2018
Annual Report & Financial Statements

CENTRAL DEPOSITORY & SETTLEMENT CORPORATION

Invested in Progress

1

VISION

A leading provider of innovative solutions for custody, clearing and settlement services.

2

MISSION

To provide secure, efficient custody, clearing, settlement and related services to all stakeholders by leveraging on technology and service excellence.

3

VALUES

Bankability;
Transactional trust

Integrity;
Public reliability

Customer centric;
Market solutions

Professionalism;
Competence

Confidentiality;
Non-disclosure

Stewardship;

Wise and just use of talent and resources in a collaborative manner

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CENTRAL DEPOSITORY & SETTLEMENT CORPORATION
Invested in Progress

Available on the App Store | GET IT ON Google Play

TRACK YOUR CDS ACCOUNT ANYWHERE, ANYTIME WITH THE NEW CDSC MOBILE APP

The new CDSC Mobile Application allows you to keep track of your investments in real time. Investors can enjoy a wide range of benefits including:

- Real time account tracking 24/7
- View transaction history
- Receive alerts on transactions and corporate actions
- Personalized account information

CDSC DATA VENDING SERVICE

Did you know you can get access to market transactional data for all accounts held in the CDS system?

CDSC Data Vending Service, offers a wide range of data sets that can carter for both the commercial and academic needs of our clients. Contact us through our email on *corporate@cdsckenya.com* for facilitation on all your data needs.

OTHER CDSC PRODUCTS AND SERVICE OFFERING

DEPOSITORY SERVICES

- Holding of securities in CDS
- Movement of securities within CDAs
- Transfer of securities to beneficiaries or as gifts
- Investors can use shares to secure loans with lending institutions

REGISTRY SERVICES

Through our subsidiary company CDSCR, we offer;

- IPO processing and register creation.
- Administration of AGMs / EGMs
- Processing of entitlement / dividend payments
- Register maintenance Settlement
- Settlement of equities, corporate bonds and M-Akiba bonds.

CLIENT SERVICES

- We send CDS account holders monthly statements via post office, if there is an activity in their account within that month.
- CDS account holders get statements conveniently via their email address every month. Visit your CDA (Stockbroker or custodian) and update your email address.
- Visit www.cdsckenya.com; go to the client portal and follow instructions to view your account
- You can access your CDS account and view your statement through the CDSC Mobile Application downloadable from Apple and Google PlayStores
- Email us on **corporate@cdsckenya.com** to access in depth capital markets related data sets through the CDSC Data Vending Service

CONTACTS US AT

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GROUP INFORMATION

BOARD OF DIRECTORS
Charles Ogalo
Bob Karina
Ashok Shah
Eunice Kariuki
Geoffrey Odundo
Peter Mwangi
Samuel Kimani
Aida Kimemia - Nesbitt
Isaac Awuondo

CHIEF EXECUTIVE OFFICER
Rose Mambo

REGISTERED OFFICE
Nation Centre, 10th Floor
Kimathi Street
P.O. Box 3464 - 00100
NAIROBI

AUDITOR
PKF Kenya
Certified Public Accountants
P.O. Box 14077 - 00800
NAIROBI

GROUP SECRETARY
Hilda Njeru
Certified Public Secretary
P.O. Box 3464 - 00100
NAIROBI

PRINCIPAL BANKERS
CFC Stanbic Bank Limited
P.O Box 30550 - 00100
NAIROBI

Commercial Bank of Africa Limited
P.O. Box 30437 - 00100 GPO
NAIROBI

SUBSIDIARIES
CDSC Nominees Limited KENYA

CDSC Registrars Kenya Limited KENYA

CDSC Registrars Rwanda Limited RWANDA

LEGAL ADVISORS
Mboya Wangong'u & Waiyaki Advocates
Lex Chambers, Maji Mazuri Road,
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NAIROBI

REPORT TO SHAREHOLDERS

CHARLES OGALO
CHAIRMAN

ROSE MAMBO
C.E.O

Dear Shareholders,

It is with great pleasure that we present to you, on behalf of the Board and Management of CDSC, the Company's Performance for the year ended 31st December 2018.

Transaction levies increased marginally by 1.5% YoY to Kes. 281 million up from Kes. 276 million. Transaction levies contributed to 79% of the group's revenues underpinning the importance of a vibrant capital markets to CDSC's performance.

Group Performance

The year 2018 was faced with several challenges both globally and locally that affected the general performance of the Capital Markets. The local market experienced foreign investor outflows in the second half of the year due to international market volatility factors like the Brexit uncertainty and the US trade war with China. The Federal Reserve Rate hikes also pulled high value investors away from emerging markets in favor of the developed markets.

The group however, recorded a 50% net profit growth to Kes. 82,183,351 for the year 2018 up from Kes. 54,649,567 in 2017 in spite of the uncertainty in our operating environment. This performance was mainly driven by a re-measurement of bank balances held with SBM Bank Kenya formerly held at Chase Bank (under receivership) and a 5.9% growth in revenues in 2018 to Kes. 355.3 million up from Kes. 335.6 million in 2017. Transaction levies increased marginally by 1.5% YoY to Kes. 281 million up from Kes. 276 million. Transaction levies contributed to 79% of the group's revenues underpinning the importance of a vibrant capital markets to CDSC's performance. Total expenses increased slightly by 3.3% to Kes. 268.4 million in 2018 up from Kes. 259.8 million in the previous year.

CDSC also recorded an annualized growth in total assets from Kes. 494.7 million in 2017 to Kes. 586.6 million in 2018 representing a growth of 18.6%. This increase was attributed to the continued investment in our systems infrastructure. Retained earnings also posted an increment of 21.7% in the year from Kes310.1 million in 2017 to Kes. 377.5 million in 2018.

A total of 307,873 deals were settled through the CDS system compared to 284,843 deals settled in 2017. The 8.1% increase was as a result of activity, mainly from foreign investors at the local bourse who were mostly net sellers. The equities turnover was also positively impacted by the trading activity rising marginally by 2.34% to Kes. 175 billion in 2018 up from Kes. 171 billion in 2017.

REPORT TO SHAREHOLDERS (continued)

In contrast, CDSC witnessed a vibrant corporate bonds market in 2018 with the bonds turnover increasing by 29% to Kes. 562 billion up from Kes. 435 billion in 2017.

The data cleaning exercise commenced in 2017 continued into 2018. At the close of 2018, there were 1,159,674 CDS accounts, a marginal increase of 0.8% compared to 1,150,270 CDS accounts recorded at the close of 2017. The objective of this exercise is to ensure that the records maintained by CDSC are authentic, complete and accurately reflect the clients' data for improved service delivery to our customers and compliance with KYC requirements.

Following the conclusion of the sale of a 30% stake in CDSC Registrars to Escrow Financial Services Limited, CDSC Registrars transferred management of CDSC Registrars to Escrow to bring in new synergies and improve performance of the business unit.

In 2018 CDSC Registrars recorded a loss of Kes. 7.6m compared to Kes. 7.8m loss in 2017; while CDSCR Rwanda recorded a loss of Kes. 1.1m compared to a profit of Kes. 0.7m. in 2017. This loss is attributed to tax arrears provisions.

In contrast, CDSC witnessed a vibrant corporate bonds market in 2018 with the bonds turnover increasing by 29% to Kes. 562 billion up from Kes. 435 billion in 2017.

Dividend Payment

The Board of Directors has recommended a final dividend of Kes.10 per share for the year ended 2018 compared to Kes.6.85 in 2017.

Economic Performance

The global macro-economic environment was stable while the global capital markets experienced volatility as a result of stringent monetary policy, trade and geopolitical tensions in leading economies. Global market capitalization declined by 14.9% from 87.43 trillion US Dollars in 2017 to 74.4 trillion US Dollars in the year under review while shares traded volumes were up by 11.5% to 21.9 trillion US Dollars in 2018 up from 19.64 trillion US Dollars in 2017. Global growth for 2018 is reported at a rate of 3.6%, a slight decline from the performance recorded in 2017 of 3.8%.

The Sub-Saharan region recorded a marginal increase in GDP growth at 3.0% in 2018 compared to 2.9% growth in 2017.

Back home, the economic conditions were favourable. Kenya's GDP grew at an average rate of 6.3% in 2018 compared to a 4.7% growth recorded in 2017. This was due to positive performance from key sectors such as agriculture and manufacturing supported by accelerated growth in the transportation and services sectors. This growth is expected to be maintained in 2019 due to increased business and consumer confidence as well as sustained low inflation levels at 4.7% in 2018 compared to an average of 8% in 2017.

Guarantee Fund

The CDSC Guarantee Fund is managed by CDSC as the Fund Administrator and operated in accordance with the CDSC Operational Rules and the Guarantee Fund Procedures. The purpose of the Fund is to mitigate settlement risks by guaranteeing funds settlement between settlement participants in instances of one or more parties' inability to meet settlement obligations. The Fund covers all the Central

Depository Agents (CDAs). These are stockbrokers, investment banks and custodian banks.

As at the close of 2018, the CDSC Guarantee Fund recorded a net surplus of Kes. 87 million. This was mainly driven by an increase in the fund's income streams namely; interest income Kes.66m, Guarantee Fund Levy of Kes.35m and Kes.4m from penalties; recording a combined growth of 19.2% to Kes. 105.8 million in 2018 up from Kes. 88.7 million in 2017. The Fund also benefited from a re-measurement of bank balances held with SBM Bank Kenya formerly held at Chase Bank (under receivership), The Fund's total assets consequently increased from Kes. 822.7 million in 2017 to Kes. 916.6 million in 2018.

Future outlook

As we take stock of last year's accomplishments and learnings, we are cautiously optimistic of the future as the capital markets environment continues to experience volatility and low trading volumes. In the coming year, CDSC Board and Management will focus on increasing the revenue stream options for the group while ensuring prudent utilization of company resources for enhanced operational efficiency and business growth.

Delivering the Strategy

Our vision is to be a leading provider of innovative solutions for custody clearing and settlement services. We continue to showcase our commitment to achieving this goal through the implementation of our 2016 – 2020 strategy.

CDSC's 2016 - 2020 strategy is now in its fourth year of implementation. In 2019 CDSC shall focus on three key areas namely; (a) CPMI IOSCO compliance, (b) the implementation of a new technology platform, which will enable the introduction of new products such as securities lending and borrowing and intra day trading, and (c) fulfillment of CDSC's role under the Capital Markets Master Plan (CMMP).

Risk management remains a high priority at CDSC with continuous efforts to constantly upgrade our capability in tandem with the new operating environment envisaged under the new CDS system. Our focus remains on achieving full compliance with the CPMI IOSCO Principles for Financial Market Infrastructures, the Capital Markets Master Plan, the regulatory requirements spelt out under the Conduct of Business (Market Intermediaries) Regulations as well as the company's Strategic Plan.

Leveraging on technology, CDSC has packaged data sets on information available in the depository to be sold to both local and international institutions, researchers and individuals.

To enhance the customer experience and keep investors up to date on their investment information, CDSC rolled out a Mobile Application in December 2018. The App enables investors to view their account details; get notifications on activity in their CDS accounts, get notifications on corporate announcements, make requests for activation of dormant accounts and protect their securities through self-freezing and unfreezing of their shares.

Leveraging on technology, CDSC has packaged data sets on information available in the depository to be sold out to both local and international institutions,

REPORT TO SHAREHOLDERS (continued)

researchers and individuals. Revenues generated from this service will ensure we diversify our income streams and improve the group bottom line ensuring sustained value creation to our shareholders.

In addition to making technological investments to support delivery of the strategy, we continue to provide an enabling environment through which our employees can develop their talents and skills to take charge of their own careers. These investments will in the long run, create a workplace that promotes growth and delivers greater value to the shareholders through increased productivity.

Corporate Governance

The Board recognizes the role that good governance plays in ensuring the success and sustainability of the business. In April 2018, the Board conducted a self-assessment that involved peer reviews as well as assessments of their effectiveness. The Board attained an overall score of 87.54%, a slight improvement from the previous year's score of 87% signaling the Board's continued commitment to good governance practices.

Board Changes

During the year, Mr. Mike Bristow resigned on 3rd December 2018 as the Chairman of both the CDSC and CDSC Registrars Boards to pursue other interests. He had served the CDSC Board diligently for fourteen years. Mr. Charles Ogalo was appointed Chairman of the CDSC Board in line with CDSC Memorandum and Articles of Association and the Corporate Governance Regulations. Mr. Sam Kimani was also nominated to the Board of CDSC Registrars, both as a director and Chairman, replacing Mr. Bristow. On behalf of the CDSC Board, I wish to thank Mr. Bristow for his tireless and dedicated service to CDSC, and wish him all the best in his future engagements.

During the same period, Mr. Isaac Awuondo joined the Board as a representative to the Capital Markets Challenge Fund. He brings on board significant financial and investment expertise that will serve the CDSC Board immensely in the stewardship of the company.

Appreciation

In conclusion, I would also like to thank the Board of Directors for their relentless support and diligent guidance throughout the year. Their counsel allows the organization to make the critical decisions that ensure stability and future growth of the company.

On behalf of the Board, we remain highly appreciative of the contribution of the Management and staff to the delivery of our promise to all our stakeholders of making progress possible.

We also take this opportunity to extend our appreciation to our valued business partners and customers who have been instrumental in the running our business and continue to play a significant role in the future success of the company.

