxation	92,904
Taxation	(28,873)
Profit for the year	64,031

DIVIDEND

The directors recommend the payment of a first and final dividend of Shs 10 (2012 – Nil) per share amounting to Shs 10,000,000 (2012: Nil) in respect of the financial year. The dividend is subject to approval by the shareholders at the next Annual General Meeting.

DIRECTORS

The current directors are shown on page 6-9.

AUDITORS

Deloitte & Touché have expressed their willingness to continue in office in accordance with Section 159(2) of the Companies Act.

BY ORDER OF THE BOARD

Secretary 2014

Nairobi

Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure that the group and the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain going for at least the next twelve months from the date of this statement.

Director **Director**

Independent Auditors' Report to the Members of Central Depository and Settlement Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of Central Depository and Settlement Corporation Limited and its subsidiaries set out on pages 19 to 44 which comprise the consolidated and the company statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the company and its subsidiaries as at 31 December 2013 and of the group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Independent Auditors' Report to the Members of Central Depository and Settlement Corporation Limited

Report on other Legal Requirements

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

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

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

iii) The company's statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (income statement) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is ***Fred Aloo – P/No 1537.***

Certified Public Accountants (Kenya)
Nairobi, Kenya

Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2013

	Note	2013 Shs	2012 Shs
Income	5	243,307,062	172,523,151
Operating Expenses	6	(169,987,412)	(169,053,047)
Operating Profit		73,319,650	3,470,104
Other Income	8	19,584,066	20,419,788
Profit Before Taxation		92,903,716	23,889,892
Taxation Charge	9	(28,872,760)	(8,260,088)
Profit For The Year		64,030,956	15,629,804
Exchange Differences Arising from Translation of Foreign Operation		(691,084)	(168,241)
Total Comprehensive Income For The Year		**63,339,872**	**15,461,563**

Consolidated Statement of Financial Position
for the year ended 31 December 2013

	Notes	2013 Shs	2012 Shs
ASSETS			
Non-current assets			
Equipment	10	7,784,268	9,955,945
Intangible assets	11	3,061,547	3,116,439
Deferred taxation	16	6,941,556	5,998,772
		17,787,371	**19,071,156**
Current assets			
Receivables and prepayments	14	32,342,630	34,551,362
Due from related parties	18(b)	1,654,370	353,720
Fixed deposits	13	191,200,578	127,454,671
Taxation receivable	9(c)	863,194	4,443,201
Bank and cash balances		60,701,575	47,524,251
		286,762,347	214,327,205
Total assets		**304,549,718**	**233,398,361**

	Notes	2013 Shs	2012 Shs
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	100,000,000	100,000,000
Revenue reserve		172,056,738	108,025,782
Translation reserve		(1,211,663)	(520,579)
Shareholders' equity		**270,845,075**	**207,505,203**
Current liabilities			
Payables	17	23,415,180	25,893,158
Due to related parties	18(a)	355,803	-
Taxation payable	9(c)	9,933,660	-
		33,704,643	25,893,158
Total equity and liabilities		**304,549,718**	**233,398,361**

The financial statements on pages 19-44 were approved by the board of directors on 2014 and were signed on their behalf by:

.... Director

.... Director

Company Statement of Financial Position
for the year ended 31 December 2013

	Notes	2013 Shs	2012 Shs
ASSETS			
Non-current assets			
Equipment	10	7,586,942	9,725,270
Intangible assets	11	2,852,850	2,741,150
Investment in subsidiaries	12	261,043	261,043
Deferred taxation	16	5,219,238	5,704,243
		15,920,073	**18,431,706**
Current assets			
Receivables	14	30,209,106	29,622,277
Due from related parties	18(b)	17,230,960	11,973,044
Taxation receivable	9(c)	-	2,933,877
Fixed deposits	13	191,200,578	127,454,671
Bank and cash balances		46,601,394	39,211,189
		285,242,038	**211,195,058**
Total assets		**301,162,111**	**229,626,764**

	Notes	2013 Shs	2012 Shs
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	100,000,000	100,000,000
Revenue reserve		164,417,108	98,834,607
Shareholders' equity		**264,417,108**	**198,834,607**
Current liabilities			
Payables	17	19,581,932	23,959,663
Due to related parties	18 (b)	7,229,341	6,832,494
Tax payable	9 (c)	9,933,730	-
		36,745,003	**30,792,157**
Total equity and liabilities		**301,162,111**	**229,626,764**

The financial statements on pages 19-44 were approved by the board of directors on 2014 and were signed on their behalf by:

.... Director

.... Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2013

	Share capital Sh	Revenue reserve Sh	Translation reserve Sh	Total Sh
At 1 January 2012	100,000,000	92,395,978	(352,338)	192,043,640
Profit for the year	-	15,629,804	-	15,629,804
Other comprehensive loss	-	-	(168,241)	(168,241)
Total comprehensive income for the year	-	15,629,804	(168,241)	15,461,563
At 31 December 2012	**100,000,000**	**108,025,782**	**(520,579)**	**207,505,203**
At 1 January 2013	100,000,000	108,025,782	(520,579)	207,505,203
Profit for the year	-	64,030,956	-	64,030,956
Other comprehensive loss	-	-	(691,084)	(691,084)
Total comprehensive income for the year	-	64,030,956	(691,084)	63,339,872
At 31 December 2013	**100,000,000**	**172,056,738**	**(1,211,663)**	**270,845,075**

The translation reserve represents the translation losses arising from conversion of the net assets of the foreign operation, CDSC Registrars Rwanda, to the reporting currency.

