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**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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**The following pages do not form an integral part of these financial statements**

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# Directors & Professional Advisers

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**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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**BOARD OF DIRECTORS**

Sivaramakrishnan Ganapathi  
Sathyamurthy Annamalai

**REGISTERED OFFICE**

Westwood Building, Vale Close Off Ring Road  
Nairobi District  
P. O. Box 10032 - Nairobi G.P.O

**COMPANY SECRETARY**

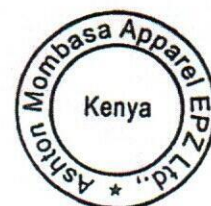
Robert Mwangi Ndungu  
P.O. Box 10032 G.P.O Nairobi  
Nairobi

**INDEPENDENT AUDITORS**

Shah Pandya & Company LLP  
P. O. Box 99438 - 80107  
Mombasa

**PRINCIPAL BANKERS**

I & M Bank (Kenya) Limited



# Report of the Directors

**ASHTON MOMBASA APPAREL EPZ LIMITED  
FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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The directors present their report together with the audited financial statements for the 3 months period ended March 2024, which disclose the state of affairs of the company.

## **PRINCIPAL ACTIVITY**

The principal activity of the company is that of apparel manufacturing under the export processing zones.

## **RESULTS FOR THE PERIOD**

The results for the 3 months period ended March 2024 and the appropriations there from, are set out on page 7.

## **DIVIDEND**

The directors do not recommend the payment of a dividend in respect of the period.

## **DIRECTORS**

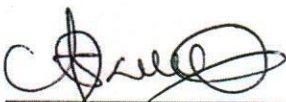
The directors who held office during the year and to the date of this report is listed on page 2.

They continue in office in terms with the Articles of Association of the Company.

## **AUDITORS**

The Company's Auditors, Shah Pandya & Company LLP, were appointed in office in accordance with the Kenyan Companies Act.

**BY ORDER OF THE BOARD**



**DIRECTOR**





# Statement of Directors' Responsibilities

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- (i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- (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 financial statements give a true and fair view of the state of the financial affairs of the company as at March 2024 and of its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standards the requirements of the Kenyan Companies Act.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



**DIRECTOR**



**DIRECTOR**

24<sup>th</sup>

May

2024



# Report of the Independent Auditors

**TO THE MEMBERS OF  
ASHTON MOMBASA APPAREL EPZ LIMITED  
FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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## Opinion

We have audited the accompanying financial statements of the company, set out on pages 7 to 15, which comprise the statement of financial position as at March 2024, and the statement of comprehensive income and revenue reserves, and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at March 2024 and of its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standard and the Kenyan 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 company 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 financial statements in Kenya, and we have fulfilled our 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.

## Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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, 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.

## Auditor's responsibilities for the audit of the 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 scepticism 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 company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management'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 the auditor's report. However, future events or conditions may cause the company 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.





# Report of the Independent Auditors

TO THE MEMBERS OF  
ASHTON MOMBASA APPAREL EPZ LIMITED  
FOR 3 MONTHS PERIOD ENDED MARCH 2024

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(Continued from page 5)

## Going Concern

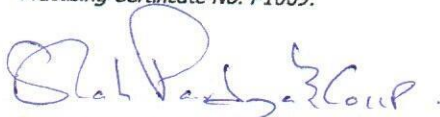
The financial statements have been prepared on a going concern basis on the assumption that the Company will be able to generate additional contributions from its directors, shareholders and customers to support its cash flows.

## Report on other legal requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- the company's statement of financial position and profit and loss account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Milan Shah, Practising Certificate No. P1009.