Charles Ogalo	**Rose Mambo**
Chairman	**Chief Executive**

BOARD OF DIRECTORS PROFILES

CHARLES OGALO

Mr. 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 Genafrica Asset Managers Ltd. (formerly Genesis Kenya Investment Management Ltd.), a position he has held since 1st April 1996. He has served in several public and private sector companies in Kenya as a Non-Executive Director, including Ecobank Kenya, Sony Sugar, Kenya Re and CAK among others. A member of the Institute of Directors, Mr. Ogalo served in various positions of responsibility in the banking industry for over 11 years, both locally and internationally before joining Genesis Kenya.

ASHOK KUMAR MEPA SHAH

Mr. 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 A P A Insurance Ltd, Barclays Bank of Kenya, APALife 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 Entrepreneur of the Year Award in the Masters Category. Ashok emerged a finalist in the All Africa Business Leaders Awards – 2015 (AABLA), under the category of Philanthropist of The Year 2015. He is the winner of the 2016 AABLA Entrepreneur of the Year Award- East Africa Chapter.

BOARD OF DIRECTORS PROFILES

BOB KARINA

Mr. Karina is the Founder and Chairman of Faida Investment Bank, which is licensed by the Capital Markets Authority Kenya and a Member of the Nairobi Securities Exchange (NSE) Ltd. He is also the Managing Director, Faida Securities (Rwanda).

He is the Vice Chairman of the NSE and also the Vice Chairman of the Rwanda Stock Exchange (RSE), where he has played a key role in the set up of the RSE, where he serves as the Chairman of the Operations and Market Development 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 a Board Member of the NSE Clear, Trustee of both NSE Investor Protection Fund and NSE Derivatives Settlement Guarantee Fund. He is also a Board Member of the Kenya Industrial Estate (KIE), where he serves as the Chairman of the Finance Committee. KIE's principal activity is to promote and facilitate industrialization through the provision of credit facilities, business development services and industrial workspaces in Kenya.

He is an accomplished stockbroker, an information technology professional and a successful businessman. He plays other roles including; 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 a Governor and Director of the Kenya Private Sector Alliance (KEPSA) and as a Director of the Kenya National Chamber of Commerce and Industry (KNCCI) as the Chairman of the Finance Committee.

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 is a former Lecturer at the KCA University, Nairobi, Kenya. He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.

EUNICE KARIUKI

Eunice was appointed Director of Partnerships, Innovation and Capacity in January 2015 at ICT Authority, a merger of former ICT Board, e-Government and Government Technology Systems (GITS). Until then she was the Marketing Director at Kenya ICT Board for 8 years where she doubled up as Deputy CEO. Prior to her post at the ICT Board, Eunice worked for 2 years at Microsoft as a Public Sector Account Manager in charge of Education in Eastern and Southern Africa. In 1999 she founded and managed Records & Archives Management Systems (RAMS) Ltd for 7 years. She also worked for Eastman Kodak for 2 years, and 1 year at Avro International Aerospace in UK.

Eunice holds an MBA in Strategic Management from Maastricht School of Management affiliated to Eastern Southern African Management Institute (ESAMI), a BSc. (Hons) Degree in Business Studies from UK, a Higher National Diploma in Business Information Technology (BITech), and Chartered Institute of Marketing (CIM) Post Graduate Diploma. She is also a Member of the Institute of Directors (IOD) and Chartered Institute of Marketing (CIM). Eunice was listed on the 2009 top 40 under 40 women in Kenya, and most recently as one of the 2017 top 25 Digital Influencers in Kenya.

BOARD OF DIRECTORS PROFILES

GEOFFREY ODUNDO

Mr. Geoffrey Otieno Odundo is the Chief Executive of the Nairobi Securities Exchange Plc. Mr. Odundo, an accomplished Investment Banker has been in the financial services sector for the last 27 years, 21 of which have been in the Capital Markets in various senior roles in asset management, corporate finance and securities trading. Prior to his appointment, Mr. Odundo was the Managing Director and Chief Executive Officer of Kingdom Securities Limited. He was instrumental in the setting up of Co-op Trust Investment Services, Co-op Consultancy Services Limited and Kingdom Securities Limited.

Mr. Odundo has advised on a number of corporate finance mandates in both the public and private sectors; he has also managed key mandates in the asset management industry. Mr. Odundo has contributed to the growth of the Capital Markets in his previous role in the Kenya Association of Investment Banks, the Kenya Bureau of Standards and on the Board of the Nairobi Securities Exchange.

He is currently a Director of the Central Depository and Settlement Corporation Limited (Ltd) a director of the Association of the African Stock Exchanges (ASEA) and a Council member of the Institute of Certified Financial Analysts (ICIFA); he is also a trustee of the NSE Fidelity Guarantee Funds.

Mr. Odundo holds a Master's Degree in Strategic Management from the United States International University (USIU) and a Degree in Mathematics and Economics and is a holder of the Advanced Management Program (AMP) - Strathmore Business School.

PETER K. MWANGI

Mr. Peter K Mwangi is currently the Chief Executive Officer of the UAP Old Mutual Group in East Africa. Before this appointment, he was the Chief Executive Officer of the Old Mutual Group in Kenya from October 2014. He previously served as the Chief Executive Officer of the Nairobi Securities Exchange Limited for a period of 6 years to September 2014. Prior to this, he was the Chief Executive Officer of Centum Investment Company Plc between 2004 and 2008. He serves as a Non-Executive Director on the Board of the Central Depository and Settlement Corporation (CDSC), British American Tobacco Kenya plc, Funguo Investments Limited and as an Executive Director on the boards of several subsidiaries of the UAP Old Mutual Group in East Africa.

He has over 20 years of proven business and leadership experience. He holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi and is also a CFA® charter holder. Additionally, he is a member of ICPAK, ICPSK and KIM.

BOARD OF DIRECTORS PROFILES

SAMUEL KIMANI

Samuel Kimani is the Chairman of Jambo Credit Ltd. He has previously held senior management positions in the financial services industry. He is a member of ICPAK and holds an MBA in Strategic Management and a BSc in Civil Engineering, both from the University of Nairobi, an Advanced Management Program (AMP 177) Harvard and is a CPA (K).

Mr. Kimani has a wealth of experience in the banking industry having served as the as CEO of Jamii Bora Bank Ltd and as Deputy CEO and Finance Director of the KCB Group. Prior to this, he served at the Central Bank of Kenya as Deputy Chief Banking Manager, Deputy Director Financial Markets, Principle Financial Accountant, and the Chief Internal Auditor. He also headed the Surveillance Division of the Deposit Protection Fund. He has also served as a Senior Auditor at PriceWaterhouseCoopers.

He sits on the boards of Kenya Deposit Insurance Corporation (KDIC), is the Chairperson, Nairobi Securities Exchange (NSE), Chairman, CDSC Registrars and is a member of the University of Stellenbosch Executive Education Advisory Board (USB-AB).

AIDA KIMEMIA - NESBITT

Aida Kimemia is a Managing Director at Tiserin Capital, a recently established private equity fund, which weaves partnerships between leading companies from Emerging Asia and Latin America with growth companies in Africa. She has broad experience in investment banking, corporate finance, general management and corporate governance. She is also non-Executive Chair on the board of Metropolitan Cannon General Insurance Limited.

Prior to Tiserin Capital, Aida worked at the International Finance Corporation (IFC) for 19 years and was most recently a Regional Manager in the Manufacturing, Agribusiness and Services Department, where she was responsible for a $300 million annual business across a diverse portfolio in the manufacturing and service sectors in Sub-Saharan Africa.

Aida holds a Bachelors Degree in Economics and Mathematics from St Lawrence University (New York) and a Masters Degree in Financial Management from Johns Hopkins University (Baltimore)

BOARD OF DIRECTORS PROFILES

ISAAC AWUONDO

Isaac has considerable experience in the financial services industry having worked for more than 30 years in the Kenyan and regional banking industry. He is currently the Group Managing Director of Commercial Bank of Africa Limited ("CBA Group") the largest privately held commercial bank in Kenya with a regional focus, presently also operating in Tanzania, Uganda, Rwanda and Ivory Coast. CBA Group is one of the strongest and ethically managed commercial banks' offering a comprehensive range of banking services, including Mobile and Digitally enabled financial solutions and is recognized as the market leader in the provision of Mobile Lending and Savings solutions, in partnership with Safaricom (Kenya), Vodacom (Tanzania) and MTN (Uganda, Rwanda and Ivory Coast). CBA Group presently serves in excess of 35 million customers in its five markets.

Prior to joining CBA Group (more than 23 years ago) Isaac was Chief Financial Officer and director at Standard Chartered Bank Kenya Ltd operations in Kenya and the East Africa region for over 8 years.

Isaac graduated from University of Nairobi in 1980 with a Bachelor of Commerce degree in accounting and finance. He trained at BDO Binder Hamlyn in London qualifying as a chartered accountant in 1984. On his return to Kenya he worked with the firm of Githongo and Company (a BDO affiliate) as an Audit Manager in 1985. In 1986 he was appointed Group Auditor of Nation Printers and Publishers Limited (now the Nation Media Group) and eventually became the Group Financial Controller and Company Secretary.

Isaac is a member of the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Certified Public Accounts of Kenya (ICPAK) and Fellow of the Kenya Institute of Management.

Isaac sits on the Board of several public and private organizations, including Kenya Airports Authority (Chairman), Kenya Cultural Centre, Bata Shoes Company Kenya Limited, Aidspan (Chairman) and Riara University (Chairman of Council). Through his involvement in charitable and philanthropic activities, he is Chairman of the Kenya Conservatoire of Music, University of Nairobi Alumni Association, The Rhino Trust, a conservation charity involved

in preservation of environmental biodiversity, and WWF Kenya, and Trustee of the Zawadi Africa Education Fund, an educational charity which provides scholarship support to disadvantaged girls from Africa (and presently operating in Kenya, Uganda, South Africa and Ghana) to Universities mainly in the US, South Africa, Ghana and Canada and more recently the UK and Japan.

He is a keen golfer, enjoys music and is a collector of contemporary African Art, an area of interest for more than 30 years.

MANAGEMENT PROFILES

ROSE MAMBO

Rose is the Chief Executive at CDSC and is responsible for strategic leadership for the corporation and corporate governance. She has steered the company to achieve a number of key milestones including a T+3 settlement cycle, full dematerialization of the market, several large successful IPOs, and improved efficiency and risk management in the settlement function of the corporation with a Guarantee Fund value that has grown over five times since she joined CDSC in 2007.

Under her stewardship, CDSC maintains over 1 million active CDS accounts safeguarded in its CDS system. The company's financial performance has significantly improved over the years of her ongoing tenure, in line with the growth in Kenya's capital market.

Rose is a Director at CDSC Registrars Limited, and with her guidance, the company efficiently manages several listed companies' registers, including the register of the revolutionary mobile phone bond M-Akiba. To-date, CDSC hosts over 500,000 M-Akiba Bond CDS accounts.

Under her leadership, CDSC has transitioned to a brand that is more customer-centric in product and service offering, as it endeavours to become the leading provider of innovative solutions for custody, clearing and settlement services.

Rose holds an MBA from Strathmore University, a Master of Laws degree from the American University in Washington DC specializing in international business law and a Bachelor of Laws degree from the University of Nairobi. She is an advocate of the High Court of Kenya and a Fellow of the Institute of Certified Secretaries of Kenya. Rose has worked as a State Counsel at the Attorney General's Office and at the Nairobi Securities Exchange as Company Secretary and Head of Legal and Compliance.

MARION KIOI

Marion heads the Operations Department which is charged with the safe custody of securities and management of the daily electronic clearing, delivery and settlement processes. She is also the secretary of CDSC's Business Conduct Committee.

Marion is a Director at CDSC Registrars Limited and serves in the Strategy Committee and the Finance, Audit and Compliance committee of the CDSCR Board.

Marion holds a Bachelor of Science Degree from the University of Nairobi. She is currently pursuing Master of Science Degree in Finance at the University of Nairobi. Marion has over 14 years' experience in Operations at CDSC and a wealth of experience in the Capital market. Prior to joining CDSC, Marion worked for Nairobi Securities Exchange in the Delivery & Settlement department.

MANAGEMENT PROFILES

JAMES GIKONYO

James is the Head of Information and Communication Technology at CDSC and he participates in policy and decision making at executive management level regarding the future direction and proposed information systems in CDSC.

James holds a Master's of Science 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 University of Nairobi. James is a Certified Information Systems Auditor (CISA) and has over 18 years experience in the Information and Communication Technology fields with 16 years experience in Banking IT systems having worked with Barclays Bank of Kenya and Transnational Bank Limited.

IRENE MUTISO

Irene heads the HR and Corporate Communications department and represents CDSC in Investor Education Working Committee (IEWC), Securities Industry Training Institute East Africa (SITI), and is a member of Champions of Corporate Governance Award (COG) taskforce.

Irene 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 qualified Executive Coach, Certified Human Resource Analyst (CHRA), a Full Member of Women on Boards Network, Institute of Human Resource Management (IHRM), Kenya Institute of Management (KIM) and Society of Human Resources (SHRM). Irene has over nine years experience in Human Capital Management and Corporate Communication. Prior to joining CDSC, she worked at Nairobi Securities Exchange and held various positions.

