



# Building Resilience: Beyond the Pandemic

Annual Report & Financial Statements  
For the Year Ended 31 December 2021



## THE STANDARD GROUP PLC

### Who we are

The Standard Group PLC is a leading multi-media organization in Kenya, with investments in platforms spanning print operations, television, radio, digital and courier services.

The African Standard is founded

The Standard is the oldest newspaper in Kenya which was established in 1902 as The African Standard.

### Our media platforms

The Standard, The Nairobi, Standard Digital, KTN, KTN News, KTN Farmers TV, Btv, Radio Maisha, Spice FM, Vybez Radio and Berur FM.



# 1902



# 2022

120 Years of  
Journalistic  
Excellence

January 2022  
Berur FM and  
Sacco Hela  
launched



### Our purpose

To inspire lives through media and entertainment



### Our vision

Voice of Society



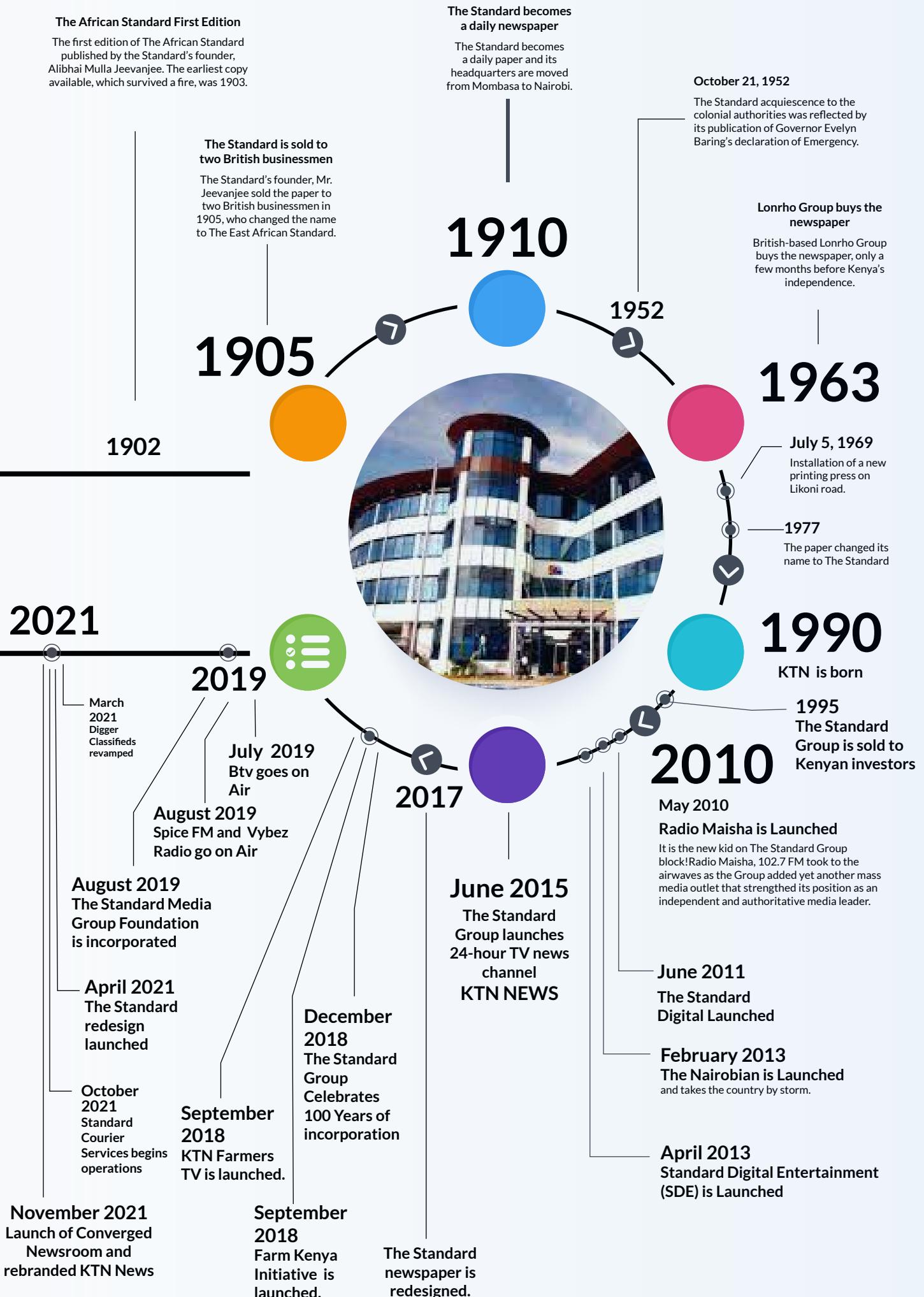
### Our mission

To disseminate media content that provides a voice to society

### Our values

- Achievement • Agility • Courage • Excellence • Innovation

# OUR JOURNEY



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# Corporate Information

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<b>DIRECTORS</b>	Mr. Robin Sewell* Dr. Julius Kipngetich Mr. Orlando Lyomu Ms. Juliana Rotich Ms. Zehrabanu Janmohamed Dr. Githinji Gitahi Dr. James Mcfie Mr. Shaun Zambuni* Mr. Christopher Kulei	- Chairman - Independent/Non-Executive Director and Deputy Chairman - Group Chief Executive Officer - Independent/Non-Executive Director - Non-Executive Director - Independent/Non-Executive Director - Non-Executive Director - Non-Executive Director
<p>* British</p>		

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<b>COMPANY SECRETARY</b>	Millicent Ng'etich Certified Public Secretary (Kenya) Membership No. 2383 The Standard Group Centre Mombasa Road P.O. Box 30080 - 00100 Nairobi.
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<b>REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS</b>	The Standard Group Centre Along Mombasa Road P.O. Box 30080 - 00100 Nairobi.
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<b>AUDITOR</b>	PricewaterhouseCoopers LLP Certified Public Accountants of Kenya PwC Towers Waiyaki Way P.O. Box 43963 - 00100 Nairobi.