SHAH PANDYA & COMPANY LLP  
Certified Public Accountants  
Mombasa

24-May-2024

**SHAH PANDYA & CO. LLP**  
Certified Public Accountants  
1st Floor Biashara Bld., Nyerere Ave.  
P. O. Box 99438 Mombasa 80107 (K)  
Mob: 0733 333840 | 0774 333840  
Email: msa@questkenya.com



Mombasa Office: 1st Floor Biashara Building, Nyerere Avenue, P. O. Box 99438, Mombasa, Kenya.  
Mobile: (0733) 333840 (0774) 333840 Email: msa@questkenya.com

# Statement of Comprehensive Income and Revenue Reserves

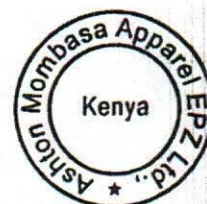
**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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	<u>Note</u>	<u>3 months</u> <u>Period ended</u> <u>March</u> <u>2024</u> <u>Kshs</u>
<b>REVENUE</b>	1(c)	833,494,167
<b>COST OF PROCESSING</b>		(768,133,488)
<b>GROSS PROFIT/(LOSS)</b>		65,360,679
Administrative expenses		(62,570,401)
Other operating expenses		(183,537,669)
Staff costs	4(b)	(19,680,469)
<b>OPERATING PROFIT/(LOSS)</b>	3	(200,427,860)
Finance costs	5	(18,154,273)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		(218,582,134)
<b>TAXATION (CHARGE)/CREDIT</b>		-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		(218,582,134)
<b>REVENUE RESERVES AT MARCH</b>		(218,582,134)

Report of the independent auditors - page 5 & 6

The notes on pages 10 to 15 form an integral part of these financial statements



# Statement of Financial Position

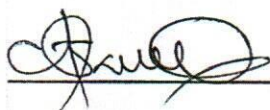
**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**AS AT MARCH 2024**

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	<u>Note</u>	<u>2024</u> <u>Kshs</u>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	6	1,875,577,780
Goodwill		192,325,985
Capital Work in Progress		12,009,966
		<u>2,079,913,731</u>
<b>CURRENT ASSETS</b>		
Inventories	7	96,767,179
Trade and other receivables	8	223,819,282
Cash and bank balances	Page 9	44,950,600
		<u>365,537,061</u>
<b>TOTAL ASSETS</b>		<u>2,445,450,792</u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	9	500,000,000
Revenue reserve		(218,582,134)
		<u>281,417,866</u>
<b>NON CURRENT LIABILITIES</b>		
Shareholders' loans	11 & 14 (ii)	1,609,025,985
<b>CURRENT LIABILITIES</b>		
Trade and other payables	10	555,006,941
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,445,450,792</u>

The financial statements on pages 7 to 15 were approved by the board of directors on

24th May 2024 and were signed on its behalf by:



**DIRECTOR**



**DIRECTOR**

Report of the independent auditors - page 5 & 6

The notes on pages 10 to 15 form an integral part of these financial statements





# Statement of Cash Flows

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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**2024**  
**Kshs**

## **OPERATING ACTIVITIES**

Profit/(loss) before taxation	(218,582,134)
Depreciation on property, plant and equipment	45,524,697
Bank charges and interest expense	1,181,383
Foreign currency exchange (gains)/losses	16,972,890

Operating profit/(loss) before working capital changes	(154,903,164)
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### Increase/(decrease) in working capital:

Inventories	(96,767,179)
Trade and other receivables	(223,819,282)
Trade and other payables	555,006,941
Movement in shareholders' loan	1,609,025,985

Cash generated from operations	1,688,543,301
Finance income/(costs) paid	(18,154,273)

Net cash generated from operating activities	1,670,389,028
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## **INVESTING ACTIVITIES**

Additions to property, plant and equipment	(1,921,102,477)
Goodwill	(192,325,985)
Capital Work in Progress	(12,009,966)

Net cash (used in)/generated from investing activities	(2,125,438,428)
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## **FINANCING ACTIVITIES**

Share capital issued	500,000,000
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Net cash (used in)/generated from financing activities	500,000,000
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<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>44,950,600</b>
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## **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**

**44,950,600**

## **ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS**

**2024**  
**Kshs**

Cash and bank balances	44,950,600
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Report of the independent auditors - page 5 & 6

The notes on pages 10 to 14 form an integral part of these financial statements



# Notes to the Financial Statements

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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## **1 - ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### **(a) Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (SMEs) and under the historical cost convention. The financial statements are presented in the functional currency, Kenya Shillings (KShs), which is the prevailing currency within the primary economic environment, rounded to the nearest shilling.