MANAGEMENT PROFILES

HILDA NJERU

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

Hilda holds a Master of Laws degree (LL.M) and a Bachelor of Laws degree (LL.B) both from the University of Nairobi. She has a Post Graduate Diploma in Law from the Kenya School of Law and 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. She has over 9 years experience in the field of financial law and compliance and has worked in the Banking and Capital Markets industries.

FRANCIS KIBATHI, CFA, CPA, CISA

Francis heads the Risk Management at CDSC.

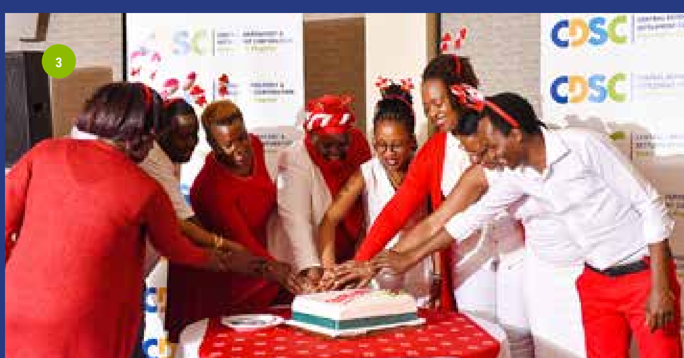
Francis holds a Bachelor of Commerce Degree, Finance option. He is a CFA Charter holder, a Certified Public Accountant, a Certified Information Systems Auditor and a member of the Association of Certified Fraud Examiners. He is currently pursuing a Masters of Science in Finance at University of Nairobi. He has previously served in various capacities as both external and internal auditor, and has a wealth of experience in audit, risk and compliance.

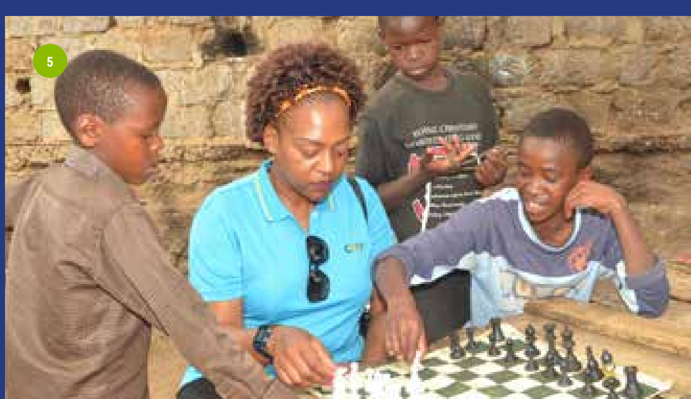
JESSE KAGOMA

Jesse is the Head of Finance and Administration at CDSC, and is responsible for providing technical and professional leadership in the planning, development, execution and evaluation of financial policies and systems, aimed at ensuring prudent management and control of financial resources. Jesse oversees the effective implementation of the CDSC administration function, fundamental to the day to day functioning of the corporation.

He holds Masters in Business Administration (MBA) Finance, Bachelor of Business Management (Finance & Banking), and is a certified public accountant (CPA.K). Jesse is a seasoned and accomplished business manager with over 17 years' experience in managerial, strategy, operational and financial administration.

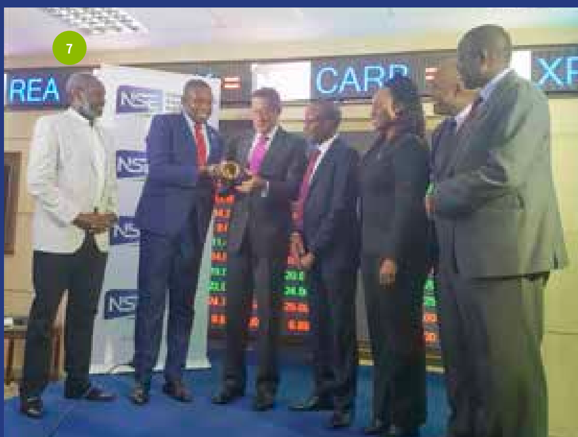
PICTORIAL

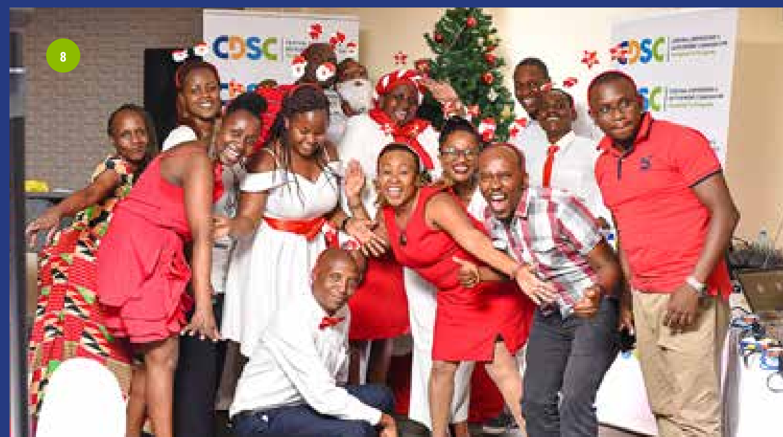




1. Capital Markets Authority (CMA), Central Depository & Settlement Corporation (CDSC) and Nairobi Securities Exchange (NSE) team pose with the Deputy President Dr. William Ruto after the Rapid Mass Visibility Strategy Meeting to deliberate on how to boost the capital markets through listings at the NSE
2. CDSC team at Young Life Africa Children's Home in Ruiru during a Corporate Social Responsibility event
3. CDSC team cuts the cake during the staff end year party
4. Ms. Rose Mambo, CDSC CEO presents a trophy to one of the winners of the Champions of Goverance (COG) Awards by the Institute of Certified Secretaries (ICS)
5. CDSC CEO, Ms. Rose Mambo playing Chess with one of the boys at Young Life Africa Children's Home during a CSR visit in Ruiru
6. From Left, Hilda Njeru, James Gikonyo and Marion Kioi (CDSC Management team) and Central Depository Agents (CDAs) listen to presentations during a CDA workshop 2018

PICTORIAL





7. CDSC CEO, Ms. Rose Mambo (3rd Right) and NSE CEO, Geoffrey Odundo (2L) and CDSC and NSE board members during a courtesy bell ringing by CNN Business News anchor, Richard Quest
8. CDSC staff pose for a group photo during the end year party
9. CDSC receives a certificate of appreciation at the 2018 Women for Cancer charity tournament
10. (L-R) CDSC former Chairman Mike Bristow, NSE CEO Geoffrey Odundo, CDSC CEO Ms. Rose Mambo and CMA Chairman Mr. James Ndegwa during the launch of a joint CSR initiative at Naivasha Children's Home
11. CDSC staff engages a client during one of the investor education initiatives
12. CDSC Operations manager, Elizabeth Ndungu, (3rd Right) cuts a cake with clients to mark the beginning of the Customer Service Week 2018

GOVERNANCE REPORT

Board Evaluation Disclosure Report

During the year, the Board of Directors of CDSC Limited discussed its composition, its own performance, and that of its four committees. As with the previous year, this self-assessment was facilitated by an external advisor, contracted through the Institute of Certified Secretaries of Kenya.

The evaluation provided an opportunity for directors to self - evaluate and be evaluated by their peers hence providing an opportunity to identify both the collective skills gaps in the board and individual director weaknesses that require to be addressed.

Items assessed and subsequently discussed by the Board included:

i. Board effectiveness;

ii. Strategic focus;

iii. Effectiveness of the Committees,

iv. Effectiveness of the Chairman;

v. Effectiveness of the individual members; and

vi. Performance of the Chief Executive and that of the Company Secretary

The Board concluded that the large majority of these items were assessed positively. Team spirit is considered strong, encouraging mutual trust, open discussion, and clear understanding of each Board member's role. The board recorded an overall score of 87.54%

Over the recent past, good steps have been made in further optimizing the balance, both with regard to the functioning of the Board and with regard to the Boards' mutual relationship with management. Some of the key findings and points for follow-up are:

a. The Board will pay more attention to leadership development and succession planning.

b. The board is very efficient in its advisory role but further improvements will be realized with an enhanced selection process of directors that takes into consideration any deficiencies in the skills of current board members.

c. The effectiveness of the Committees of the Board was good, although there were some scope for optimization. The board will relook at the Terms of Reference of each Committee and identify areas of overlaps, with a view to enhancing oversight.

INDEPENDENT ASSURANCE REPORT
TO THE DIRECTORS OF CENTRAL DEPOSITORY AND SETTLEMENT CORPORATION

We have been engaged to perform a limited assurance engagement in respect of the operational capabilities of the central depository system as required by Section 33(3) of the Central Depositories Act, 2000.

Responsibilities of directors

The directors are responsible for keeping or cause to be kept such records and accounts, in sufficient detail as per Section 32 of the Central Depositories Act, 2000 and to also ensure that the Central Depository's operations are functioning satisfactorily with due regards to the duties of Central Depository as per the Central Depositories Act, 2000.

Section 32 of the Central Depositories Act, 2000 requires the Central Depository to keep or cause to be kept such records and accounts, in sufficient detail, so as to show particulars of:

- all transfer of book-entry securities to and from a securities account;
- all moneys received or paid by a central depository, including dividends received in respect of any book-entry securities and the disbursement of such dividends to depositors;
- all income received from commissions, fees, charges and other sources, and all expenses, commissions, and other payments made or paid by the central depository; and
- all assets and liabilities (including contingent liabilities) of the central depository.

Section 33 (1) of the Central Depositories Act, 2000 requires the Central Depository at the end of every financial year cause an audit to be conducted in respect of every record or account kept pursuant to section 32, which shall include:

- verification of the accuracy of the details shown in such records or accounts;
- a stock count of all certificates held by the central depository.

Our independence and quality control

The firm applies International Standard on Quality Control 1 and, accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical responsibilities in Kenya and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our responsibilities and scope

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 which requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, to provide our conclusion with limited assurance.

INDEPENDENT ASSURANCE REPORT
TO THE DIRECTORS OF CENTRAL DEPOSITORY AND SETTLEMENT CORPORATION

Our responsibility is to obtain limited assurance about whether the company has complied with the requirements of Section 32 and 33(1) of the Central Depositories Act, 2000. Our procedures are designed to provide limited but not reasonable or absolute assurance that the proper records and accounts have been kept with sufficient detail, that the Central Depository System operates and performs its functions satisfactorily and that there is no material non-compliance with the requirements of Section 32 of the Central Depositories Act, 2000. Our procedures therefore cannot be relied upon or used as a substitute for adequate internal controls including monitoring thereof or an audit of every record kept by the depository under the requirements of Section 33 (1). Accordingly, this engagement does not meet the requirements as set out under Section 33 (1) of the Central Depositories Act, 2000.

Within our scope of work, we:

- Performed procedures to review the adequacy of the Information System Control Environment.
- Reviewed application controls including the system integration between the Nairobi Securities Exchange, Central Depositories Agents and the Depository.
- Performed tests on operating effectiveness of controls over operational procedures as detailed in our Letter of Engagement dated 31 January 2017.

Conclusion

Based on our limited procedures, nothing has come to our attention to cause us to believe that proper records and accounts have not been kept with sufficient detail and the Central Depository System operate and perform its functions satisfactorily.

Emphasis of Matter – Internal controls recommendations

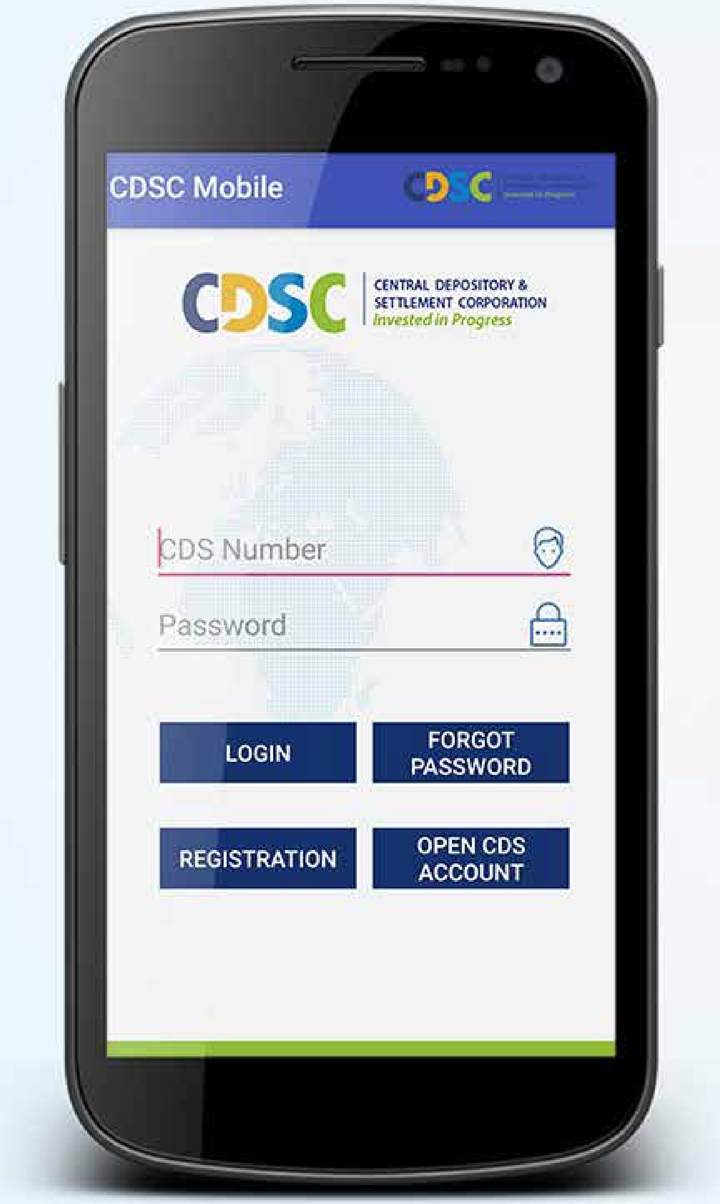
We have detailed in our separate management letter a number of recommendations related to the internal control environment including IT controls which should be read in conjunction with this report. Our conclusion is not qualified in this respect.