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<b>LEGAL ADVISORS</b>	TripleOKLaw Advocates LLP ACK Garden House, 5 <sup>th</sup> Floor First Ngong Avenue P.O. Box 43170 - 00100 Nairobi.	Limo & Njoroge Advocates Suite 62, Lower Hill Duplex Suites, Upper Hill P. O. BOX 9892 - 00100 Nairobi.
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<b>BANKERS</b>	<b>Stanbic Bank Kenya Limited</b> Stanbic Bank Centre Westlands Road, Chiromo P.O. Box 72833 - 00200 Nairobi.  <b>NCBA Bank Kenya PLC</b> NCBA Centre Upperhill Mara Rd, P.O. Box 44599 - 00100 Nairobi.	<b>KCB Kenya Limited</b> Moi Avenue P.O. Box 48400 - 00100 Nairobi.  <b>Equity Bank Kenya Limited</b> Equity Centre Hospital Road, Upperhill P.O. Box 75104 - 00200 Nairobi.
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<b>COMPANY REGISTRARS</b>	Image Registrars Limited Absa Towers (formerly Barclays Plaza) 5 <sup>th</sup> Floor, Loita Street P.O. Box 9287 - 00100 Nairobi.
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**ROBIN SEWELL** | CHAIRMAN

# Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors and Management, I am delighted to present to you the Annual Report on the Audited Financial Statements of your Company for the year ended 31 December 2021.

## The Operating Environment

According to the Kenya National Bureau of Statistics, the year 2021 experienced better growth of 7.5% compared to an economic contraction of 0.3% in 2020.

The media industry is yet to recover to pre-Covid levels. The shift to digital delivery has continued to accelerate in line with changing consumer demographics however traditional media still plays a vital role in creating awareness, though it is projected that digital advertising spend may overtake traditional media spend by 2024.

Our online subscriptions to the e-paper and reader revenues increased, whereas circulation of the daily printed newspaper only recovered modestly and is still to reach pre-Covid numbers.

## Our Strategy

The FY 2021 marked the end of our 2017-2021 Strategic Plan which set to establish The Standard Group as a digital-first, converged business, with increased investment in broadcast to diversify revenue streams. This was driven by our Business Transformation Initiative, popularly known as Project Eagle.