### **(b) Property, plant and equipment**

All property, plant and equipment is recorded at historical cost less accumulated depreciation and any accumulated impairment losses. The company's property, plant and equipment is depreciated on a straight line basis, to write off the cost of these assets over their expected useful lives. Depreciation is provided from the year of acquisition and there is no charge in the year of disposal. The following annual rates of depreciation have been applied:

Buildings improvements	20%
Motor vehicles	25%
Computer equipment	25%
Plant and machinery	10%
Furniture, fittings and equipment	10%

### **(c) Revenue recognition**

Revenue recognised which is derived from manufacturing of apparel under the export processing zone and is accounted for on a receivable basis.

### **(d) Inventories**

Inventories have been stated at the directors' valuation at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Provision is made for obsolescent, slow moving and defective inventories.

### **(e) Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

### **(f) Taxation**

Current tax and Deferred tax have not been provided as the Company is currently exempt from taxation for a period of ten years.





# Notes to the Financial Statements

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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## **1 - ACCOUNTING POLICIES (continued)**

### **(g) Financial Instruments**

#### Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An estimate is made for doubtful receivables based on review of all outstanding amounts at the year end. Bad debts are written off after all efforts of recovery have been exhausted.

#### Trade payables

Trade payables are stated at their nominal value.

#### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents would comprise of cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts and money market lines.

In the balance sheet, bank overdrafts and money market lines are included in borrowings in current liabilities.

#### Bank borrowings

Interest bearing loans and overdrafts are recorded at the proceeds received, net of direct costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on the accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

## **2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

### **(i) Critical accounting estimates and assumptions**

#### Plant and equipment

Critical estimates are made by the directors in determining depreciation rates for plant and equipment. The rates used are set out in Note 1(b) above.

### **(ii) Critical judgements in applying the entity's accounting policies**

In process of applying the company's accounting policies, management has made judgements in determining:

- the classification of financial assets and leases
- whether assets are impaired



# Notes to the Financial Statements

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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## **3 - OPERATING PROFIT/(LOSS)**

**2024**

**Kshs**

- The following items have been charged/(credited)  
in arriving at the operating profit/(loss):

Depreciation on property, plant and equipment	45,524,697
Auditor's remuneration	1,037,266
Repairs and maintenance	37,534,684
Staff costs (Note 4)	661,632,071

## **4 - STAFF COSTS**

**2024**

**Kshs**

### **(a) Under Cost of Processing:**

Production staff wages	641,951,602
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### **(b) Under Staff costs:**

Staff expenses	6,628,860
Staff training and welfare	7,783,385
Medical expenses	1,050,080
Work permits	4,218,144

**19,680,469**

**661,632,071**

## **5 - FINANCE COSTS**

**2024**

**Kshs**

Bank charges and interest expense	1,181,383
Foreign currency exchange (gains)/losses	16,972,890

**18,154,273**





# Notes to the Financial Statements

ASHTON MOMBASA APPAREL EPZ LIMITED  
FOR 3 MONTHS PERIOD ENDED MARCH 2024

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## 6 - PROPERTY, PLANT AND EQUIPMENT

<b>2024</b>	<b>Freehold</b>	<b>Buildings</b>	<b>Building Improvements</b>	<b>Motor Vehicles</b>	<b>Computer Equipment</b>	<b>Plant &amp; Machinery</b>	<b>Furniture, Fittings &amp; Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Land Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
At January 2024	210,000,000	120,000,000	125,500,000	7,740,060	27,644,036	1,060,219,948	365,595,932	1,916,699,976
Additions	-	-	-	-	2,206,144	-	2,196,357	4,402,501
At March 2024	210,000,000	120,000,000	125,500,000	7,740,060	29,850,180	1,060,219,948	367,792,289	1,921,102,477
<b>Depreciation</b>								
Charge for the period	-	1,200,000	6,275,000	483,754	1,865,638	26,505,499	9,194,806	45,524,697
At March 2024	-	1,200,000	6,275,000	483,754	1,865,638	26,505,499	9,194,806	45,524,697
<b>Net Book Value</b>								
At March 2024	210,000,000	118,800,000	119,225,000	7,256,306	27,984,542	1,033,714,449	358,597,483	1,875,577,780



# Notes to the Financial Statements

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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## 7 - INVENTORIES