PKF Kenya

PKF KENYA, CERTIFIED PUBLIC ACCOUNTANTS

25 March **2019**

CDSC
CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION
Invested in Progress



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FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of the company and the group.

Principal Activities

The principal activities of the group are that of providing 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.

Business Review

During the year ending 31 December 2018, the total turnover of the group increased from Shs. 335,551,804 to Shs. 355,275,708. The profit before tax increased from Shs. 86,229,866 to Shs. 123,387,763.

As at 31 December 2018, the net current asset position of the group was Shs. 372,202,787 compared to Shs. 336,767,393 as at 31 December 2017.

	GROUP		COMPANY	
Key performance indicators	**2018**	**2017**	**2018**	**2017**
Revenue (Shs)	355,275,708	335,551,804	342,505,483	324,177,446
Profit for the year (Shs)	82,183,351	54,649,567	79,608,142	61,832,311
Net profit margin (%)	23%	16%	23%	19%
Net assets (Shs)	586,601,034	494,657,508	560,002,183	494,758,649

Principal Risks and Uncertainties

The principal risk and uncertainty affecting the business was the delay in the implementation of the new depository and settlement system.

Dividends

The directors propose a final dividend of Shs. 10 per share (2017: Shs. 6.85) amounting to a total of Shs. 17,500,000 (2017: Shs. 12,000,000).

Directors

The directors who held office during the year and to the date of this report are shown on page 5. In accordance with the group's Articles of Association, Peter Mwangi, Ashok Shah and Charles Ogalo retire by rotation in accordance with the company's Articles of Association and being eligible, offer themselves for re-election.

Statement as to Disclosure to the Company's Auditor

With respect to each director at the time this report was approved:

a. there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

b. the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of Appointment of the Auditor

PKF Kenya continues in office in accordance with the group's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Hulda Njeru

COMPANY SECRETARY
NAIROBI

20 March 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 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 group's and company's profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the group and the company; that disclose, with reasonable accuracy, the financial position of the group and the company and that enable them to prepare consolidated financial statements of the group and the company that comply with International Financial Reporting Standards and the requirements of the Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

ii. Selecting and applying appropriate accounting policies; and

iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the consolidated financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2018 and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the consolidated financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 20 March 2019 and signed on its behalf by:

DIRECTOR **DIRECTOR**

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF CENTRAL DEPOSITORY AND SETTLEMENT CORPORATION LIMITED

Report on the financial statements

Opinion

We have audited the accompanying consolidated and company financial statements of Central Depository and Settlement Corporation Limited and its subsidiaries, (collectively referred to as the 'group') set out on pages 33 to 78 which comprise the consolidated and company statement of financial position as at 31 December 2018, the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity, consolidated and company statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position of as at 31 December 2018 and of the consolidated and company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Kenya and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

-Recoverability of bank balances held with SBM Bank (Kenya) Limited

As disclosed in Note 14 to the financial statements, at the reporting date the company held deposits measured at Shs. 73,358,406 included within cash and cash equivalents with SBM Bank (Kenya) Limited. These deposits were transferred from Chase Bank Kenya Limited (In Receivership) as part of the transfer of assets and liabilities. The directors have exercised significant judgement and estimation as detailed in accounting policy (d) whilst assessing the recoverability and measurement of these balances. Because of the significance of these judgements and the value of these balances at the reporting date, this is a key audit matter.

Key Audit Matters (continued)

- Information technology (IT) systems and controls over financial reporting

The group is heavily reliant on complex IT systems. There is a risk that the controls around complex IT systems may not be designed and operating effectively.

We assessed and tested the overall design and operational effectiveness of controls over information systems that are critical to financial reporting. Where deficiencies were observed that affected application and databases within the scope of our audit, we performed additional controls and substantive procedures to determine the reliance placed on the completeness and accuracy of the system generated information.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and the schedule of expenditure but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the report to shareholders, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the report to shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF CENTRAL DEPOSITORY AND SETTLEMENT CORPORATION LIMITED (CONTINUED)

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

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

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

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 26 and 27 is consistent with the financial statements.

25 March 2019

CERTIFIED PUBLIC ACCOUNTANTS
NAIROBI

CPA Darshan Shah - P/No. 2051

Signing partner responsible for the independent audit

CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 Shs	2017 Shs
Revenue	1	355,275,708	335,551,804
Other operating income	2	22,404,438	11,208,376
Remeasurement loss on balances held with banks under receivership	14	14,092,268	(694,393)
Administrative expenses		(217,612,034)	(219,035,965)
Other operating expenses		(50,772,617)	(40,799,956)
Profit before tax	3	123,387,763	86,229,866
Tax	5	(41,204,412)	(31,580,299)
Profit for the year		82,183,351	54,649,567
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(496,768)	(540,545)
Total comprehensive income for the year		81,686,583	54,109,022
Profit for the year is attributable to:			
- Owners of the parent company		84,322,919	-
- Non-controlling interests		(2,139,568)	-
		82,183,351	-
Other comprehensive income:			
Dividend:			
Proposed final dividend for the year	7	17,500,000	12,000,000

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

COMPANY STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 Shs	2017 Shs
Revenue	1	342,505,483	324,177,446
Other operating income	2	21,373,203	11,179,559
Remeasurement loss on balances held with banks under receivership	14	14,092,268	(694,393)
Administrative expenses		(216,036,066)	(204,106,329)
Other operating expenses		(46,315,780)	(39,150,743)
Profit before tax	3	115,619,108	91,405,540
Tax	5	(36,010,966)	(29,573,229)
Profit and total comprehensive income for the year		79,608,142	61,832,311
Dividend:			
Proposed final dividend for the year	17	15,000,000	12,000,000

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

As at 31 December

	Note	2018 Shs	2017 Shs
Capital Employed			
Share capital	6	175,000,000	175,000,000
Preference shares	8	2,307,206	-
Translation reserve		(2,978,546)	(2,481,778)
Retained earnings		377,474,507	310,139,286
Proposed dividends	7	17,500,000	12,000,000
Equity attributable to owners of the company		569,303,167	494,657,508
Non-controlling interests		11,898,463	-
Total equity		581,201,630	494,657,508
Non-current liabilities			
Preference shares	8	5,399,404	-
		586,601,034	494,657,508
Represented By			
Non-current assets			
Property and equipment	9	16,110,202	14,249,035
Intangible assets	10	174,920,212	126,679,599
Deferred tax	11	23,367,833	16,961,481
		214,398,247	157,890,115
Current assets			
Investments	12	52,464,813	49,120,381
Trade and other receivables	13	38,333,857	45,940,218
Cash and cash equivalents	14	309,911,053	266,487,681
Tax recoverable		22,806,808	11,576,772
		423,516,531	373,125,052
Current liabilities			
Trade and other payables	15	51,313,744	36,357,659
Net current assets		372,202,787	336,767,393
		586,601,034	494,657,508

The financial statements on pages 33 to 78 were approved and authorised for issue by the Board of Directors on 20 March 2019 and were signed on its behalf by:

DIRECTOR **DIRECTOR**

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

COMPANY STATEMENT
OF FINANCIAL POSITION

As at 31 December

	Note	2018 Shs	2017 Shs
Capital Employed			
Share capital	6	175,000,000	175,000,000
Retained earnings		367,502,183	307,758,649
Proposed dividends	7	17,500,000	12,000,000
Equity attributable to owners of the company		560,002,183	494,758,649
Represented By			
Non-current assets			
Property and equipment	9	15,967,211	14,170,300
Intangible assets	10	152,537,137	126,679,599
Deferred tax	11	28,380,816	16,920,031
Investment in subsidiaries	16	261,043	261,043
Trade and other receivables	13	9,823,868	-
		206,970,075	158,030,973
Current assets			
Investments	12	52,464,813	49,120,381
Trade and other receivables	13	42,154,811	68,961,339
Cash and cash equivalents	14	286,036,793	243,409,199
Tax recoverable		17,925,931	10,678,424
		398,582,348	372,169,343
Current liabilities			
Trade and other payables	15	45,550,240	35,441,667
Net current assets		353,032,108	336,727,676
		560,002,183	494,758,649

The financial statements on pages 33 to 78 were approved and authorised for issue by the Board of Directors on 20 March 2019 and were signed on its behalf by:

DIRECTOR **DIRECTOR**

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

	Note	Share capital Shs	Preference shares Shs	Translation reserve Shs	Retained earnings Shs	Proposed dividends Shs	Total equity attributable to the owners Shs	Non-controlling interests Shs	Total Shs
Year ended 31 December 2017									
At start of year		175,000,000	-	(1,941,233)	267,489,719	-	**440,548,486**	-	**440,548,486**
Total comprehensive income for the year		-	-	(540,545)	54,649,567	-	**54,109,022**	-	**54,109,022**
Transactions with owners:									
- Final for 2017 (proposed)		-	-	-	(12,000,000)	12,000,000	**-**	-	**-**
At end of year		175,000,000	-	(2,481,778)	310,139,286	12,000,000	**494,657,508**	-	**494,657,508**
Year ended 31 December 2018									
At start of year - as previously stated		175,000,000	-	2,481,778)	310,139,286	12,000,000	**494,657,508**	-	**494,657,508**
Prior year adjustments:									
- Changes on initial application of IFRS 9		-	-	-	(2,636,428)	-	**(2,636,428)**	-	**(2,636,428)**
At start of year - as restated		175,000,000	-	(2,481,778)	307,502,858	12,000,000	**492,021,080**	-	**492,021,080**
Issue of preference shares	8	-	2,307,206	-	-	-	**2,307,206**	-	**2,307,206**
Issue of ordinary share capital		-	-	-	-	-	**-**	17,186,760	**17,186,760**
Accounting for net assets relating to non-controlling interests		-	-	-	3,148,730	-	**3,148,730**	(3,148,730)	**-**
Total comprehensive income for the year		-	-	(496,768)	84,322,919	-	**83,826,151**	(2,139,568)	**81,686,583**
Transactions with owners:									
- Final for 2017 (paid)	7	-	-	-	-	(12,000,000)	**(12,000,000)**	-	**(12,000,000)**
- Final for 2018 (proposed)	7	-	-	-	(17,500,000)	17,500,000	**-**	-	**-**
At end of year		175,000,000	2,307,206	(2,978,546)	377,474,507	17,500,000	**569,303,167**	11,898,463	**581,201,630**

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32..

COMPANY STATEMENT

OF CHANGES IN EQUITY

		Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
Year ended 31 December 2017					
At start of year		175,000,000	257,926,338	-	432,926,338
Total comprehensive income for the year		-	61,832,311	-	61,832,311
Transactions with owners:					
- Final for 2017 (proposed)		-	(12,000,000)	12,000,000	-
At end of year		175,000,000	307,758,649	12,000,000	494,758,649
Year ended 31 December 2018					
At start of year - as previously stated		175,000,000	307,758,649	12,000,000	494,758,649
Prior year adjustments					
- Changes on initial application of IFRS 9		-	(2,364,608)	-	(2,364,608)
At start of year - as restated		175,000,000	305,394,041	12,000,000	492,394,041
Total comprehensive income for the year	-		79,608,142	-	79,608,142
Transactions with owners:					
- Final for 2017 (paid)	7	-	-	(12,000,000)	(12,000,000)
- Final for 2018 (proposed)	7	-	(17,500,000)	17,500,000	-
At end of year		175,000,000	367,502,183	17,500,000	560,002,183

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

CONSOLIDATED STATEMENT
OF CASH FLOWS

	Note	2018 Shs	2017 Shs
Operating activities			
Cash from operations	17	230,015,943	112,249,179
Interest received		(16,013,083)	(4,640,882)
Tax paid		(58,847,669)	(4,494,633)
Net cash from operating activities		155,155,191	103,113,664
Investing activities			
Purchase of property and equipment	9	(8,235,164)	(7,779,611)
Purchase of intangible assets	10	(52,110,458)	(30,596,687)
Net cash (used in) investing activities		(60,345,622)	(38,376,298)
Financing activities			
Dividends paid	7	(12,000,000)	-
Proceeds from issue of preference shares	8	7,085,440	-
Proceeds from issue of ordinary shares	7	17,186,760	-
Net cash from financing activities		12,272,200	-
Increase in cash and cash equivalents		107,081,769	64,737,366
Movement in cash and cash equivalents			
At start of year		186,773,565	122,935,163
Increase		107,081,769	64,737,366
Exchange differences on translation of foreign operations		(490,301)	(898,964)
At end of year	14	293,365,033	186,773,565

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

COMPANY STATEMENT

OF CASH FLOWS

	Note	2018 Shs	2017 Shs
Operating activities			
Cash from operations	17	223,312,270	91,822,362
Interest received		(14,985,848)	(4,612,065)
Tax paid		(54,719,258)	(4,374,006)
Net cash from operating activities		153,607,164	82,836,291
Investing activities			
Purchase of property and equipment	9	(8,129,206)	(7,697,714)
Purchase of intangible assets	10	(27,682,268)	
(30,596,687)			
Net cash (used in) investing activities		(35,811,474)	(38,294,401)
Financing activities			
Dividends paid	7	(12,000,000)	-
Net cash (used in) financing activities		(12,000,000)	-
Increase in cash and cash equivalents		105,795,690	44,541,890
Movement in cash and cash equivalents			
At start of year		163,695,083	119,153,193
Increase		105,795,690	44,541,890
At end of year	14	269,490,773	163,695,083

The notes on pages 41 to 78 form an integral part of these financial statements.