Company Statement of Changes in Equity
for the year ended 31 December 2013

	Share capital Sh	Revenue reserve Sh	Total Sh
At 1 January 2012	100,000,000	81,795,827	181,795,827
Profit for the year and total comprehensive income	-	17,038,780	17,038,780
At 31 December 2012	**100,000,000**	**98,834,607**	**198,834,607**
At 1 January 2013	100,000,000	98,834,607	198,834,607
Profit for the year and total comprehensive income	-	65,582,501	65,582,501
At 31 December 2013	**100,000,000**	**164,417,108**	**264,417,108**

Consolidated Statement of Cash Flows
for the year ended 31 December 2013

	Note	2013 Sh	2012 Sh
OPERATING ACTIVITIES			
Cash generated from operations	**19(a)**	82,161,553	17,290,856
Income tax paid	**9(c)**	(16,287,272)	(21,242,304)
Interest received	**8**	15,164,313	20,419,788
Net cash generated from operating activities		81,038,574	16,468,340
INVESTING ACTIVITIES			
Purchase of equipment	**10**	(881,322)	(1,165,408)
Purchase of intangible assets	**11**	(2,389,348)	(1,019,723)
Net cash used in investing activities		(3,270,670)	(2,185,131)
Net Increase in Cash and Cash Equivalents		77,767,904	14,283,209
Effect of the Exchange Rates		(844,673)	(96,135)
CASH AND CASH EQUIVALENTS:			
AT 1 JANUARY		174,978,922	160,791,848
AT 31 DECEMBER	**19(b)**	**251,902,153**	**174,978,922**

1. ACCOUNTING POLICIES

Statement of compliance

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

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

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

i) New standards and amendments to published standards effective for the year ended 31 December 2013

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Amendments to IFRS 7 Disclosures Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The application of the amendment had no effect on the Group's financial statements as the group did not have any offsetting arrangements in place.

New and revised standards on consolidation joint arrangements, associates and disclosures

In May 2011, a package of five standards in consolidation joint arrangements, associates and disclosures was issued comprising IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IASs 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards amendment to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain guidance on first application of the standards.

IFRS 10 requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under IFRS 10, control is based on whether an investor has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the returns.

Notes to the Financial Statements
for the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

i) New standards and amendments to published standards effective for the year ended 31 December 2013 (Continued)

New and revised standards on consolidation joint arrangements, associates and disclosures

IFRS 12 requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgments and assumptions - such as how control, joint control, significant influence has been determined
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on.

IFRS 13 Fair Value Measurement

The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the company has not made any new disclosures required by IFRS 13 for the 2012 comparative period

Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in the financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The company has applied the amendments to IAS 1, Presentation of Items of Other Comprehensive Income, for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' (and the 'income statement' is renamed as the 'statement of profit or loss'). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

1. ACCOUNTING POLICIES (continued)

i) *New standards and amendments to published standards effective for the year ended 31 December 2013 (Continued)*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The new terminologies have been adopted in these financial statements. In other respects the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012)

The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

IAS 19 Employee Benefits (as revised in 2011)

AS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

The application of the amendment had no effect on the group's financial statements as the group does not have defined benefit obligations and plan assets.

1. ACCOUNTING POLICIES (continued)

i) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2013

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9	1 January 2015
Amendments to IFRS 9 and IFRS 7	1 January 2015
Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Amendments to IAS 32	1 January 2014

ii) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2013 and future annual periods

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently re-classified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss. The directors anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

1. ACCOUNTING POLICIES (continued)

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors do not anticipate that the investment entities amendments will have any effect on the group's financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the group's financial statements as the group does not have any financial assets and financial liabilities that qualify for offset.

i) Early adoption of standards

The group did not early-adopt any new or amended standards in 2013.

Basis of Accounting

The group prepares its financial statements under the historical cost convention.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, CDSC Nominees Limited, CDSC Registrars Rwanda limited and CDSC Registrars Kenya Limited all of which are made up to 31 December each year.

Subsidiary undertaking, being a company in which the group has power to exercise control over the operations, has been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are not consolidated as from the date of disposal. All intercompany transactions, balances and unrealised surpluses and deficits on transactions with the subsidiary companies have been eliminated.

Subsidiary undertakings are disclosed in Note 12.

Investment in subsidiary company

Investment in the subsidiary company is stated at cost less provision for impairment where applicable.

Revenue recognition

Revenue comprises transaction, depository levies which are recognised to income once the transaction is recognised in the Central Depository System.

Pledge income comprises fees paid by shareholders when pledging their shares as security for loans. The fees are recognized when the shares are designated as pledged, preventing them from being traded.

Fees, postage income, interest and other income are recognised to income on the accruals basis.

Motor vehicles, furniture and equipment

Motor vehicles, furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line basis to write off the cost of motor vehicles, furniture and fittings, equipment and computers over their expected useful lives at the following annual rates:

Motor vehicles	25%
Computer equipment	25%
Office equipment	25%
Furniture and fittings	12.5%

Intangible assets

Intangible assets represent computer software and CDS software which are stated at cost less amortisation. Amortisation is calculated to write off the cost of the computer software on a straight line basis over its estimated useful life of four years and eight years in respect of the CDS software.

1. ACCOUNTING POLICIES (continued)

Taxation

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

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

Deferred tax assets in respect of taxable losses carried forward are recognised only to the extent that it is probable that future taxable income will be sufficient to utilise these losses.

Provision for liabilities and charges

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave at the end of the reporting period.

Retirement benefit obligations

The group adheres to a defined contribution provident scheme for its staff and also makes contributions to the statutory National Social Security Fund, a defined contribution scheme registered under the National Social Security Act.

The group's obligations to all staff retirement benefits schemes are recognised in profit or loss as they fall due.

Foreign currency translation

Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the reporting date. Transactions during the year are translated at rates ruling on the dates of the transactions. Exchange gains and losses are dealt with in the profit or loss.

Financial instruments

Financial assets and liabilities are initially recognised in the group's statement of financial position at cost using settlement date accounting, when the group has become a party to the contractual provisions of the instrument.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale.