The strategic objectives were to:

- Grow the top line revenue by approximately 50% over the five-year period and improve profitability;
- Invest substantially in our broadcast and digital business to increase their contribution to revenue relative to our print business, while diversifying our revenue base by concentrating on non-government and direct advertising;
- Enhance audience engagement with compelling content, with each business unit dominating their niche audiences;
- Increase employee engagement and performance through a value-based culture and results-based reward system and develop key talent including entry level journalists through the Standard Media Academy for effective succession planning.
- Optimize use of assets and maximize yield including that from non-prime spots;
- Maximize use of technology and increase innovation.

A summary of performance is indicated below:

- Revenues grew with 2018 being our best year. However, 2019 and 2020 were severely impacted by the change in government regulations on betting advertising and the effects of the COVID-19 pandemic. As with other media houses, we experienced a decline in print circulation numbers and achieving profitability from our new products has taken longer than forecast. 2021 revenue numbers indicate a modest recovery however collecting our debt from the Government Advertising Agency (GAA) has remained a severe challenge.
- Two TV stations - KTN Farmers TV and Btv (KTN Burudani), three radio stations - Spice FM, Vybez Radio and Berur FM and a robust online platform were developed. Spice FM has distinguished itself on advocating topical issues and hosting high profile guests. Vybez Radio has resonated as the voice of youth while Berur Fm is the Groups first community radio station. Farmers TV is a niche product that promotes the important agribusiness sector.
- Unique products have been established in various areas;

In the Agribusiness sector we have the Farm Kenya platform

In the Education sector we have the Newspapers-in-Education (NIE) programme for schools, TutorSoma online education platform, Great Places to School - a



103<sup>rd</sup> Annual General Meeting 2021.

schools excellence recognition and ranking programme, TVET Journal – a magazine for the TVET sector, and Career Fairs.

In the Health sector we have KTN Health Digest and KTN Health Watch programmes and MyHealth Magazine in The Standard

In the SME sector we have Enterprise Magazine in print, plus renderings on TV and Online.

- In partnership with Aga Khan University Graduate School of Media and Communications, talented young journalists are sponsored through the Standard Media Academy. The graduates are multimedia journalists who are ready for a digital-first, converged newsroom. The corporate culture is being aligned to support an agile, innovative digital business.
- The business transformation is on course with our ultra-modern converged newsroom launched in November 2021 together with a new look KTN News. The Standard newspaper was redesigned, the website revamped and digital products to drive reader revenues were developed.
- Our e-commerce platform - Digger Classifieds was re-launched together with a fintech product - Sacco Hela - targeting the Co-operative Sector.
- Standard Courier was launched in 2021 to utilize & optimize our vehicle distribution capacity. Courier services are now offered countrywide.

One major outstanding project is the redesign of The Nairobian.

During the period, regional papers (Mt. Kenya Star, Pambazuko) and other print products were developed (Pulser and Travelog magazines). The regional papers were discontinued during the pandemic to optimize costs while the content of Pulser and Travelog magazines was incorporated into the Entertainment Desk and is now delivered digitally.

Moving forward and following the generally successful implementation of the 2017-2021 Strategic Plan, the Board has developed a new strategic direction for the 2022-2024 period. The Strategic Plan for this period seeks to build on the foundations of a converged newsroom and create a digital-first business, with inspiring products for all our differing customers. The immediate priority of the 2022-2024 Strategic Plan is the aggressive growth of revenue from our new businesses while sustaining our legacy products in the short term.

**“ During the year, the Board provided increased support to management with frequent meetings of the various committees. The Finance and Audit Committee enhanced its oversight role in guiding management through the pandemic and business turnaround.”**



*The converged newsroom.*

During the year, the Board provided increased support to management with frequent meetings of the various committees. In particular, the Finance and Audit Committee enhanced its oversight role in guiding management through the pandemic and business turnaround.

#### **Share price and market capitalization**

Market capitalization for the Group as at 31 December 2021 was KShs 1.1 billion, compared to KShs 1.8 billion at the same time last year, with a total of 81.7 million shares in issue.

#### **Dividends**

The Board does not recommend a dividend for the year to allow for full business recovery.

#### **Acknowledgment**

The Board would like to applaud our management and staff for their commitment to ensuring the business recovers fully from the pandemic. The Board would also like to thank all our viewers, listeners, readers, suppliers, business partners and other stakeholders for their invaluable support. We now look forward to further growth of the business and the economy as a whole.

Thank you.