Report of the independent auditor - pages 29 to 32.

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

a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The financial performance of the group is set out in the report of the directors and in the consolidated statement of profit or loss and other comprehensive income. The financial position of the group is set out in the consolidated statement of financial position and the company statement of financial position.

Disclosures in respect of risk management are set out in Note 20 and disclosures in respect of capital management are set out in Note 21.

These financial statements comply with the requirements of the Companies Act, 2015. The statement of profit or loss and other comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

Based on the financial performance and position of the group and its risk management policies, the directors are of the opinion that the group is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

i) New and amended Standards adopted by the group

All new and amended Standards and Interpretations that have become effective for the first time in the financial year beginning 1 January 2018 have been adopted by the group. Of those, the following has had an effect on the group's financial statements:

International Financial Reporting Standards (IFRS 9): Financial Instruments

IFRS 9 requires all financial assets to be measured at fair value on initial recognition and subsequently at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual "cash flow characteristics."

For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

a) Basis of preparation (continued)

International Financial Reporting Standards (IFRS 9): Financial Instrument (continued)

For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at the inception of a contract; this requires judgement in quantifying the impact of forecast economic factors. For financial assets for which there has not been a significant increase in credit risk since initial recognition, the loss allowance should represent ECLs that would result from probable default events within 12 months from the reporting date (12-month ECLs). For financial assets for which there has been a significant increase in credit risk, the loss allowance should represent lifetime ECLs. A simplified approach is allowed for trade receivables and lease receivables, whereby lifetime ECLs can be recognised from inception.

The group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The group did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the group elected not to restate comparative figures. Therefore the adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in opening retained earnings.

Consequently, for notes and disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes and disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the group. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail in significant accounting policy a(i) and note 20.

(i) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
Financial assets	**Measurement category**	**Carrying amount Shs**	**Measurement category**	**Carrying amount Shs**
Cash and cash equivalents	Amortised cost	266,487,681	Amortised cost	264,563,171
Trade and other receivables	Amortised cost	45,940,218	Amortised cost	45,601,615
Investments	Amortised cost	49,120,381	Amortised cost	48,747,066
		361,548,280		358,911,852

a) Basis of preparation (continued)

New and amended standards adopted by the group (continued)

International Financial Reporting Standards (IFRS 9): Financial Instruments (continued)

(ii) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. For more detailed information regarding the new classification requirements of IFRS 9, refer to significant accounting policy a(i).

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	IAS 39 Carrying amount 31/12/17 Shs	Re-measurement Shs	IFRS 9 Carrying amount 01/01/18 Shs
Amortised cost:			
Cash and cash equivalents			
Balance under IAS 39	266,487,681	-	266,487,681
Re-measurement: ECL allowance	-	(1,924,510)	(1,924,510)
	266,487,681	(1,924,510)	264,563,171
Trade and other receivables			
Balance under IAS 39	45,940,218	-	45,940,218
Remeasurement: ECL allowance	-	(338,603)	(338,603)
	45,940,218	(338,603)	45,601,615
Investments			
Balance under IAS 39	49,120,381	-	49,120,381
Remeasurement: ECL allowance	-	(373,315)	(373,315)
	49,120,381	(373,315)	48,747,066
Balance under IFRS 9 - carrying amount	361,548,280	(2,636,428)	358,911,852

a) Basis of preparation (continued)

New and amended standards adopted by the group (continued)

International Financial Reporting Standards (IFRS 9): Financial Instruments (continued)

(iii) Significant and material impacts

- Total provision for impairment of trade and receivables increased by Shs. 338,603 from Shs. 6,010,850 as at 31 December 2017 to Shs. 6,349,453 as at 1 January 2018;
- Total provision for impairment of cash and cash equivalents amounted to Shs. 1,924,510.
- Total provision for impairment of investments amounted to Shs. 373,315.
- Overall decrease in equity due to adoption of IFRS 9 is Shs. 2,636,428.

IFRS 15: Revenue from contracts with customers

Under IFRS 15, revenue from sale of goods is recognised when the customer obtains control of the goods. Revenue from sales of services is recognised over time provided the consumption of the service by the customer is simultaneous with the performance of the service by the group. The application of the standard, retrospectively, in the current year has not had a material impact on the financial position or financial performance of the group, and a prior period adjustment has, therefore, not been required.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.
- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.
- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.
- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to remeasurement of previously held interests on a joint operation on obtaining control.

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortised cost classification.
- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.
- IFRS 17 'Insurance Contracts' (issued May 2017) effective for annual periods beginning on or after 1 January 2022 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (issued in December 2016) effective for annual periods beginning on or after 1 January 2018, clarifies that the exchange rate to use in transactions that involve advance consideration paid or received in foreign currency is the one at the date of initial recognition of the non-monetary asset or liability.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (issued June 2017) effective for annual periods beginning on or after 1 January 2019 clarifies the accounting for uncertainties in income taxes. The directors expect that the future adoption of IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The society plans to apply the changes above from their effective dates.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

b) Key sources of estimation uncertainty (continued)

Management have made the following estimate that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Measurement of expected credit losses (ECL):**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- **Stage 1 -** If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- **Stage 2 -** When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

b) Key sources of estimation uncertainty (continued)

- **Measurement of expected credit losses (ECL) (continued):**

- **Stage 3 -** When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 180 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- **Impairment of balances due from related party, CDSC Registrars Limited**

  Management has carried out an impairment review on balances due from related parties. Whilst determining whether the balances receivable are impaired, management has made a judgement as to whether any evidence exists indicating a decrease in estimated future cash flows from the subsidiary.

- **Useful lives of property and equipment and intangible assets**

  Management reviews the useful lives and residual values of the items of property and equipment and intangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) Revenue recognition

The company recognises revenue from services upon performance of the transactions and recognition in the Central Depository System. The company recognises revenue as and when it satisfies a performance obligation by transferring control of a service to a customer. The amount of revenue recognised is the amount the company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

i) Transaction, depository and bond levy income

Transaction levy income is recognised upon completion of equity and bond transactions in the Central Depository System. There is no variable element to the contract price, and payment is typically due within 30 days of performance of trading.

c) Revenue recognition (continued)

ii) Other income

Interest income is accounted for in the period in which it is earned.

d) Significant judgements made by management in applying the group's accounting policies

Management have made the following judgements that are considered to have the most significant effect on the amounts recognised in the consolidated financial statements:

- **Impairment of trade and other receivables**

The group reviews its portfolio of trade and other receivables at the reporting date. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

- **Impairment of balances held with banks under receivership**

The group has reassessed the need for impairment of balances held with banks that are under receivership. In determining whether these bank balances are impaired, the management has made judgements which have been disclosed in Note 14 of these consolidated financial statements.

e) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the group has power over the investee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

When the company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income

e) Consolidation (continued)

from the date the company gains control until the date the company ceases to control the subsidiary.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of subsidiary to bring their accounting policies into line with the groups accounting policy.

f) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated inforeign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

g) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

g) Property and equipment (continued)

	Rate %
Leasehold improvements	12.5
Motor vehicles	25
Office equipment	25
Furniture, fittings and equipment	12.5
Computer, faxes and copiers	25

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

h) Intangible assets - Computer software

Computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is amortised over its estimated useful life which is estimated to be at four years and eight years in respect of CDSC website and CDS software respectively.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of intangible assets are determined by reference to their carrying amount and are taken into account in determining profit before tax.

Capital work in progress is not amortised.

i) Financial instruments

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

i) Financial instruments (continued)

- Financial assets

The group classifies its financial assets which include cash and bank, trade and other receivables and investments into the following category:

- Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost;

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the group has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the group has transferred substantially all risks and rewards of ownership, or when the group has no reasonable expectations of recovering the asset.

Financial instruments that are subsequently measured at amortised cost are subject to impairment.

Impairment

The group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost:

- Cash and cash equivalents
- Trade and other receivables

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

i) Financial instruments (continued)

- Financial assets (continued)

Impairment (continued)

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

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

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

- Financial liabilities

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

- Offsetting financial instruments

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

j) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss. Current tax Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

j) Taxation (continued)

Deferred tax

Deferred 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 tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

k) Accounting for leases

The group as a lessee: Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

l) Retirement benefit obligations

The group operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The group's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

The group and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The group's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

m) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks and treasury bills maturing within 91 days of the reporting date.

Restricted cash balances are those balances that the group cannot use for working capital purposes.

n) Share capital

Ordinary shares are classified as equity.

o) Translation reserve

The translation reserve represents translation gains and losses arising from consolidation of foreign operations.

p) Comparatives

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

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
1. Revenue				
Recognised at a point in time:				
Transaction levy	281,151,919	276,877,467	281,151,919	274,552,211
Depository levy	20,089,460	19,791,120	20,089,460	19,791,120
Registry fees	12,770,225	9,046,102	-	-
Bond levy	22,411,480	17,436,725	22,411,480	17,436,725
Others	18,852,624	12,400,390	18,852,624	12,397,390
	355,275,708	335,551,804	342,505,483	324,177,446
2. Other operating income				
Interest income				
financial assets at amortised cost	16,013,083	4,640,882	14,985,848	4,612,065
Other income	6,391,355	6,567,494	6,387,355	6,567,494
	22,404,438	11,208,376	21,373,203	11,179,559
3. Profit before tax				
The following items have been charged in arriving at profit before tax:				
Depreciation on property and equipment (Note 9)	6,374,401	6,114,054	6,332,295	6,093,292
Amortisation of intangible assets (Note 10)	3,869,845	1,138,502	1,824,730	1,138,502
Auditors' remuneration				
- current year	2,729,222	2,439,678	2,500,000	2,233,000
- underprovision in prior years	74,820	107,700	74,820	104,400
Operating lease rentals	20,360,730	19,044,448	19,312,804	18,865,582
Staff costs (Note 4)	150,540,153	136,808,903	140,271,727	131,023,548
Repairs and maintenance	3,868,130	2,936,804	3,406,830	2,818,303

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
4. Staff costs				
Salaries and wages	125,769,874	114,895,475	116,521,047	109,738,743
Other staff costs	14,767,353	15,004,079	13,781,416	11,717,269
Pension costs:				
- National Social Security Fund	194,520	168,668	189,720	173,880
- Defined contribution pension scheme	9,808,405	6,740,682	9,779,544	9,393,656
	150,540,153	136,808,903	140,271,727	131,023,548
The average number of persons employed during the year:				
Management and administration	54	44	44	43
5. Tax				
Current tax	38,097,618	41,355,459	37,956,447	40,981,003
Underprovision in current tax - prior year	9,515,304	-	9,515,304	-
Underprovision in deferred tax - prior year (Note 11)	(9,515,304)	-	(9,515,304)	-
Deferred tax charge/(credit) (Note 11)	3,106,794	(9,775,160)	(1,945,481)	(11,407,774)
	41,204,412	31,580,299	36,010,966	29,573,229

The tax on the group's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

	Group 2018 Shs	Group 2017 Shs	Company 2018 Shs	Company 2017 Shs
Profit before tax	123,387,763	86,229,866	115,619,108	91,405,540
Tax calculated at a tax rate of 30% (2017: 30%)	37,016,329	25,868,960	34,685,732	27,421,662
Tax effect of:				
- expenses not deductible for tax purposes	3,715,409	3,932,765	2,034,616	2,151,567
- income not subject to tax	(308,136)	(8,695)	-	-
- impact of IFRS 9 provisions	(790,928)	-	(709,382)	-
-effect of deferred tax asset not recognised	1,571,808	1,787,269	-	-
- effect of translation reserve movement	(70)	-	-	-
Tax charge	41,204,412	31,580,299	36,010,966	29,573,229
Effective rate of tax	33%	37%	31%	32%

The increase in the effective rate of tax was caused by an increase in expenses not deductible for tax purposes and tax losses relating to subsidiaries.

6. Share capital

	Group & Company	
	2018 Shs	2017 Shs
Authorised share capital:		
2,000,000 (2017: 2,000,000) ordinary shares of Shs. 100 each	200,000,000	200,000,000
Issued and fully paid:		
1,750,000 (2017: 1,750,000) ordinary shares of Shs. 100 each	175,000,000	175,000,000

7. Dividends

The directors propose a final dividend of Shs. 10 per share (2017: 6.85) amounting to a total of Shs. 17,500,000 (2017: Shs. 12,000,000).