Loans, advances and receivables

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

Financial assets at fair value through profit or loss

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

Available for sale financial assets

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

Recognition and derecognition

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

1. ACCOUNTING POLICIES (continued)

Available for sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value are recognised directly in equity until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity are recognised in the profit or loss.

Comparatives

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

Impairment

At each balance sheet date, the group reviews the carrying amounts of its 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 and an impairment loss is recognized in the profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

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

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

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

a) Market risk

(i) Price risk

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

(ii) Interest rate risk

The group holds interest bearing assets in form of fixed deposits. This risk has been managed by negotiating interest rates on the deposits with the banks resulting in consistent earnings during the duration of the deposits.

As at 31 December 2013, an increase /decrease of 5 basis points would have resulted in an increase/decrease in profit before taxation of **Sh 5,685,225 (2012- Sh 1,020,033).**

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. Credit risk is managed on a group-wide basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The group only deals with listed companies in the stock exchange and authorised central depository agents who are considered credit worthy counterparties. Individual risk limits are regularly assessed by the management of the group. The utilisation of credit limits is regularly monitored. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority.

The amount that best represents the company's maximum exposure to credit risk at 31 December is as follows:

	2013 Kshs	2012 Kshs
Fixed deposits	191,200,578	127,454,671
Trade receivables	29,181,934	26,901,132
Bank and cash balances	60,701,575	47,524,251
	281,084,087	201,880,054

Classification of trade receivables

The group classifies the credit quality of its trade receivables into three categories; performing, past due and impaired. The performing debts are those which are within the set credit period of 30 days, the default rate is low.

Past due amounts are those beyond the maximum established credit period of 30 days and represents slow but paying customers. These receivables continue to be serviced even though this is not done on the contractual dates. The finance department is actively following this debt.

The analysis of trade receivables is as detailed below:

Receivables	Fully performing	Past due	Impaired	Total (gross)
At 31 December 2013	**Sh**	**Sh**	**Sh**	**Sh**
Trade receivables	24,860,930	2,580,775	5,904,635	33,346,340

Receivables	Fully performing	Past due	Impaired	Total (gross)
At 31 December 2012	**Sh**	**Sh**	**Sh**	**Sh**
Trade receivables	20,049,838	3,920,863	4,032,607	28,003,308

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet group obligations. The group manages this risk by maintaining adequate cash balances in the bank, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

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

Notes to the Financial Statements
for the year ended 31 December 2013

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Less than 1 month	Between 1–3 months	Over 3 months	Total
	Sh	Sh	Sh	Sh
At 31 December 2013:				
Trade and other payables	23,415,180	-	-	23,415,180
At 31 December 2012:				
Trade and other payables	25,893,158	-	-	25,893,158

4. CAPITAL MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The group did not have borrowings in both year ends and was therefore not geared.

5. INCOME

	2013 Kshs	2012 Kshs
Transaction levy	186,905,449	104,154,350
Bond levy Income	18,279,368	22,843,777
Depository levy	24,252,570	20,410,315
IPO Postage income	1,107,960	15,664,560
Registry fees	5,201,217	3,660,770
Pledges	3,641,350	2,948,700
Miscellaneous	1,025,005	1,158,594
Security transfer fees	1,949,482	1,031,000
SMS Solution fees	546,261	247,585
Interim statement fees	272,900	238,000
Withdrawal fees	5,500	45,500
Management fees	120,000	120,000
	243,307,062	**172,523,151**

6. OPERATING EXPENSES

Staff costs (Note 7)	95,337,924	77,338,075
Telephone and postage	8,695,273	18,796,548
Claims and penalties	-	7,149,218
Rent and related expenses	8,810,185	7,249,361
Software and equipment maintenance and hire	7,932,029	6,893,069
Amortisation	1,974,463	6,869,860
Office stationery	876,777	5,283,467
Insurance	5,134,960	5,611,243
Travelling	6,560,975	5,166,553
Depreciation	2,894,099	3,131,524
Board and committee expenses	7,712,627	2,572,467
Professional fees	243,756	2,188,688
Office expenses	157,423	2,059,992
Conference expenses	1,178,693	2,156,399
Service charge	1,875,890	2,908,119

Notes to the Financial Statements
for the year ended 31 December 2013

6. OPERATING EXPENSES (continued)

	2013 Kshs	2012 Kshs
Advertising & Public Education	5,029,038	1,965,702
Internet services	1,434,920	1,502,317
Electricity	1,444,561	1,308,350
Provision for doubtful debts	3,272,860	1,245,150
Licences & fees	1,755,451	1,242,788
Repairs and renewals	533,027	1,214,436
General expenses	2,186,279	1,117,643
Statutory audit fees	1,075,116	1,051,708
Security charges	774,907	724,192
Publications	777,971	719,316
Subscriptions and periodicals	304,401	502,770
Bank charges	400,266	344,344
Systems audit fees	-	253,390
Donations	99,963	150,000
Legal Fees	494,000	120,783
Immobilisation costs	180,960	119,480
Entertainment	7,726	96,095
Consultancy fees	568,780	-
Loss on exchange	262,112	-
	169,987,412	**169,053,047**

7. STAFF COSTS

	2013 Kshs	2012 Kshs
Salaries and wages	77,078,136	63,126,216
Medical costs	6,071,966	4,614,609
Employer provident fund contributions	3,869,839	3,279,500
Gratuity expenses	1,340,686	2,385,973
Training costs	3,272,755	1,954,490
Staff welfare	1,918,049	986,281
Leave pay provision	320,360	899,733
Employer NSSF	89,173	72,200
Recruitment costs	1,376,960	-
CSR - Rwanda employer contribution	-	19,073
	95,337,924	**77,338,075**

8. OTHER INCOME

	2013	2012
Interest income	15,164,313	20,419,788
Insurance claim	4,419,753	-
	19,584,066	**20,419,788**