Robin Sewell  
Chairman

A woman with curly hair, wearing a strapless dress made entirely of newspaper, stands against a white background. She is holding a large, open umbrella that is also made of newspaper. The dress is layered and flared at the bottom, and she is wearing high-heeled boots.

# SETTING THE STANDARD WITH NEW INFOGRAPHICS

The all-new Standard newspaper  
makes your day count in everything we do!



**The Standard**  
KENYA'S BOLD NEWSPAPER

**#SettingTheStandard**



Standard Digital  
**ePAPER**

[epaper.standardmedia.co.ke](http://epaper.standardmedia.co.ke) | [www.standardmedia.co.ke](http://www.standardmedia.co.ke)

# Taarifa ya Mwenyekiti

Wenye-hisa wapendwa,

Kwa niaba ya Bodi ya Wakurugenzi na Wasimamizi, nina furaha kuwasilisha kwenu ripoti ya kila mwaka ya taarifa ya kifedha ya kampuni yako iliyofanyiwa ukaguzi ya mwaka uliokamilika tarehe 31 Desemba 2021.

## Mazingira ya Kufanya Kazi

Kwa mujibu wa Mamlaka ya Kitaifa ya Tawimmo ya Kenya, mwaka wa 2021 ulishuhudia ukuaji bora wa 7.5% kulinganishwa na m dororo wa uchumi wa 0.3% mwaka wa 2020.

Sekta ya habari haijarejea katika viwango vya kabla ya Covid-19. Mabadiliko ya kuhamia huduma za kidijitali yameendelea kushika kasi kulingana na mabadiliko ya kidemografia ya watumiaji hata hivyo vyombo vya habari vya tangu jadi bado vinatekeleza jukumu muhimu katika uhamasishaji, ingawa inakadiriwa kuwa matumizi ya fedha za matangazo ya kidijitali yanaweza kushinda matumizi katika vyombo vya habari vya tangu jadi ifikapo 2024.

Usajili wetu wa mtandaoni kwa ajili ya e-paper na mapato kuititia wateja wanaojisajili umeongezeka, wakati ambapo usambazaji wa gazeti la kila siku uliimariika tu kwa kiasi kidogo na bado haujafikia kiwango cha kabla ya Covid.

## Mkakati Wetu

Mwaka wa Kifedha wa 2021 uliashiria mwisho wa Mpango wetu wa Kimkakati wa 2017-2021 uliolenga kufanya kipaumbele cha Kampuni ya Standard kuwa dijitali, biashara ya muunganiko, na kuongezeka kwa uwekezaji katika utangazaji ili kupanua mikondo ya mapato. Hii iliongozwa na Mpango wetu wa Mabadiliko ya Biashara, maarufu Project Eagle.

Malengo ya kimkakati yalikuwa:

- Kukuza mapato jumla kwa takriban 50% katika kipindi cha miaka mitano na kuboresha faida;
- Kuwekeza pakubwa katika biashara yetu ya utangazaji na dijitali ili kuongeza mchango wao kwa mapato kulinganishwa na biashara yetu ya uchapishaji magazeti, huku tukipanua misingi yetu ya mapato kwa kuzingatia matangazo yasiyohusiana na serikali na ya moja kwa moja;
- Kuzidisha ushirikishi wa walengwa na matokeo kuititia utamaduni wa utoaji huduma ubora na mfumo wa utuzaji kulingana na matokeo na kukuza vipaji muhimu wakiwamo wanahabari wenye viwango fulani vya elimu kuititia Standard Media Academy kwa utaratibu bora wa uchukua nafasi.
- Kuboresha matumizi ya rasilmali na kuongeza matokeo yakiwamo yale kutoka nafasi zisizo na ufuasi mkubwa;
- Kuzidisha matumizi ya teknolojia na kuongeza ubunifiu.