**2024**  
**Kshs**

Stock at March

**96,767,179**

## 8 - TRADE & OTHER RECEIVABLES

**2024**  
**Kshs**

Trade receivables

**143,515,900**

Deposits

**65,021,834**

Prepayments and other receivables

**15,281,548**

**223,819,282**

## 9 - SHARE CAPITAL

**2024**  
**Kshs**

**Authorised, issued and fully paid:**

250000 Ordinary Shares of KShs 1000/= each

**250,000,000**

250000 Redeemable Preference Shares of KShs 1000/= each

**250,000,000**

**500,000,000**

## 10 - TRADE & OTHER PAYABLES

**2024**  
**Kshs**

Trade payables

**124,740,924**

Accruals and other payables

**328,563,357**

Advances from customers

**101,702,660**

**555,006,941**

## 11 - NON CURRENT BORROWINGS - SHAREHOLDERS' LOANS

**2024**  
**Kshs**

Balance at 1 January

-

Movement in loans

**1,609,025,985**

Balance at March

**1,609,025,985**

## 12 - CONTINGENT LIABILITIES

The company had no contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business.

## 13 - COUNTRY OF INCORPORATION

The company was incorporated under the Kenyan Companies Act of the laws of Kenya and domiciled in Kenya.





# Notes to the Financial Statements

ASHTON MOMBASA APPAREL EPZ LIMITED  
FOR 3 MONTHS PERIOD ENDED MARCH 2024

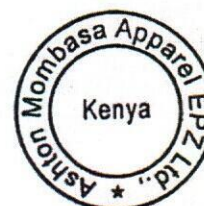
Page fifteen

14 (a) - summary of the transactions during the year with the above are as follows:

	<u>2024</u> <u>Kshs</u>
(i) Job work charges income	
Atraco Industries Enterprises - Dubai	<u>833,494,167</u>

(b) - Summary of outstanding balances with the above related parties are as follows :

(i) Trade payables	<u>2024</u> <u>Kshs</u>
Payable to Atraco Industries Enterprises - Dubai	
Advance received	<u>101,702,660</u>
(ii) Borrowings	<u>2024</u> <u>Kshs</u>
Payable to Nava Apparels - Dubai	
Non current borrowings - Shareholders' Loan	<u>1,609,025,985</u>



# Schedule of Operating Income and Expenses

**ASHTON MOMBASA APPAREL EPZ LIMITED**  
**FOR 3 MONTHS PERIOD ENDED MARCH 2024**

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**3 months**  
**Period ended**  
**March**  
**2024**  
**Kshs**

## **1 - GROSS PROFIT ANALYSIS**

<b>Revenue</b>	<b>833,494,167</b>
<b>Cost of processing</b>	
Production consumables	12,868,923
Production wages	641,951,602
Fuel, electricity and water	44,844,904
Generator, boiler and compressor expenses	21,738,919
Logistic costs	46,729,140
	<b>768,133,488</b>
<b>Gross profit/(loss)</b>	<b>65,360,679</b>

## **2 - OPERATING EXPENSES**

### **(a) - Administrative expenses**

Postage, courier, telephone and internet	5,326,433
Printing and stationery	4,775,558
Auditor's remuneration	1,037,266
Legal and professional fees	3,221,648
Motor vehicle running costs	15,838,053
General expenses	878,169
Social security expenses	31,493,274
	<b>62,570,401</b>





# Schedule of Operating Income and Expenses

ASHTON MOMBASA APPAREL EPZ LIMITED  
FOR 3 MONTHS PERIOD ENDED MARCH 2024

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**3 months**  
**Period ended**  
**March**  
**2024**  
**Kshs**

## 2 - OPERATING EXPENSES (continued)

### (b) - Other operating expenses

Insurance	10,800,000
Licences	622,013
Rent and rates	70,708,038
Repairs and maintenance	37,534,684
Security	18,348,237
Depreciation on property, plant and equipment	45,524,697
	<hr/>
	183,537,669

### (c) - Staff costs

Staff expenses	6,628,860
Staff training and welfare	7,783,385
Medical expenses	1,050,080
Work permits	4,218,144
	<hr/>
	19,680,469

### (d) - Finance costs

Bank charges and interest expense	1,181,383
Foreign currency exchange (gains)/losses	16,972,890
	<hr/>
	18,154,273