9. TAXATION

	2013	2012
a) Taxation charge		
Current taxation based on chargeable		
Profit for the year at 30%	29,819,386	13,842,349
Current tax charge	**29,819,386**	**13,842,349**

9. TAXATION (continued)

	2013 Kshs	2012 Kshs
Deferred taxation credit (note 16)	(480,880)	(3,868,443)
Prior year deferred tax under provision	(465,746)	(1,713,818)
Deferred tax credit	(946,626)	(5,582,261)
Taxation expense	**28,872,760**	**8,260,088**
b) Reconciliation of taxation charge to the expected tax based on accounting profit before taxation		
Accounting profit before taxation	**92,903,716**	**23,889,892**
Tax at the applicable rate of 30%	27,871,115	7,166,967
Tax effect of expenses not deductible for tax	1,467,391	2,806,939
Prior year deferred tax over provision	(465,746)	(1,713,818)
	28,872,760	**8,260,088**
c) Taxation (recoverable)/ payable – group		
At 1 January	(4,443,201)	2,956,754
Charge for the year	29,819,386	13,842,349
Tax paid in the year	(16,287,272)	(21,242,304)
Translation adjustment	(18,447)	-
	9,070,466	**(4,443,201)**

	2013 Kshs	2012 Kshs
Taxation (recoverable) / payable - company		
At 1 January	(2,933,877)	179,882
Charge for the year	29,223,687	13,842,349
Tax paid in the year	(16,356,080)	(16,956,108)
	9,933,730	**(2,933,877)**

10. EQUIPMENT

GROUP	Furniture fittings and office equipment Sh	Computer equipment Sh	Total Sh
COST			
At 1 January 2012	23,417,855	29,325,636	52,743,491
Additions	473,040	692,368	1,165,408
At 31 December 2012	**23,890,895**	**30,018,004**	**53,908,899**
At 1 January 2013	23,890,895	30,018,004	53,908,899
Additions	256,715	624,607	881,322
Write off	(1,014,640)	-	(1,014,640)
At 31 December 2013	**23,132,970**	**30,642,611**	**53,775,581**

10. EQUIPMENT (continued)

GROUP	Furniture fittings and office equipment Sh	Computer equipment Sh	Total Sh
DEPRECIATION			
At 1 January 2012	13,673,174	27,155,788	40,828,962
Charge for the year	2,096,301	1,035,223	3,131,524
Translation adjustment	(2,945)	(4,587)	(7,532)
At 31 December 2012	**15,766,530**	**28,186,424**	**43,952,954**
At 1 January 2013	15,766,530	28,186,424	43,952,954
Charge for the year	1,966,376	927,723	2,894,099
Write-off	(745,848)	-	(745,848)
Translation adjustment	(129,507)	19,615	(109,892)
At 31 December 2013	**16,857,551**	**29,133,762**	**45,991,313**
NET BOOK VALUE			
At 31 December 2013	**6,275,419**	**1,508,849**	**7,784,268**
At 31 December 2012	**8,210,348**	**1,831,580**	**9,955,945**

Included in equipment are assets with a cost of Sh **42,949,409 (2012 – 36,999,682)** that are fully depreciated. The normal annual depreciation charge on these assets would have been **Sh 9,823,301 (2012 – 8,422,452).**

COMPANY	Furniture fittings and office equipment Sh	Computer equipment Sh	Total Sh
COST			
At 1 January 2012	23,098,955	29,274,860	52,373,815
Additions	473,040	692,368	1,165,408
At 31 December 2012	**23,571,995**	**29,967,228**	**53,539,223**
At 1 January 2013	23,571,995	29,967,228	53,539,223
Additions	256,715	624,607	881,322
Write off	(224,785)		(224,785)
At 31 December 2013	**23,603,925**	**30,591,835**	**54,195,760**
DEPRECIATION			
At 1 January 2012	13,630,689	27,149,441	40,780,130
Charge for the year	1,998,600	1,035,223	3,033,823
At 31 December 2012	**15,629,289**	**28,184,664**	**43,813,953**
At 1 January 2013	15,629,289	28,184,664	43,813,953
Charge for the year	1,891,110	903,755	2,794,865
At 31 December 2013	**17,520,399**	**29,088,419**	**46,608,818**

10. EQUIPMENT (continued)

COMPANY	Furniture fittings and office equipment Sh	Computer equipment Sh	Total Sh
At 1 January 2013	15,629,289	28,184,664	43,813,953
Charge for the year	1,891,110	903,755	2,794,865
At 31 December 2013	17,520,399	29,088,419	46,608,818
NET BOOK VALUE			
At 31 December 2013	6,083,526	1,503,416	7,586,942
At 31 December 2012	7,942,706	1,782,564	9,725,270

Included in equipment are assets with a cost of **Sh 42,949,409 (2012 – 36,999,682)** that are fully depreciated. The normal annual depreciation charge on these assets would have been **Sh 9,823,301(2012 – 8,422,452).**

11. INTANGIBLE ASSETS

GROUP	Computer and CDS Software Sh
COST	
At 1 January 2012	50,673,536
Additions	1,019,723
At 31 December 2012	**51,693,259**
At 1 January 2013	51,693,259
Addition	2,389,348
Write off	(590,382)
At 31 December 2013	**53,492,225**
AMORTISATION	
At 1 January 2012	41,711,547
Charge for the year	6,869,860
Translation adjustment	(4,587)
At 31 December 2012	**48,576,820**
At 1 January 2013	48,576,820
Charge for the year	1,882,950
Translation adjustment	(29,092)
At 31 December 2013	**50,430,678**
NET BOOK VALUE	
At 31 December 2013	**3,061,547**
At 31 December 2012	**3,116,439**