The total dividend for the year is therefore Shs. 8.57 per share (2017: 6.85) amounting to a total of Shs. 15,000,000 (2017: Shs. 12,000,000).

In accordance with the Companies Act, 2015 these financial statements reflect this dividend payable which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2018.

Payment of dividend is subject to a withholding tax at the rate of 5% for residents and 10% for non-residents. Payment of dividends to shares held by resident limited entities in excess of 12.5% of the shareholding are exempt from withholding tax.

8. Preference shares

The convertible preference shares were issued on 1 March 2018 at an issue price of Shs. 1 per share. The shares are convertible into ordinary shares of the company in 2022 based on certain pre-set criteria, but dependent on business valuation carried out at the time of conversion. On issue, the shares were convertible at a variable number of shares not exceeding 10% of the issued and paid up capital.

The net proceeds received from the issue of the convertible shares have been split between the financial liability element and an equity component representing the fair value of the embedded option to convert the financial liability into equity of the company as follows:

8. Preference shares (continued)

	Group	
	2018 Shs	**2017 Shs**
Proceeds of issue of convertible loan notes:		
Equity component	2,307,206	-
Liability component at date of issue:	4,778,234	-
Interest charged	621,170	-
Interest paid	-	-
Liability component at the end of year	5,399,404	-

The equity component of Shs. 2,307,206 has been credited to equity reserve. The interest expensed for the year is calculated by applying an effective interest rate of 13% to the liability component for the 10 months period since the shares were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at 31 December 2018 represents the effective interest rate less interest payable to that date.

9. Property and equipment

Year ended 31 December 2018

Group	Leasehold improvements Shs	Motor vehicles Shs	Office equipment Shs	Furniture, fittings and equipment Shs	Computers, faxes and copiers Shs	Total Shs
Cost						
At start of year	12,668,017	130,900	6,309,187	4,326,065	44,219,506	67,653,674
Additions	-	-	348,046	143,139	7,743,979	8,235,164
Impairment	-	-	-	-	(79,900)	(79,900)
Translation difference	-	-	-	3,500	2,230	5,730
At end of year	12,668,017	130,900	6,657,233	4,472,704	51,885,815	75,814,668
Depreciation						
At start of year	12,668,017	57,268	2,675,006	2,719,723	35,284,624	53,404,638
Charge for the year	-	32,725	1,453,403	463,859	4,424,412	6,374,401
Impairment	-	-	-	-	(79,900)	(79,900)
Translation difference	-	-	-	3,097	2,230	5,327
At end of year	12,668,017	89,993	4,128,409	3,186,679	39,631,366	59,704,466
Net book value	-	40,907	2,528,823	1,286,025	12,254,449	16,110,202
Year ended 31 December 2017						
Cost						
At start of year	12,668,017	130,900	4,552,707	5,753,404	38,826,708	61,931,736
Additions	-	-	1,756,480	630,333	5,392,798	7,779,610
Disposals	-	-	-	(2,062,138)	-	(2,062,138)
Translation difference	-	-	-	4,466	-	4,466
At end of year	12,668,017	130,900	6,309,187	4,326,065	44,219,506	67,653,674
Depreciation						
At start of year	12,175,902	24,544	1,487,742	3,751,912	31,380,148	48,820,248
Charge for the year	492,115	32,724	1,187,264	499,213	3,902,738	6,114,055
Disposals	-	-	-	(1,533,532)	-	(1,533,532)
Translation difference	-	-	-	2,130	1,738	3,868
At end of year	12,668,017	57,268	2,675,006	2,719,723	35,284,624	53,404,639
Net book value	-	73,632	3,634,181	1,606,342	8,934,882	14,249,035

All the additions made during the year were made through cash payments.

Impairment losses amounting to Nil (2017: Shs. 528,606) have been recognised in profit or loss under establishment expenses.

9. Property and equipment (Continued)

Year ended 31 December 2018

	Leasehold improvements Shs	Motor vehicles Shs	Office equipment Shs	Furniture, fittings and equipment Shs	Computers, faxes and copiers Shs	Total Shs
Cost						
At start of year	12,668,017	130,900	6,227,290	4,569,850	43,855,591	67,451,648
Additions	-	-	255,067	130,160	7,743,979	8,129,206
Impairment	-	-	-	-	(79,900)	(79,900)
At end of year	12,668,017	130,900	6,482,357	4,700,010	51,519,670	75,500,954
Depreciation						
At start of year	12,668,017	57,268	2,663,063	2,852,190	35,040,810	53,281,348
Charge for the year	-	32,725	1,418,851	456,307	4,424,412	6,332,295
Impairment	-	-	-	-	(79,900)	(79,900)
At end of year	12,668,017	89,993	4,081,914	3,308,497	39,385,322	59,533,743
Net book value	-	40,907	2,400,443	1,391,513	12,134,348	15,967,211
Year ended 31 December 2017						
Cost						
At start of year	12,668,017	130,900	4,552,707	6,001,655	38,462,793	61,816,072
Additions	-	-	1,674,583	630,333	5,392,798	7,697,714
Impairment	-	-	-	(2,062,138)	-	(2,062,138)
At end of year	12,668,017	130,900	6,227,290	4,569,850	43,855,591	67,451,648
Depreciation						
At start of year	12,175,902	24,544	1,487,742	3,895,328	31,138,072	48,721,588
Charge for the year	492,115	32,724	1,175,321	490,394	3,902,738	6,093,292
Impairment	-	-	-	(1,533,532)	-	(1,533,532)
At end of year	12,668,017	57,268	2,663,063	2,852,190	35,040,810	53,281,348
Net book value	-	73,632	3,564,227	1,717,660	8,814,781	14,170,300

All the additions made during the year were made through cash payments.

10. Intangible assets

Year ended 31 December 2018

Group	Computer software Shs	Work in progress Shs	Total Shs
Cost			
At start of year	60,050,649	124,170,615	184,221,264
Additions	30,492,174	21,618,284	52,110,458
At end of year	90,542,823	145,788,899	236,331,722
Amortisation			
At start of year	57,541,665	-	57,541,665
Charge for the year	3,869,845	-	3,869,845
At end of year	61,411,510	-	61,411,510
Net book value	29,131,313	145,788,899	174,920,212
Year ended 31 December 2017			
Cost			
At start of year	59,337,249	94,287,328	153,624,577
Additions	713,400	29,883,287	30,596,687
At end of year	60,050,649	124,170,615	184,221,264
Amortisation	56,403,163	-	56,403,163
Charge for the year	1,138,502	-	1,138,502
At end of year	57,541,665	-	57,541,665
Net book value	2,508,984	124,170,615	126,679,599

Amortisation costs of Shs. 3,869,845 (2017: Shs. 1,138,502) are included under other operating expenses in profit or loss.

10. Intangible assets (continued)

Year ended 31 December 2018

Group	Computer software Shs	Work in progress Shs	Total Shs
Cost			
At start of year	59,511,217	124,170,615	183,681,832
Additions	6,063,984	21,618,284	27,682,268
At end of year	65,575,201	145,788,899	211,364,100
Amortisation			
At start of year	57,002,233	-	57,002,233
Charge for the year	1,824,730	-	1,824,730
At end of year	58,826,963	-	58,826,963
Net book value	6,748,238	145,788,899	152,537,137
Year ended 31 December 2017			
Cost			
At start of year	58,797,817	94,287,328	153,085,145
Additions	713,400	29,883,287	30,596,687
At end of year	59,511,217	124,170,615	183,681,832
Amortisation			
At start of year	55,863,731	-	55,863,731
Charge for the year	1,138,502	-	1,138,502
At end of year	57,002,233	-	57,002,233
Net book value	2,508,984	124,170,615	126,679,599

11. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2017: 30%). The movement on the deferred tax account is as follows:

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
At start of year	(16,961,481)	(7,186,607)	(16,920,031)	(5,512,257)
(Credit)/charge to profit or loss (Note 5)	3,106,794	(9,775,160)	(1,945,481)	(11,407,774)
Underprovision in deferred tax - prior year (Note 5)	(9,515,304)	-	(9,515,304)	-
Translation difference	2,158	286	-	-
At end of year	(23,367,833)	(16,961,481)	(28,380,816)	(16,920,031)

Deferred tax (assets) and deferred tax charge to profit or loss are attributable to the following items:

Group	At start of year Shs	(Credit)/ charge to profit or loss Shs	Under-provision in prior year Shs	Translation difference Shs	At end of year Shs
Deferred tax (assets)					
Leave pay provision	(166,769)	(169,315)	-	-	(336,084)
Impairment provision	(12,069,235)	3,102,610	(9,515,304)	-	(18,481,929)
Gratuity provision	(858,781)	(448,484)	-	-	(1,307,265)
Property and equipment	(4,058,164)	494,538	-	-	(3,563,626)
Other provisions	(33,413)	-	-	2,158	(31,255)
Tax losses	(1,562,388)	(1,488,629)	-	-	(3,051,017)
Deferred tax asset not recognised	1,787,269	1,616,073	-	-	3,403,342
Deferred tax (asset)	(16,961,481)	3,106,794	(9,515,304)	2,158	(23,367,833)

11. Deferred tax (continued)

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against.

Company	At start of year Shs	(Credit)/ charge to profit or loss Shs	Under-provision in prior year Shs	At end of year Shs
Deferred tax (assets)				
Property and equipment	(3,825,246)	443,792	-	(3,381,454)
Leave pay provision	(166,769)	(169,315)	-	(336,084)
Bad debt provision	(12,069,235)	(1,771,474)	(9,515,304)	(23,356,013)
Gratuity provision	(858,781)	(448,484)	-	(1,307,265)
Deferred tax (asset)	(16,920,031)	(1,945,481)	(9,515,304)	(28,380,816)

12. Investments

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
At start of year	49,120,381	-	49,120,381	-
Additions	52,866,599	49,120,381	52,866,599	49,120,381
Liquidation	(49,120,381)	-	(49,120,381)	-
Impairment provisions	(401,786)	-	(401,786)	-
At end of year	52,464,813	49,120,381	52,464,813	49,120,381
	52,464,813	-	52,464,813	49,120,381

13. Trade and other receivables

Trade Receivables

	Group		Company	
	2018 Shs	**2017 Shs**	**2018 Shs**	**2017 Shs**
Non-current				
Receivables from related parties (Note 18)	-	-	9,823,868	-
Current				
Trade Receivables	23,209,543	31,198,086	16,840,124	27,333,165
Other receivables	5,354,227	5,670,920	5,283,667	5,585,943
Receivables from related parties (Note 18)	181,683	1,695,330	26,327,138	27,816,040
Less: provision for expected credit losses	(6,653,790)	(6,010,850)	(22,538,311)	(5,160,541)
Net trade and other receivables	22,091,664	32,553,486	25,912,618	55,574,607
Prepayments	16,242,193	13,386,732	16,242,193	13,386,732
	38,333,857	45,940,218	42,154,811	68,961,339
Total trade and other receivables	38,333,857	45,940,218	51,978,679	68,961,339

		2018			2017	
Group	**Gross amount Shs**	**ECL allowance Shs**	**Carrying amount Shs**	**Gross amount Shs**	**Loss provision Shs**	**Carrying amount Shs**
Trade receivables	23,209,543	(6,653,790)	16,555,753	31,198,086	(6,010,850)	25,187,236
Other receivables	5,354,227	-	5,354,227	5,670,920	-	5,670,920
Prepayments	16,242,193	-	16,242,193	13,386,732	-	13,386,732
Receivables from related parties	181,683	-	181,683	1,695,330	-	1,695,330
	44,987,647	(6,653,790)	38,333,857	51,951,068	(6,010,850)	45,940,218
Company						
Trade receivables	16,840,124	(6,291,363)	10,548,761	27,333,165	(5,160,541)	22,172,624
Other receivables	5,283,667	-	5,283,667	5,585,943	-	5,585,943
Prepayments	16,242,193	-	16,242,193	13,386,732	-	13,386,732
Receivables from related parties	36,151,006	(16,246,948)	19,904,058	27,816,040	-	27,816,040
	74,516,990	(22,538,311)	51,978,679	74,121,880	(5,160,541)	68,961,339

13. Trade and other receivables (continued)

The group and company's credit risk arises primarily from trade receivables. Trade receivables relate primarily to contracted payments due for Nairobi Securities Exchange transactions from the Central Depository Agents. The directors are of the opinion that the group's exposure is limited because the debt is widely held. There is also no significant concentration of credit risk.

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Kenya Shillings	30,884,824	38,215,268	69,356,449	68,961,339
Rwandese Francs	7,449,033	7,724,950	-	-
	38,333,857	45,940,218	69,356,449	68,961,339

Trade receivables that are aged past 30 days are considered past due but not impaired.