Muhtasari wa matokeo umeonyeshwa hapa chini:

- Mapato yaliongezeka huku 2018 ukiwa mwaka wetu bora zaidi. Hata hivyo, 2019 na 2020 iliathiriwa pakubwa na mabadiliko ya sheria za serikali kwa matangazo ya michezo ya kamari vilevile athari za janga la COVID-19. Sawa tu na vyombo vingine vya habari, tulishuhudia kupungua kwa idadi ya magazeti yanayosambazwa na kutimiza faida kutokana na huduma zetu mpya kumechukua muda mrefu kuliko ilivyotazamiwa. Idadi ya mapato ya 2021 inaonyesha uimarakaji mdogo hata hivyo ukusanyaji wa madeni yetu kutoka kwa Mamlaka ya Matangazo ya Serikali (GAA) umesalia changamoto kuu.
- Vituo viwili vya runinga - Ktn Farmers na Btv (ktn Burudani), vituo vitatu vya redio - Spice FM, Vybez Radio na Berur FM na jukwaa thabiti la mtandaoni vilianzishwa. Spice FM imejipambanua katika masuala ibuka na kuwaalika wageni wa hadhi ya juu. Vybez Radio imetamba katika kuwa sauti ya vijana huku Berur Fm kikiwa ni kituo cha kwanza cha redio ya Kampuni hii cha lugha za kiasili. Famers TV ni huduma maalumu inayokuza sekta muhimu ya kilimo-biashara.
- Huduma za kipekee zimeanzishwa katika vitengo mbalimbali;

Katika sekta ya Kilimo-biashara tuna jukwaa la Farm Kenya.

Katika sekta ya Elimu tuna mpango wa Newspaper-in Education (NIE) kwa ajili ya shule, jukwaa la mtandaoni la elimu la TutorSoma, Great Places to School – mpango wa utambuzi wa ufanisi katika shule na uorodheshaji, Jarida la TVET - jarida kwa ajili ya sekta ya TVET, na Maonyesho ya Kazi.

Katika sekta ya Afya tuna vipindi vya KTN Health Digest na KTN Health Watch na Jarida la MyHealth katika Gazeti la The Standard.

Katika sekta ya SME tunalo jarida la Enterprise Magazine lililochapishwa, pamoja na huduma zinazotolewa katika runinga na Mtandao.

- Kwa ushirikiano na kitengo cha Mafunzo ya Habari na Mawasiliano cha Chuo Kikuu cha Aga Khan, wanahabari wenyewe umri madogo na vipaji wanafadhiliwa kupitia Standard Media Academy. Wahitimu ni wanahabari wenyewe uelewa wa mifumbo mambimbali ya kuwasilisha habari walio tayari kuhudumu katika chumba cha habari ambacho dijitali ni kipaumbele, cha muunganiko. Utamaduni wa shirika unaratibwa ili kusaidia biashara yenye wepesi wa kubadilika, yenye ubunifu na ya kidijitali.
- Mabadiliko ya biashara yanaendelea huku chumba chetu cha habari cha kisasa cha muunganiko kikizinduliwa mnamo Novemba 2021 pamoja na sura mpya ya KTN News. Gazeti la The Standard liliundwa upya, wavuti ukafanyiwa maboresho na kuanzhishwa kwa huduma za kidijitali ili kuongeza mapato kutoka kwa wasomaji waliojisajili.
- Jukwaa letu la e-commerce - Digger Classifieds lilizinduliwa upya pamoja na huduma za fintech - Sacco Hela - kulenga sekta ya mashirika.
- Standard Courier ilizinduliwa mwaka wa 2021 ili kutumia na kuimarisha uwezo wa usambazaji wa magari yetu. Huduma za usambazaji vifurushi sasa zinatolewa kote nchini.

Mradi mmoja mkuu na bora ni uundaji upya wa The Nairobiian.

Katika kipindi hicho, magazeti ya kikanda (Mt. Kenya Star, Pambazuko) na machapisho mengine yalianzhishwa (majarida ya Pulser na Travelog). Magazeti ya kikanda yalisitishwa wakati wa janga ili kupunguza gharama huku yaliyomo kwenye majarida ya Pulser na Travelog yakijumuishwa kwenye Kitengo cha Burudani ambapo sasa huduma hiyo inatolewa kidijitali.