Notes to the Financial Statements
for the year ended 31 December 2013

11. INTANGIBLE ASSETS (continued)

COMPANY	Computer and CDS Software Sh
COST	
At 1 January 2012	50,065,111
Additions	1,019,723
At 31 December 2012	**51,084,834**
At 1 January 2013	51,084,834
Additions	2,389,348
Write off	(590,383)
At 31 December 2013	**52,883,799**
AMORTISATION	
At 1 January 2012	41,635,494
Charge for the year	6,708,190
At 31 December 2012	**48,343,684**
At 1 January 2013	48,343,684
Charge for the year	1,687,265
At 31 December 2013	**50,030,949**
NET BOOK VALUE	
At 31 December 2013	**2,852,850**
At 31 December 2012	**2,741,150**

12. INVESTMENT IN SUBSIDIARIES

COMPANY	2013 Sh	2012 Sh
CDSC Nominees Limited	20,000	20,000
CDSC Registrars Rwanda Limited	141,043	141,043
CDSC Registrars Kenya Limited	100,000	100,000
	261,043	**261,043**

Company	*Share capital Sh*	*% Holding*	*Country of Incor-poration*	*Principal activity*
CDSC Nominees Limited	20,000	100%	Kenya	Holding securities as a nominee on behalf of Central Depository and Settlement Corporation Limited
CDSC Registrars Rwanda Limited	141,043	100%	Rwanda	Carry out business as a shares and securities registrar
CDSC Registrars Kenya Limited	100,000	100%	Kenya	Carry out business as a shares and securities registrar

The investment in subsidiaries is stated at cost.

Notes to the Financial Statements
for the year ended 31 December 2013

13. FIXED DEPOSITS

GROUP	2013 Sh	2012 Sh
***Held to maturity**-maturing within 120 days:*		
CBA Fixed Deposit at 10% (2012-9.5%)	40,600,822	15,542,395
Chase Bank Ltd at 13.5% (2012-10%)	55,991,220	26,142,909
Equatorial Bank at 14%	-	23,906,189
NIC Bank at 11%	26,880,973	-
Consolidated Bank at 13.5%	67,727,563	-
CFC Stanbic Bank Limited at 13.5%	-	61,863,178
	191,200,578	**127,454,671**

COMPANY		
***Held to maturity**-Maturing within 120 days:*		
CBA Fixed Deposit at 10% (2012-9.5%)	40,600,822	15,542,395
Chase Bank Ltd at 13.5% (2012-10%)	55,991,220	26,142,909
Equatorial Bank at 14%	-	23,906,189
NIC Bank at 11%	26,880,973	-
Consolidated Bank at 13.5%	67,727,563	-
CFC Stanbic Bank Limited at 13.5%	-	61,863,178
	191,200,578	**127,454,671**

14. RECEIVABLES

GROUP	2013 Sh	2012 Sh
Bond levy debtors	1,455,426	6,551,643
Registry fees receivable	5,134,074	4,891,517
Transaction levy fees receivable	19,112,924	9,826,350
Net depository levy receivable	7,573,916	5,298,170
Management fees	70,000	1,435,628
Provision for bad debts	(5,904,635)	(4,032,607)
Total trade receivables	**27,441,705**	**23,970,701**
Prepayments	3,160,696	7,650,230
Other receivables	1,740,229	2,930,431
	32,342,630	**34,551,362**

COMPANY		
Trade receivables	30,025,014	21,676,163
Prepayments	2,543,358	7,650,230
Other receivables	1,711,315	2,892,863
Management fees	-	1,435,628
Provision for bad debts	(4,070,581)	(4,032,607)
	30,209,106	**29,622,277**

15. SHARE CAPITAL

Authorised, issued and fully paid		
1,000,000 shares of Sh 100 each	**100,000,000**	**100,000,000**

16. DEFERRED INCOME TAXES

GROUP

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted rate of 30%. The net deferred tax asset is attributable to the following items:

	2013 Sh	2012 Sh
Accumulated tax losses	1,653,593	378,754
Accelerated capital allowance	3,404,583	3,240,146
General bad debt provision	550,397	1,209,791
Leave pay provision	1,221,183	454,289
Gratuity provision	111,800	715,792
	6,941,556	**5,998,772**

Movement in net deferred tax asset is as follows:

At 1 January	5,998,772	500,736
Deferred tax credit to the income statement (note 9(a))	480,880	3,868,443
Prior year deferred tax under provision	465,746	1,713,818
Translation adjustment	(3,842)	(84,225)
At 31 December	**6,941,556**	**5,998,772**

COMPANY

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted rate of 30%. The net deferred tax asset is attributable to the following items:

	2013 Sh	2012 Sh
Accelerated capital allowance	3,335,858	3,324,371
General bad debt provision	550,397	1,209,791
Leave pay provision	1,221,183	454,289
Gratuity provision	111,800	715,792
	5,219,238	**5,704,243**

Movement in net deferred tax asset is as follows:

At 1 January	5,704,243	500,736
Deferred tax (charge) to the income statement	(829,344)	3,489,689
Prior year deferred tax over provision	344,339	1,713,818
At 31 December	**5,219,238**	**5,704,243**

17. PAYABLES

GROUP		
Accrued expenses	3,848,649	10,769,189
Trade and other payables	10,874,810	11,223,701
Leave pay provision	1,834,655	1,514,295
Provision for gratuity	372,666	2,385,973
Bonus Provision	6,484,399	
	23,415,180	**25,893,158**

17. PAYABLES (continued)

COMPANY	2013 Sh	2012 Sh
Accrued expenses	3,848,649	10,769,189
Trade and other payables	7,041,562	9,290,206
Leave pay provision	1,834,655	1,514,295
Provision for gratuity	372,666	2,385,973
Bonus Provision	6,484,399	
	19,581,932	**23,959,663**

18. RELATED PARTIES

The group transacts with other companies related to it by virtue of shareholding. During the year, the following transactions were entered into with related parties:

	GROUP		COMPANY	
	2013 Sh	2012 Sh	2013 Sh	2012 Sh
a) **Due to related parties**				
Due to CDSC Nominees Limited	-	-	20,000	20,000
CDSC Guarantee Fund	355,803	-	355,803	-
Due to CDSC Registrars Kenya	-	-	199,562	199,562
Due to CDSC Registrars Rwanda	-	-	6,653,976	6,612,932
	355,803	**-**	**7,229,341**	**6,832,494**

	GROUP		COMPANY	
	2013 Sh	2012 Sh	2013 Sh	2012 Sh
b) Due from related parties				
CDSC Registrars Kenya	-	-	7,000,434	3,305,370
CDSC Registrars Rwanda	-	-	8,576,156	8,313,954
Due from NSE	328,814	176,860	328,814	176,860
Due from CMA	151,954	176,860	151,954	176,860
Due from Guarantee Fund	1,173,602	-	1,173,602	-
	1,654,370	**353,720**	**17,230,960**	**11,973,044**

c) Key Management Compensation

The remuneration of directors and other members of key management during the year were as follows:

GROUP and COMPANY	2013 Sh	2012 Sh
Salaries and other benefits	42,949,376	35,293,848
Directors' remuneration		
Fees for services as directors	6,496,000	1,367,857

19. NOTES TO THE STATEMENT OF CASH FLOWS

	2013 Sh	2013 Sh
a) Reconciliation of operating profit to cash used in operations		
Profit before taxation	92,903,716	23,889,892
Adjustments:		
Interest income	(15,164,313)	(20,419,788)
Depreciation	2,894,099	3,131,524
Amortisation	1,882,950	6,869,860
Asset Write offs	859,174	
Working capital changes:		
Increase in receivables	2,208,732	(3,506,544)
Increase/ (decrease) in payables	(2,477,978)	7,743,608
Decrease in due to related party balances	355,803	(63,976)
(Increase)/ decrease in amounts due from related parties	(1,300,650)	(353,720)
Net cash generated from operations	**82,161,533**	**17,290,856**
b) Analysis of cash and cash equivalents		
Bank and Cash balances	60,701,575	47,524,251
Fixed deposits	191,200,578	127,454,671
	251,902,153	**174,978,922**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits maturing within 90 days, held with banks.

20. PROFIT FOR THE YEAR

A profit for the year of Sh **65,582,501 (2012 – Sh 17,038,780)** has been dealt with in the books of the company, Central Depository and Settlement Corporation Limited.

21. OPERATING LEASE COMMITMENTS

GROUP and COMPANY

	2013 Sh	2013 Sh
Amounts payable under operating leases in respect of property rental (group offices)		
Within one year	6,988,624	9,179,530
Between one and two years	4,054,820	716,000
	11,043,444	**9,895,530**

22. CONTINGENT LIABILITIES - GROUP AND COMPANY

The group and the company had no contingent liabilities as at 31 December 2013 (2012-Nil).

23. CAPITAL COMMITMENTS - GROUP AND COMPANY

	2013 Sh	2013 Sh
Authorised and contracted for		
Authorised but not contracted for	**185,084,525**	**77,146,072**

24. INCORPORATION

The company is incorporated and domiciled in Kenya under the Companies Act.

25. CURRENCY

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

Appendices

APPENDIX I

	2013 Sh	2013 Sh
INCOME (APPENDIX II)	238,103,345	168,862,381
OPERATING EXPENSES (APPENDIX III)	(162,396,218)	(163,604,547)
OPERATING PROFIT	75,707,127	5,257,834
NET FINANCE INCOME (APPENDIX III)	19,584,066	20,419,788
PROFIT BEFORE TAXATION	95,291,193	25,677,622
TAXATION CHARGE	(29,708,692)	(8,638,842)
PROFIT FOR THE YEAR	65,582,501	17,038,780
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME	65,582,501	17,038,780

APPENDIX II

	2013 Sh	2013 Sh
INCOME		
Transaction levy	186,905,449	104,154,350
Bond levy Income	18,279,368	22,843,777
Depository levy	24,251,070	20,410,315
IPO Postage income	1,107,960	15,664,560
Miscellaneous	1,025,005	1,123,594
Pledges	3,640,350	2,948,700
Security transfer fees	1,949,482	1,031,000
SMS Solution fees	546,261	247,585
Interim statement fees	272,900	238,000
Appointment/Annual Subscription fees	-	155,000
Withdrawal fees	5,500	45,500
Management fees	120,000	-
	238,103,345	**168,862,381**

APPENDIX III

	2013 Sh	2013 Sh
OPERATING EXPENSES		
Staff costs	85,130,691	74,252,242
Telephone and postage	8,506,751	18,781,472
Rent and related expenses	8,585,715	6,987,058
Software and equipment maintenance and hire	7,932,029	6,874,086
Amortisation	1,687,265	6,708,090
Office stationery	797,952	5,245,886
Travelling	6,344,701	3,778,196
Insurance	5,134,960	5,536,767
Board and committee expenses	7,712,626	2,572,467
Office expenses	1,058,423	2,070,486
Depreciation	2,794,865	3,033,823
Claims and penalties	-	7,149,218
Conference expenses	1,178,693	2,156,399
Service charge	1,826,818	2,858,472
Professional fees	769,965	2,188,688
Advertising & Public Education		5,029,038
Internet services	1,434,920	1,476,100
Bad Debts	1,438,806	1,245,150
Licences & fees	989,953	1,242,788

	2013 Sh	2013 Sh
Repairs and renewals	12,725	1,214,436
Electricity	1,444,561	1,308,350
Legal fees	494,000	99,535
Immobilisation costs	180,960	119,480
Bank charges	383,832	334,525
Statutory audit fees	1,003,571	948,352
Systems audit fees	-	253,390
Publications	777,971	719,316
General expenses	1,052,873	1,011,016
Security charges	774,907	724,192
Subscriptions and periodicals	542,146	502,770
Entertainment	7,726	96,095
Donations	99,963	150,000
Loss on exchange	262,112	
	162,396,218	**163,604,547**
OTHER INCOME		
Interest income	15,164,313	20,419,788
Insurance Claim	4,419,753	
	19,584,066	**20,419,788**