As of 31 December 2018, trade receivables of the company amounting to Shs. 8,353,996 (2017: Shs. 18,809,555) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. These balances have also been subsequently received. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Older than 30 days	14,943,981	13,441,492	8,353,996	18,809,555

No classes within trade and other receivables contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

14. Cash and cash equivalents

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Cash at bank and in hand	26,975,770	89,474,099	16,869,069	79,979,796
Restricted bank balances	69,010,833	128,834,497	69,010,833	128,834,497
Fixed deposits	213,924,450	48,179,086	200,156,891	34,594,906
	309,911,053	266,487,681	286,036,793	243,409,199

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Cash at bank and in hand	26,975,770	89,474,099	16,869,069	79,979,796
Investments maturing within 91 days (Note 10)	52,464,813	49,120,381	52,464,813	49,120,381
Fixed deposits	213,924,450	48,179,086	200,156,891	34,594,906
	293,365,033	186,773,565	269,490,773	163,695,083

The carrying amounts of the group's and company's cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Kenya Shillings	293,040,118	250,573,157	285,797,011	243,042,720
United States Dollars	354,325	448,577	239,782	366,479
Rwandese Francs	16,516,610	15,465,947	-	-
	309,911,053	266,487,681	286,036,793	243,409,199

14. Cash and cash equivalents (continued)

Restricted bank balances relate to balances held with SBM Bank (Kenya) Limited which were transferred from Chase Bank Kenya Limited as part of the statutory management. These balances are not immediately available for use.

In determining the basis of measurement of balances held with Chase Bank Kenya Limited (In Receivership) and SBM Bank (Kenya) Limited, the directors have assessed whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected, the perpetual period of such cash flows and the arrangement in relation to the transfer of deposits from Chase Bank Kenya Limited (In Receivership) to SBM Bank (Kenya) Limited.

Chase Bank Kenya Limited (In Receivership) was placed under statutory management and subsequently 75% of all balances held were transferred to SBM Bank (Kenya) Limited. Deposits amounting to Shs. 48,905,604 which relate to the 25% of deposits still held with Chase Bank Kenya Limited (In Receivership) have been fully impaired due to uncertainty over recovery of the same.

Of the 75% of deposits transferred to SBM Bank (Kenya) Limited, Shs. 73,358,406 representing 50% of eposits transferred has been received by the client. The remaining 50% of deposits will be received over a pre-agreed 1-3 year period and will accrue interest at a rate of 6.3% per annum. These fixed deposits have been re-measured as at the reporting period to a carrying amount of Shs. 69,025,335.

Total remeasurement losses amounting to Shs. 52,695,653 have been carried forward resulting into a remeasurement gain of Shs. 14,092,268 during the year.

Expected credit losses for the year have been accounted as follows:

	2018 Shs	2017 Shs
At start of the year	-	-
2017 ECL allowance credited to profit and loss	1,924,510)	(1,924,510)
Additional ECL provision for the year	(350,318)	(350,318)
At end of year	2,274,828	(2,274,828)

15. Trade and other payables

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Trade payables	16,954,625	6,487,404	13,260,600	4,933,638
Other payables	31,127,036	24,893,346	21,573,601	18,050,087
Payable to related parties (Note 18)	3,232,083	4,976,910	10,716,039	12,457,942
	51,313,744	36,357,659	45,550,240	35,441,667

The maturity analysis of trade and other payables is as follows:

Group Year ended 31 December 2018	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	13,828,651	2,695,214	430,760	16,954,625
Other payables	20,432,997	7,456,825	3,237,214	31,127,036
Payable to related parties	-	-	3,232,083	3,232,083
	34,261,648	10,152,039	6,900,057	51,313,744
Year ended 31 December 2017				
Trade payables	3,361,429	2,695,214	430,760	6,487,404
Other payables	14,199,306	7,456,825	3,237,214	24,893,346
Payable to related parties	-	-	4,976,910	4,976,910
	17,560,736	10,152,039	8,644,884	36,357,659

15. Trade and other payables (continued)

Company

	Group		Company	
Year ended 31 December 2018	**2018 Shs**	**2017 Shs**	**2018 Shs**	**2017 Shs**
Trade payables	10,135,795	2,695,214	429,591	13,260,600
Other payables	7,613,155	7,589,101	6,371,346	21,573,601
Payable to related parties	-	-	10,716,039	10,716,039
	17,748,950	10,284,315	17,516,976	45,550,240
Year ended 31 December 2017				
Trade payables	1,808,833	2,695,214	429,591	4,933,638
Other payables	4,089,641	7,589,101	6,371,346	18,050,088
Payable to related parties	-	-	12,457,942	12,457,942
	5,898,474	10,284,315	19,258,879	35,441,668

In the opinion of the directors, the carrying amounts of the group's and company's trade and other payables approximate to their fair value.

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	Group		Company	
	2018 Shs	**2017 Shs**	**2018 Shs**	**2017 Shs**
Kenya Shillings	45,873,970	33,410,373	45,550,240	35,441,667
Rwandese Francs	5,439,775	2,947,286	-	-
	51,313,744	36,357,659	45,550,240	35,441,667

16. Investment in subsidiaries

			Company	
Shares at cost	Country of Incorporation	Holding	2018 Shs	2017 Shs
CDSC Registrars Kenya Limited	Kenya	70% (2017: 100%)	100,000	100,000
CDSC Registrars Rwanda Limited	Rwanda	100%	141,043	141,043
CDSC Nominees Limited	Kenya	100%	20,000	20,000
			261,043	261,043

The principle activities of the subsidiaries is to provide share registrar services to various companies listed on the Nairobi Securities Exchange and administration of financial markets, trusts, funds and similar financial services, security and commodity contract brokerage and holding of companies monetary intermediation.

17. Cash from operations

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Reconciliation of profit before tax to cash from operations:				
Profit before tax	123,387,763	86,229,866	115,619,108	91,405,540
Adjustments for:				
Depreciation on property and equipment (Note 9)	6,374,399	6,114,054	6,332,295	6,093,292
Amortisation of intangible assets (Note 10)	3,869,845	1,138,502	1,824,730	1,138,502
Impairment of property and equipment	-	528,606	-	528,606
Interest income (Note 2)	16,013,083	4,640,882	14,985,848	4,612,065
Interest expense (Note 8)	621,170	-	-	-
Impairment loss on investments	(373,315)	-	(373,315)	-
Impairment of cash and bank balances	(1,924,510)	-	(1,867,564)	-
Impairment of trade and other receivables	(338,603)	-	(123,729)	-
Changes in working capital				
- trade and other receivables	7,606,361	(8,094,379)	16,982,660	(15,432,252)
- trade and other payables	14,956,085	19,298,804	10,108,573	1,083,766
- restricted bank balances	59,823,664	2,392,843	59,823,664	2,392,843
Cash from operations	230,015,943	112,249,179	223,312,270	91,822,362

18. Related party transactions

The group transacts with other companies related to it by virtue of common shareholding.

The following transactions were carried out with related parties:

i) Outstanding balances arising from sale and purchase of services

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Receivable from related parties (Note 13)	181,683	1,695,330	36,151,006	27,816,040
Payable to related parties (Note 15)	3,232,083	4,976,910	10,716,039	12,457,942

ii) Key management compensation

	Group & Company	
	2018 Shs	2017 Shs
Salaries and other short-term employment benefits:		
- Directors	11,936,905	14,794,075
- Employees	77,504,405	72,193,639
	89,441,310	86,987,714

19. Commitments

	2018 Shs	2017 Shs
Contractual commitments for the acquisition of intangible assets		
At the reporting date these commitments were as follows:		
Computer software	19,324,788	34,846,317
Operating lease commitments - the company as a lessee		
Not later than one year	10,588,916	13,594,928
Later than one year and not later than six years	23,547,271	45,303,820
	34,136,187	58,898,748

20. Risk management objectives and policies

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The group's overall risk management programme seeks to maximise the returns derived for the level of risk that it is exposed to and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.

a) Market risk

- Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar and Rwandese Francs. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The table below summarises the effect on post-tax profit had the Kenya Shilling weakened by 10% against each currency, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

	Group		Company	
	2018 Shs	2017 Shs	2018 Shs	2017 Shs
Effect of profit-(decrease)/increase	(2,495,803)	(701,121)	29,098	25,654

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

The group's exposure to interest rate risk arises from interest bearing financial assets.

The table below summarises the effect on post-tax profit had interest rates been 1% higher, with all other variables held constant. If the interest rates were lower by 1%, the effect would have been the opposite.

	Group & Company	
	2018 Shs	2017 Shs
Effect on profit - increase	1,205,771	1,086,003

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk

A 1% sensitivity rate is being used when reporting interest risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 180 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- "nature of collateral.

"A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Basis for measurement of loss allowance	Lifetime expected credit losses			
	Group		Company	
As at 31 December 2018	**Shs**	**Shs**	**Shs**	**Shs**
Trade receivables	23,209,543	23,209,543	16,840,124	16,840,124
Other receivables	5,354,227	5,354,227	5,283,667	5,283,667
Receivables from related parties	181,683	181,683	26,327,138	26,327,138
Cash at bank	309,911,053	309,911,053	286,036,793	286,036,793
Investments	52,866,599	52,866,599	52,866,599	52,866,599
Gross carrying amount	391,523,106	391,523,106	387,354,321	387,354,321
Loss allowance	(10,180,713)	(10,180,713)	(25,157,723)	(25,157,723)
Exposure to credit risk	381,342,393	381,342,393	362,196,598	362,196,598

Basis for measurement of loss allowance	Lifetime expected credit losses			
	Group		Company	
As at 31 December 2017	**Shs**	**Shs**	**Shs**	**Shs**
Trade receivables	31,198,086	31,198,086	27,333,165	27,333,165
Other receivables	5,670,920	5,670,920	5,585,943	5,585,943
Receivables from related parties	1,695,330	1,695,330	27,816,040	27,816,040
Cash at bank	266,487,681	266,487,681	243,409,199	243,409,199
Investments	49,120,381	49,120,381	49,120,381	49,120,381
Gross carrying amount	354,172,398	354,172,398	353,264,728	353,264,728
Loss allowance	(8,647,278)	(8,647,278)	(7,525,149)	(7,525,149)
Exposure to credit risk	345,525,120	345,525,120	345,739,579	345,739,579

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;

b) financial assets that are credit impaired at the balance sheet date;

c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

	Not past due Shs	31-60 Shs	61-90 Shs	91-180 Shs	Total Shs
As at 31 December 2018	8,486,127	910,016	545,000	6,898,980	16,840,124
As at 31 December 2017	8,523,611	7,253,326	249,966	11,306,263	27,333,166

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance		**Lifetime expected Credit losses**		
Group		**Cash & cash**	**Trade & other**	
Year ended 31 December 2018	**Investments**	**equivalents**	**receivables**	**Total**
	Shs	**Shs**	**Shs**	**Shs**
At start of year	373,315	1,924,510	6,349,453	8,647,278
Changes relating to assets	28,471	350,318	1,154,646	1,533,435
At end of year	401,786	2,274,828	7,504,099	10,180,713
Year ended 31 December 2017				
At start of year	-	-	6,010,850	6,010,850
Changes relating to assets	373,315	1,924,510	338,603	2,636,428
At end of year	373,315	1,924,510	6,349,453	8,647,278

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance — **Lifetime expected Credit losses**

Company Year ended 31 December 2018	Investments Shs	Cash & cash equivalents Shs	Trade & other receivables Shs	Total Shs
At start of year	373,315	1,867,564	5,284,270	7,525,149
Changes relating to assets	28,471	350,062	17,254,041	17,632,574
At end of year	401,786	2,217,626	22,538,311	25,157,723
Year ended 31 December 2017				
At start of year	-	-	5,160,541	5,160,541
Changes relating to assets	373,315	1,867,564	123,729	2,364,608
At end of year	373,315	1,867,564	5,284,270	7,525,149

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the nature of the underlying business, the group's management maintains flexibility in funding by maintaining sufficient cash and cash equivalents.

Note 15 discloses the maturity analysis of trade and other payables.

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(c) Liquidity risk (continued)

The table below disclose the undiscounted maturity profile of the group's financial liabilities:

Group	Interest rate %	Between 1 to 3 months Shs	Between 4 to 12 months Shs	Total Shs
Year ended 31 December 2018				
Non-interest bearing liabilities:				
- Trade and other payables	0%	44,413,688	6,900,057	51,313,744
Year ended 31 December 2017				
Non-interest bearing liabilities:				
- Trade and other payables	0%	27,712,775	8,644,884	36,357,659
Company				
Year ended 31 December 2018				
Non-interest bearing liabilities:				
- Trade and other payables	0%	28,033,265	17,516,975	45,550,240
Year ended 31 December 2017				
Non-interest bearing liabilities:				
- Trade and other payables	0%	16,182,789	19,258,879	35,441,668

21. Capital management

The group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or issue new shares.

22. Incorporation

Central Depository and Settlement Corporation Limited and its subsidiaries CDSC Registrars Kenya Limited and CDSC Nominees Limited, are incorporated in Kenya under the Companies Act, 2015 as private limited liability companies and are domiciled in Kenya. CDSC Registrars Rwanda Limited is a limited liability company incorporated and domiciled in the Republic of Rwanda in accordance with the Law relating to Companies No. 07/2009 of 27 April 2009.