Kusonga mbele na kufuatia utekelezaji ambao kwa ujumla ulifaulu wa Mpango wa Kimkakati wa 2017-2021, Bodi imebuni mwelekeo mpya wa kimkakati kwa kipindi cha 2022-2024. Mpango wa Kimkakati kwa ajili ya kipindi hiki unalenga kuendeleza misingi ya chumba

**“ Usajili wetu wa mtandaoni kwa ajili ya e-paper na mapato kupitia wateja wanaojisajili umeongezeka, wakati ambapo usambazaji wa gazeti la kila siku uliimarika tu kwa kiasi kidogo na bado haujafikia kiwango cha kabla ya Covid,”**

cha habari cha muunganiko na kubuni biashara ambayo dijitali ni kipaumbele, yenyehuduma za kuwavutia wateja wetu wote wenye mahitaji mbalimbali. Kipaumbele cha sasa cha Mpango wa Kimkakati wa 2022-2024 ni kasi ya ukuaji wa mapato kutoka kwa biashara zetu mpya huku tukidumisha huduma zetu za tangu jadi kwa muda mfupi.

Katika mwaka huo, Bodi ilizidisha usaidizi kwa usimamizi kupitia mikutano ya mara kwa mara ya kamati mbalimbali. Hasa, Kamati za Fedha na Ukaruzi iliimariisa jukumu lake la usimamizi katika kuwaongoza wasimamizi kupindi cha janga hili na mabadiliko ya haraka ya shughuli za biashara.

#### Thamani ya hisa na mtaji wa soko

Mtaji wa soko wa Kampuni kufikia tarehe 31 Desemba 2021 ulikuwa shilingi bilioni 1.1, kulinganishwa na shilingi bilioni 1.8 kipindi sawa na hicho mwaka jana, na jumla ya hisa milioni 81.7 za kuuzwa.

#### Magawio

Bodi haipendekezi gawio mwaka huu kupisha urejeaji kamili wa shughuli za kibiashara.

#### Shukrani

Bodi ingependa kuwapongeza wasimamizi wetu na wafanyakazi kwa kujitolea kwao kuhakikisha kuwa biashara inarejea kikamilifu kutoka kwenye janga hili. Bodi pia ingependa kutoa shukrani zake kwa watazamaji wetu wote, wasikilizaji, wasomaji, wasambazaji, washirika wa kibiashara na washikadau wengine kwa michango yao muhimu. Sasa tunatazamia ukuaji zaidi wa biashara na uchumi kwa ujumla.

Asante.

Robin Sewell

Mwenyekiti

# Group CEO's Statement



PS Esther Koimett, State Department of Broadcasting and Telecommunications, officiates the launch of the converged newsroom and the new look KTN News.

The year 2021 was one in which our resilience beyond the pandemic was exhibited. We concluded the construction of the ultra-modern converged newsroom which had progressed – albeit at a slower pace through the pandemic. A key success was the relocation of the editorial and commercial teams from the Central Business District office to the Standard Group Head Office. This was key in the continued journey of digital transformation and building of a 'digital first' media house. To ensure a safe and productive work environment, Covid-19 vaccinations were conducted to create "herd immunity".

## Financial Performance

The Group's turnover increased by 8% in financial year FY 2021 in comparison to FY 2020, closing at Ksh 3.1 billion. This was largely driven by improved client advertising spends. Direct costs increased by 6%, driven by an increase in programming costs. Overhead costs reduced by 9% to close at Ksh 2.2 billion as a result of the sustained cost control initiatives. Altogether, the Group's total costs reduced by 5% from Ksh 3.4 billion in 2020, owing to the continued cost-cutting measures.

The Group closed FY 2021 at a loss before tax of Ksh

**“Innovation and diversification continued to be key to the success of the Group's strategic vision.”**

22 million against a loss before tax of Ksh 434 million in FY 2020, which marked an 95% improvement.

With the Converged Newsroom and digital-first approach, we increased our reader revenues and reduced our news-gathering costs. This growth was supported by our continuous delivery of innovative content for our audiences. Additionally, we released office space previously occupied by staff at I&M Building in the CBD. This move contributed to a 36% reduction in rent and office expenses during the year.

The Group continued to experience delayed receipt of payments from the government and its agencies, which impacted negatively on business operations. As at the end of the year, the Government Advertising Agency (GAA) and other government bodies jointly owed the Group more than Ksh 1.3 billion.





**ORLANDO LYOMU**

GROUP CHIEF  
EXECUTIVE  
OFFICER



PS Esther Koimett and Group CEO Orlando Lyomu install the new KTN News logo signage in the new studio.