Central Depository Agents (CDA's)

1. FRANCIS DRUMMOND INVESTMENT BANK LTD (B01)

Hughes Building, 2nd Floor
P.O. Box 45465-00100 Nairobi
Tel: 318689/90 | Fax: 318686
Mobile: 0724256815
Email: info@drummond.com
Web: www.drummond.com

2. DYER & BLAIR INVESTMENT BANK (B02)

Pension Towers, 10th Floor, Loita Street
P.O. Box 45396-00100 Nairobi
Tel: 3240000/227803/4/5 | Fax: 3240114
Email: shares@dyerandblair.com
Web: www.dyerandblair.com

3. SUNTRA INVESTMENT BANK LTD (B07)

Nation Centre, 7th Floor, Kimathi Street
P.O. Box 74016-00200 Nairobi
Tel: 2870000/2211846/2223330 | Fax: 2224327
Mobile: 0724-257024, 0733222216
Email: info@suntra.co.ke
Web: www.suntra.co.ke

4. OLD MUTUAL SECURITIES LTD

IPS building, 6th Floor P.O. Box 50338 – 00200 Nairobi
Tel: 2241379/2241408 | Fax: 2241392
Mobile: 0702909091/2 | 0731001206/39
Email: info.omst@oldmutualkenya.com
Web: www.oldmutual.co.ke

5. SBG SECURITIES LTD(B09)

CFC Stanbic Centre, 2nd Floor Chiromo
P.O. Box 47198-00100 Nairobi
Tel: 3638900/3638080 | Fax: 2218813 /310053
Email: sbgs@stanbic.com
Web: www.sbgsecurities.co.ke

6. KINGDOM SECURITIES (B11)

Nation Centre, 7th Floor, Kimathi Street
P.O. Box 74016-00200 Nairobi
Tel: 2870000/2211846/2223330 | Fax: 2224327
Mobile: 0724-257024, 0733222216
Email: info@suntra.co.ke |
Web: www.suntra.co.ke

7. AIB CAPITAL LTD(B12)

Finance House 9th Floor
P.O. Box 11019-00100 Nairobi
Tel: 2210178/212989/2212989 | Fax: 2210500
Mobile:0725965555/0736965555
Email: info@aibcapital.com Web: www.aibcapital.com

8. ABC CAPITAL LTD (B14)

IPS Building, 5th Floor, Kimathi Street
P.O Box 34137 -00100 Nairobi
Tel: 2246036/2242534 | Fax: 2245971
Email: headoffice@abccapital.co.ke

9. STERLING CAPITAL LTD (B15)

Barclay plaza, 11th floor Loita Street
P.O. Box 45080-00100 Nairobi
Tel: 2213914/2244077 | Fax: 2218261
Mobile: 0723153219/0734219146
Email: info@sterlingib.com | Website: www.sterlingib.com

10. APEX AFRICA CAPITAL LTD(B16)

Nation Centre, 7th Floor, Kimathi Street
P.O. Box 74016-00200 Nairobi
Tel: 2870000/2211846/2223330 | Fax: 2224327
Mobile: 0724-257024, 0733222216
Email: info@suntra.co.ke | Web: www.suntra.co.ke

Central Depository Agents (CDA's)

11. FAIDA INVESTMENT BANK LTD(B17)

Windsor House, 1st FloorUniversity way/ Muindi Mbingu Street
P.O. Box 45236-00100 Nairobi
Tel: 243811/2/3 | Fax:2 243814
Mobile: 0724721014/ 0733243811
Email: info@fib.co.ke | Website: www.fib.co.ke

14. STANDARD INVESTMENT BANK LTD(B20)

ICEA Building, 16th Floor, Kenyatta Avenue
P.O. Box13714-00800 Nairobi
Tel: 2220225/2228963/7/9 | Fax: 2240297
Email: info@sib.co.ke
Website: www.sib.co.ke

17. RENAISSANCE CAPITAL (KENYA) LTD(B24)

6th Floor, Purshottam Place Westlands Road, Chiromo
P.O. Box 40560-00100 Nairobi
Tel: 3682000/3682000 | Fax: 3682339/3681100
Email: info@rencap.com
Website: www.rencap.com

12. NIC SECURITIES LTD(B18)

NIC House, Masaba Road
P.O. Box 44599-00100 Nairobi
Tel: 2888444/ 2888000 | Fax: 2888544/ 2888512
Email: info@nic-securities.com
Web: www.nic-securities.com

15. KESTREL CAPITAL (EAST AFRICA) LTD (B21)

CEA Building, 5th Floor, Kenyatta Avenue
P.O. Box 40005-00100 Nairobi
Tel: 2251758/ 2210719 | Fax: 2243264
Email: info@kestrelcapital.com
Website: www.kestrelcapital.com

18. CBA CAPITAL LTD (B25)

Mara and Ragati Roads Upper Hill
P.O.Box 30437-00100 Nairobi
Tel: 2884000 | Fax: 2734635
Website: www.cbagroup.com

13. GENGHIS CAPITAL LTD(B19)

WC Tower Waiyaki Way
P.O Box 607-00612 Nairobi
Tel: 2774750/1/2 | Fax: 2246334
Email: info@geghis-capital.co.ke
Website: www.genghis-capital.com

16. AFRICAN ALLIANCE KENYA SECURITIES LTD (B23)

Trans National plaza. 1st Floor, Mama Ngina Street
P.O. Box 27639-00506 Nairobi
Tel: 2762000 | Fax: 2216070
Email: securitiesl@africanalliance.co.ke
Website: www.africanalliance.com