23. Presentation currency

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

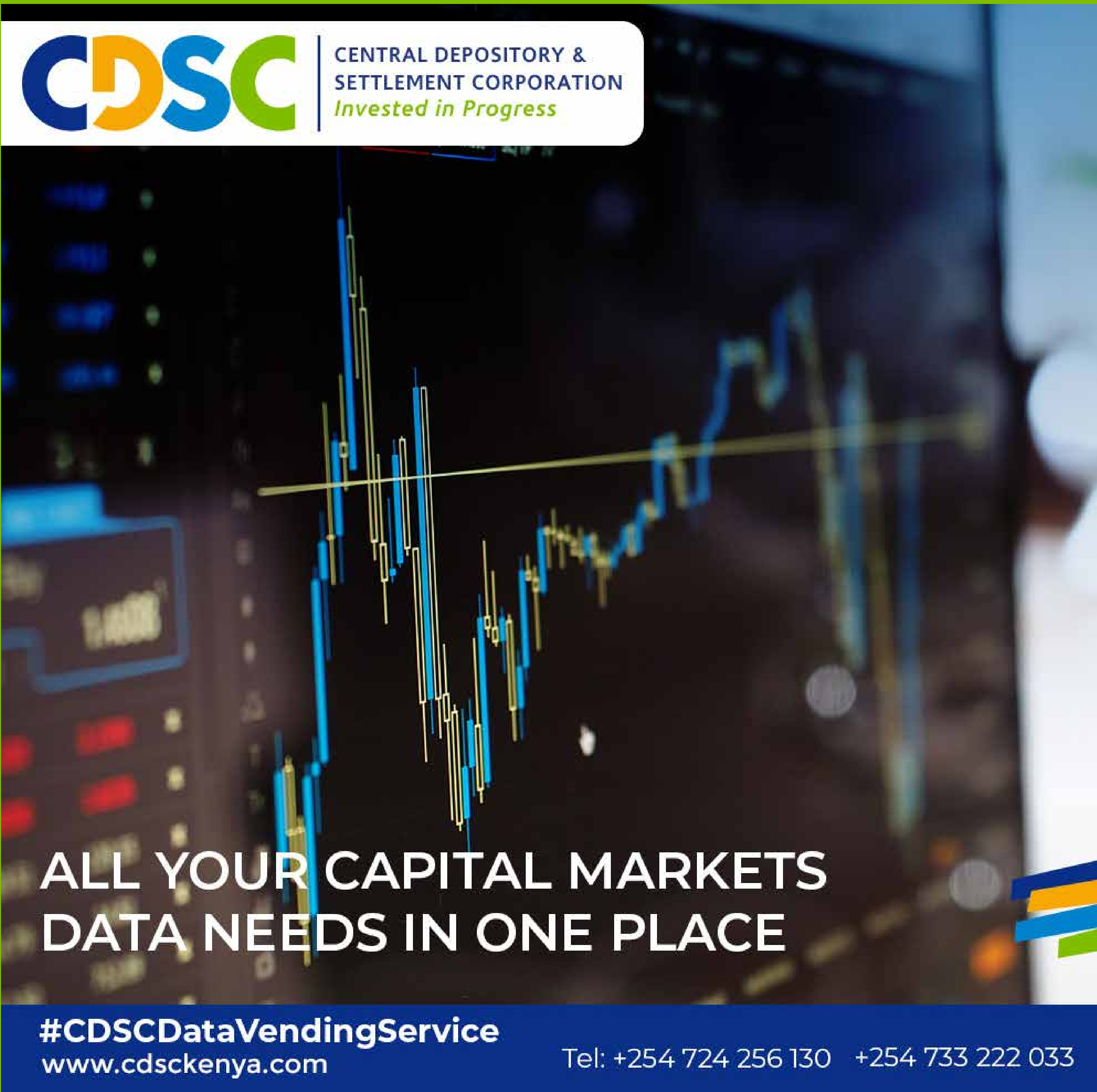
SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES

	Group		Company	
	2018 Shs	2017 Shs	2016 Shs	2017 Shs
Employment				
Salaries and wages	125,964,394	115,064,143	116,710,767	109,912,623
Staff medical and welfare expenses	10,787,609	10,528,108	9,919,899	9,987,990
Other staff expenses	13,788,150	11,216,653	13,641,061	11,122,935
Total employment costs	150,540,153	136,808,903	140,271,727	131,023,548
Other administration expenses:				
Postages and telephones	5,711,510	7,306,747	3,842,587	5,570,879
Entertainment and travelling	4,942,454	2,181,029	4,623,471	2,064,847
Board and committee expenses	15,514,916	16,122,613	14,971,787	15,623,204
Printing and stationery	1,508,731	1,806,573	1,166,753	1,578,190
Advertising and marketing expenses	3,567,233	2,484,108	2,905,202	2,484,108
Computer expenses	12,960,524	13,412,161	12,960,524	13,412,161
M- Akiba expenses	,942,155	19,963,454	,942,155	19,963,454
Audit fees				
- current year	2,729,222	2,439,678	2,500,000	2,233,000
- underprovision in prior years	74,820	107,700	74,820	104,400
Legal and professional fees	4,616,194	4,056,548	3,988,697	3,822,076
Bank charges and commissions	495,559	468,645	414,223	438,256
Donations	511,012	149,890	511,012	149,890
Subscriptions and periodicals	2,181,247	889,006	2,181,247	889,006
Miscellaneous expenses	2,229,086	2,041,724	2,008,393	1,975,219
Bad debts provisions	-	2,295,731	-	1,445,422
Impairment loss on investments	28,471	-	28,471	-
Impairment loss on cash and bank balances	350,318	-	350,063	-
Impairment loss on trade and other receivables	1,154,646	180,960	1,007,093	-
Impairment loss on related party balances	-	-	16,246,948	-
Tax payable expense	-	3,488,174	-	-
Net foreign exchange loss	393,116	659,494	207,394	698,621
Fines and penalties	3,160,668	2,172,825	833,500	630,048
Total other administrative expenses	67,071,881	82,227,062	75,764,339	73,082,781
Total administrative expenses	217,612,034	219,035,965	216,036,066	204,106,329

2. OTHER OPERATING EXPENSES

	Group		Company	
	2018 Shs	**2017 Shs**	**2018 Shs**	**2017 Shs**
Establishment:				
Rent and rates	20,360,730	19,044,448	19,312,804	18,865,582
Electricity and water	2,563,001	2,224,666	2,503,023	2,221,312
Repairs and maintenance	3,868,130	2,936,804	3,406,830	2,818,303
Insurance	6,151,052	5,565,565	6,151,052	5,565,565
Licenses	5,982,913	2,259,157	5,803,670	931,427
Security expense	981,376	988,154	981,376	988,154
Interest expense on preference shares	621,170	-	-	-
Impairment of property and equipment	-	528,606	-	528,606
Depreciation on property and equipment	6,374,399	6,114,054	6,332,295	6,093,292
Amortisation of intangible assets	3,869,845	1,138,502	1,824,730	1,138,502
Total other operating expenses	50,772,617	40,799,956	46,315,780	39,150,743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   Mobile: +254 0724256815
   Email: info@drummond.co.ke
   Website: www.drummond.co.ke

2. **DYER & BLAIR INVESTMENT BANK (B02)**
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   Waiyaki Way
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   Nairobi
   Tel: 3240000/227803/4/5
   Fax: 3240114
   Email: shares@dyerandblair.com
   Website: www.dyerandblair.com

3. **SUNTRA INVESTMENTS LTD (B07)**
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   Kimathi Street
   P.O. Box 74016-00200 Nairobi
   Tel: 2870000/2211846/2223330
   Mobile: 0724-257024, 0733222216
   Fax: 2224327
   Email: info@suntra.co.ke
   Website: www.suntra.co.ke

4. **OLD MUTUAL SECURITIES LTD (B08)**
   UAP Old Mutual Tower, 3rd Floor,
   Upper Hill
   P.O. Box 50338 – 00200 Nairobi
   Tel: 2241379/2241408
   Mobile: 0702909091/2, 0731001206/39
   Fax: 2241392
   Email:omsclientservice@oldmutualkenya.com
   Website: www.oldmutual.co.ke

5. **SBG SECURITIES LTD (B09)**
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   Chiromo
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   Tel: 3638900/3638080
   Fax: 2218813 /310053
   Email: sbgs@stanbic.com
   Website: www.sbgsecurities.co.ke

6. **KINGDOM SECURITIES (B11)**
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   Tel: 3276000/ 3276676
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   Website:www.kingdomsecurities.co.ke

7. **AIB CAPITAL LTD (B12)**
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   P.O. Box 11019-00100 Nairobi
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   Fax: 2210500
   Mobile:0725965555/0736965555
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8. **ABC CAPITAL LTD (B14)**
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   P.O. Box 46452-00100
   Nairobi
   Tel: 2246036/224253415/2241148
   Email: headoffice@abccapital.co.ke
   Website: www.abccapital.co.ke

9. **STERLING CAPITAL LTD (B15)**
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   Loita Street
   P.O. Box 45080-00100 Nairobi
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11. FAIDA INVESTMENT BANK LTD (B17)
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Email: info@fib.co.ke
Website: www.fib.co.ke

12. NIC SECURITIES LTD (B18)
NIC House,
Masaba Road
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Fax: 2888544/ 2888512
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Web: www.nic-securities.com

13. GENGHIS CAPITAL LTD (B19)
1st Floor Purshottam Place,
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Tel: 2774750/1/2, 0730145000/0709184000
Fax: 2246334
Email: customerservice@genghis-capital.com
Website: www.genghis-capital.com

14. STANDARD INVESTMENT BANK LTD (B20)
JKUAT Tower, 16th Floor
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Tel: 2220225/2228963/7/9
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Email: info@sib.co.ke
Website: www.sib.co.ke

15. KESTREL CAPITAL (EAST AFRICA) LTD (B21)
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16. AFRICAN ALLIANCE KENYA SECURITIES LTD (B23)
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Website: www.africanalliance.com

17. RENAISSANCE CAPITAL (KENYA) LTD (B24)
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Fax: 3682339/3681100
Email: info@rencap.com
Website: www.rencap.com

18. CBA CAPITAL LTD (B25)
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Email: info@equityinvestment.co.ke
Website: www.equitybank.co.ke

20. ABCC- AFRICAN BANKING CORPORATION LTD
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P.O. Box 38610-00800
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Fax: 2222437
Email: talktous@abcthebank.com
Website: www.abcthebank.com

21. BBKC- BARCLAYS BANK OF KENYA LTD
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Website: www.barclays.com

22. COBC - CO-OPERATIVE BANK OF KENYA LTD
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Tel: 020- 32076100/ 3276000
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23. SPIRE BANK
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Website: www.spirebank.co.ke

24. EQBC-EQUITY BANK
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Website: www.equitybankgroup.com

25. IMBC- I&M BANK
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Fax: 2212947 /2216732
Email: invest@imbank.co.ke
Website: www.imbank.com

26. KCBC- KENYA COMMERCIAL BANK LTD
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Fax: 020 3864574
Email: custody@kcb.co.ke
Website: www.kcbbankgroup.co.ke

27. NBKC-NATIONAL BANK OF KENYA LTD
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Email: info@nationalbank.co.ke
Website: www.nationalbank.co.ke

CENTRAL DEPOSITORY AGENTS (CDA) LIST

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Website: www.nic-bank.com

29. PRBC - PRIME BANK LIMITED
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Fax: 4451247/4203204
Email: custodial@primebank.co.ke
Website: www.primebank-kenya.co.ke

30. STBC - CFC STANBIC BANK LTD
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Fax: 3752905 /7
Email: customercare@stanbic.com
Website: www.cfcstanbicbank.co.ke

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Email: customerservice@sbmbank.co.ke

32. SCBC –STANDARD CHARTERED BANK OF KENYA LTD
Standard Building Chiromo
48, Westlands Road
P.O. Box 40984-00100 Nairobi
Tel: 3293000/3293900
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: insurance@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
Bank Of Africa House,
Waiyaki Way, Westlands
P.O. Box 69562 -00400
Nairobi, Kenya
Tel: 3275000/703058120
Fax: 2214166
Email: info@boakenya.com
Website: www.boakenya.com

CENTRAL DEPOSITORY AGENTS (CDA) LIST

37. KCB CAPITAL
Kencom House, 2nd Floor
P.O. Box 48400-00100
Nairobi | Kenya
Tel: 3270000
Email: investmentbanking@kcb.co.ke
Website: www.kcbgroup.com

38. BARCLAYS FINANCIAL SERVICES LTD
Barclays Bank Westend Building
5th Floor, Westlands
P.O. Box 30120- 00100
Tel: 4254000
Email: bfslbbkenya@barclayscorp.com
Website: www.barclays.co.ke

39. SECURITIES AFRICA KENYA LIMITED
NSE Building, 55, Westlands
P.O. Box 19018 -00100
Tel: +254 735 571 530
Email: info@securitiesafrica.com
Website: www.securitiesafrica.com

40. UNCLAIMED FINANCIAL ASSETS AUTHORITY
Pacis Centre, 2nd Floor, Slip Road off
Waiyaki Way
P.O. Box 28235 – 00200 City Square
Tel: +254 020 4023000/ +254 706 866984
Email: info@ufaa.go.ke
Website: www.ufaa.go.ke

41. EFG HERMES KENYA LIMITED
8th Floor, Orbit Place,
Westlands Road
P.O. BOX 349- 00623,
Nairobi | Kenya
Tel: 020 3473040
Email: KenyaOperations@efg-hermes.com
Website: www.efg-hermes.com

42. 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
(Only serves the Government of Kenya)

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www.cdsckenya.com

CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION
Invested in Progress

NATION CENTER, 10th FLOOR, KIMATHI STREET

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Cell: +254 (0)724 256130 / +254 (0) 0733 222
Fax: +254 (20) 222 9405
Email: helpdesk@cdsckenya.com