

KENYA LIMITED
31 DECEMBER 2016
Matters for Partner Attention
AS AT 19 February 2017

		Issue	Matters outstanding	Resolution/Action points
i.	Fixed assets and intangible assets	<ul style="list-style-type: none"> Depreciation charge for the last quarter not provided for in the financial statements VAT element Kshs 45,520 capitalized under assets. Company does not have in place a well defined asset capitalization policy. 	<p>a) Reconciliation of depreciation charge for the year as per G/L and the fixed assets movement schedule.</p> <p>b) Schedule of fully depreciated assets.</p> <p>c) To confirm the cost of software expensed and consider capitalizing it as an asset as per IAS 38.</p>	<ul style="list-style-type: none"> Tom to work on the depreciation schedule and provide it by Monday 5/2/07. Action Tom The VAT (Kshs 45,520) element capitalized to be reversed. Action Jerry Capitalization policy- Peter agreed that the asset capitalization policy of the company would be established in due course and client to be advised. Action Peter Schedule of fully depreciated assets to be provided by Monday 5/2/07. Tom The figure of intangible asset expensed is not material hence no adjustments to be passed.
ii.	Inter-company		<ul style="list-style-type: none"> Related party confirmations. 	<ul style="list-style-type: none"> Confirmations to be followed up by management. Action Peter.

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	balances		<ul style="list-style-type: none"> Review of inter-company movements for the year. Letter of comfort 	<ul style="list-style-type: none"> Inter-company movements to be reviewed. Action Jerry. Sample letter of comfort/support to be provided to the management for onward forwarding to parent for signature. Action Peter
iii.	Debtors	<ul style="list-style-type: none"> VAT difference between the VAT 3 and the GL (Kshs 6 million) as at 31/12/16. 		<ul style="list-style-type: none"> Client confirmed that the difference was as a result of under booking of VAT in VAT 3, an error that will be corrected in January returns hence no adjustments to be passed. However for invoices without VAT PIN number, it was agreed that client would write to all suppliers to ensure that the company does not lose on VAT claimable. - Action Peter. Client to be advised on the issue of Fringe Benefit Tax on staff advances. - Action Jerry.
iv.	Bank and Cash	<ul style="list-style-type: none"> SCB- A/c balance as at year end not converted using closing year end rates. 	Potential adjustment of foreign currency gain/loss	<ul style="list-style-type: none"> For translations- to use CBK mean rate KSHS 101.9463 to 1 USD for closing rates. To pass adjustment to Forex gains losses account
v.	Taxation	<ul style="list-style-type: none"> Mobile phone benefits House allowance for staff 	<ul style="list-style-type: none"> Tax review to be done. 	<ul style="list-style-type: none"> Peter confirmed that the mobile phone benefits are not taxed. Action To include in ML

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		<ul style="list-style-type: none"> • Consultancy fees rather than salaries –issue of PAYE. • Any other taxable employee benefits? • FBT 		<ul style="list-style-type: none"> • Jesse to discuss with Peter on the house allowance for Mitchell on Monday 5/2/17. Action Jesse & Peter. • Peter confirmed that all personnel are now paid salaries and not consultancy fees. Consultancy fee is now paid to companies and not individuals. Jesse to review the consultants' agreements and the management personnel files. • Peter confirmed that there are no other taxable benefits given to employees save for the motor vehicle benefits which are already being taxed.
	Share Capital & Reserves	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • The balance has not changed. • Peter confirmed that the shareholders loan would remain unchanged and disclosed as so in the current financial statements.
vi.	Capital Commitment and Contingencies	<ul style="list-style-type: none"> • Management to provide figures to be disclosed in the financial statements for capital commitments and contingent liabilities. 	<ul style="list-style-type: none"> • Lawyers confirmations • BOD minutes 	<ul style="list-style-type: none"> • Management to provide details of commitments and contingent liabilities for disclosure in the financial statements by Tuesday 6/2/07. Action Peter.

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				<ul style="list-style-type: none"> • Management to follow up on the lawyers confirmations- Action Peter. • Management to provide BOD minutes for review by Tuesday 6/2/07. Action Peter.
vii.	Income	•	•	
iii.	Expenses	<ul style="list-style-type: none"> • Expenses not correctly classified • Some expenses paid for but no supporting documents • Petty cash vouchers not serially numbered 	<ul style="list-style-type: none"> • Forex loss schedule • Consultant agreements. • Directors' emoluments for disclosure purposes in financial statements. 	<ul style="list-style-type: none"> • On expenses not correctly classified, Peter noted that the classification was in line with the budget. Action Tom • Peter to be provided with the details of expenses without supporting documents by Monday 5/2/17. Action Dennis. • Foreign exchange loss schedule to be provided and reviewed by Monday 5/2/17. Action Jerry. • Consultants' agreements to be provided by Tuesday 6/2/17. Action Peter. • Management to provide us with the Directors' emoluments for disclosure in the financial statements. Action Peter.