19. EQUITY INVESTMENT BANK LTD (B26)

Ground Floor, Equity Centre, Hospital Road, Upperhill
P.O.Box 75104-00200 Nairobi
Tel: 2262000 | Fax: 2737276
Mobile 0711026000/ 0732112030
Email: info@equityinvestment.co.ke
Website: www.equitybank.co.ke

Central Depository Agents (CDA's)

20. AFRICAN BANKING CORPORATION LTD

ABC Bank House, Koinange Street
P.O Box46452-00100 Nairobi
Tel: 2226712/2217856/7/8 | Fax: 2222437
Email: westlands@abcthebank.com
Website: www.abcthebank.com

21. BBKC- BARCLAYS BANK OF KENYA LTD

Equity Centre, 9th Floor, Hospital Road, Upper Hill
P.O. Box 75104-00200 Nairobi
Tel: 2262000/2736620/2262479 | Fax: 2711439
Mobile: 0711026000 / 0732112000
Email: info@equitybank.co.ke
Website: www.equitybankgroup.com

22. COBC- CO-OPERATIVE BANK OF KENYA LTD

Co-operative Bank House Haile Selassie Avenue
P.O. Box48231-00100 Nairobi
Tel: 020- 32076100/ 3276000
Fax: 020-2227747/219831
Website: www.co-opbank.co.ke

23. ECBC- EQUATORIAL COMMERCIAL BANK

Equatorial Fidelity Centre Waridi lane, Off Waiyaki Way
P.O. Box 52467- 00200 Nairobi
Tel: 4981000 | Fax: 2710366
Email: customerservice@ecb.co.ke
Website: www.equatorialbank.co.ke

24. EQBC-EQUITY BANK

Equity Centre, 9th Floor,Hospital Road, Upper Hill
P.O. Box 75104-00200 Nairobi
Tel: 2262000/2736620/2262479
Mobile: 0711026000 / 0732112000 | Fax: 2711439
Email: info@equitybank.co.ke
Website: www.equitybankgroup.com

25. IMBC- I&M BANK

I & M BankTower, 1st Floor, Kenyatta Avenue
P.O. Box 30238-00100, Nairobi
Tel: 3221200/ 3221217 | Fax: 2212947 /2216732
Email: invest@imbank.co.ke
Website: www.imbank.com

26. KCBC- KENYA COMMERCIAL BANK LTD

3rd Floor Piedmont Plaza, Ngong Road, Opposite Kenya Science
P.O Box 30664 -00100Nairobi
Tel: 020 3864547-9/ 3270000 | Fax: 020 3864574
Email: custody@kcb.co.ke
Web: www.kcbbankgroup.co.ke

27. NBKC-NATIONAL BANK OF KENYA. LTD

National Bank Building, Harambee Avenue
P.O. Box 72866-00200 Nairobi
Tel: 2828000/ 2226471 | Fax: 311444/ 2223044
Email: info@nationalbank.co.ke
Web: www.nationalbank.co.ke

28. NIBC- NIC BANK LIMITED

NIC House, Masaba Road
P.O.Box 44559-00100 Nairobi
Tel: 2888000 | Fax: 2888505/513
Email: info@nic-bank.com
Website: www.nic-bank.com

Central Depository Agents (CDA's)

29. PRBC- PRIME BANK LIMITED

Prime Bank Office, Riverside Drive
P.O. Box 43825-00100 Nairobi
Tel: 4203000/4203116/4203148
Fax: 4451247/4203204
Email: custodial@primebank.co.ke
Website:www.primebank-kenya.co.ke

30. CFC STANBIC BANK LTD

CfC Stanbic Centre Chiromo Road, Westlands
P.O. Box 72833- 00200 Nairobi
Tel: 3638000 /3268000 | Fax: 3752905 /7
Email: customercare@stanbic.com
Website: www.cfcstanbicbank.co.ke

31. CHASE BANK (KENYA) LTD

Riverside Mews, Riverside Drive
P.O. Box 66049- 00800
Tel: 2774000/ 4454801-3 | Fax: 4454816
Mobile: 0727497653/ 0736432025
Email: info@chasebank.co.ke
Website: www.chasebankkenya.co.ke

32. SCBC –STANDARD CHARTERED BANK OF KENYA LTD

Standard Building Chiromo, 48, Westlands Road
P.O. Box 40984 -00100 Nairobi
Tel: 3293900/1543/3748023 | Fax: 3748023
Email: ky.securities-services@sc.com
Website: www.standardcharted.com

33. TRANS -NATIONAL BANK LTD

Trans-National Plaza, 2nd Floor, City Hall Way
P.O. Box 34353 -00100 Nairobi
Tel: 2224235/6, 252188/90/91 | Fax: 252225
Email: info@tnbl.co.ke
Website: www.tnbl.co.ke

34. APOLLO LIFE ASSURANCE LTD

Apollo Centre, 3rd Floor Ring Road Parklands, Westlands
P.O. Box 30389 -00100
Tel: 3641000 | Fax: 3641100
Mobile: 0722276556/ 0733676556
Email: isurance@apollo.co.ke
Website: www.apollo.co.ke

35. APA INSURANCE LTD

Apollo Centre, 07 Ring Road Parklands Westlands
P.O. Box 30065 -00100
Tel: 2862000 | Fax: 2862200
Mobile: 0720652272/ 0734652272
Email: info@apainsurance.org
Website: www.apainsurance.org

36. BANK OF AFRICA KENYA LTD

Reinsurance Plaza, Taifa Road
P.O. Box 69562 -00400
Tel: 3275000 | Fax: 2214166
Email: info@boakenya.com
Website: www.boakenya.com

37. THE NATIONAL TREASURY

Treasury Building, 2nd Floor, Harambee Avenue
P.O Box 300007- 00100 Nairobi
Tel: 2252299, Ext 33176 | Fax: 310833
Email: investmentsecretary@treasury.go.ke
Website: www.treasury.go.ke

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