In tandem with the rapidly changing media environment, and a demographic dividend of a young population, the Group revamped its products to better serve these young and discerning customers. In this regard, we focused attention on growing digital products, such as the e-paper and premium subscription articles. The user experience on the e-paper was refined to offer an exceptional ease of navigation. The redesigned website recorded the highest growth in the number of unique visitors. Our e-commerce platform, Digger Classifieds, was relaunched with a focus on Jobs, Motors, Real Estate and Tributes. We were intentional to journey with the youth and provide solutions for various seasons of their life.

Another addition to our offering was Sacco Hela, a resource planning tool designed for Saccos and Chamas. The Group also spruced up its Value-Added Services (VAS), Videos-on-Demand (VoD) and Podcast platforms to cement its position in the digital space. Finally, we launched Standard Courier to optimize our existing distribution infrastructure.

Radio remained a popular choice for a larger part of the population for news and entertainment. Spice FM and Vybez Radio - our audio-visual radios - showed continuous improvement from the previous year. On-ground activities remained a critical element to the success of the new radio stations, with events such as market storms where our radio presenters engaged with listeners to promote brand loyalty. To grow our footprint in vernacular radio, we launched Berur FM - a Kalenjin radio station that gained good traction.

Hard copy circulation numbers declined from previous years on account of the ever-changing consumer needs, which were largely influenced by the pandemic. We were focused on sustaining the legacy products with journalistic excellence even as we transitioned to a digital business.

## Business Transformation and Product Performance

Innovation and diversification continued to be key to the success of the Group's strategic vision. The journey towards business transformation remained an exciting one as our employees came up with innovative solutions towards achieving this goal.

In April, we unveiled a new-look Standard newspaper and website [www.standardmedia.co.ke](http://www.standardmedia.co.ke). This offered a bolder and more engaging product with in-depth, data-driven content for our consumers. In November 2021, we launched the Converged Newsroom in tandem with the revamped KTN News, East Africa's leading 24-hour news channel. This was anchored on the Face Facts Campaign to counter fake news.

## People and Talent Management

During the year, we began our journey to build a culture that will be the foundation of our aggressive and innovative strategy. We continually invested in human resource development focusing on staff wellness, coaching, staff appreciation and career growth. Various training initiatives, including e-learning and self-paced programs, were introduced to staff covering various topics on Journalism, Analytics, Mental Health, Market Segmentation, Growth Strategies for Business, Safe and Hygienic Working Environment, Leadership and Resilience, Managing Stress at Work, among others.

We had 895 employees serving across all our platforms representing diverse backgrounds undergo these trainings. We focused on raising staff productivity, staff development, culture transformation and delivering a converged newsroom.



Flagging off Radio Maisha Sakaa Chapa road show.



Our safety and business continuity plans proved effective as the country continued to face the pandemic. To mitigate and increase Covid-19 prevention efforts at the workplace, several vaccination drives and campaigns carried out resulted to 86% of our workforce being vaccinated.

### Sustainability

We continue to embed sustainable business practices in our operations and play our part in addressing the impacts of climate change. During the year, we installed a solar power plant to supplement our daytime energy needs which has in turn resulted in cost savings. We target to achieve 100% daytime load of renewable energy needs in the next few years. Additionally, we installed a water purification plant which provides safe drinking water across our offices.

We also initiated the Fruity Schools Campaign, a fruit tree-growing programme for schools across the country to contribute to re-forestation and address nutrition needs of children and youth. We repositioned the Standard County Golf Classic to a climate action advocacy platform, themed, "On the Green Course, for the Green Cause," and partnered with several organisations to advance the Climate Action Agenda.

We accelerated our membership to the UN Global Compact to further entrench our corporate sustainability programmes and joined the Blue Company Project to demonstrate our commitment to running a corruption-free business.

### Prospects

It is said that the best way to predict your future is to create it. We have not spared any effort towards creating a sustainable future for the Group. Diversification is key to our success, which is why we

are carrying out research and development to predict future trends that will affect our media business.

The 2022-2024 Strategic Plan is anchored on the transformed, digital-first business to deliver superior products and services that inspire lives. Our key areas of focus are a transformed culture, engaged staff and a customer-centric focus to enable aggressive growth of revenues that will sustain the business.

With 2022 being a political year, we expect the demand for news content to increase and with it, the speed of delivery. Becoming a digital-first business is one approach we have employed to avail information on our online platforms for faster consumption.

With the economy showing positive prospects, we are optimistic that revenues will recover significantly and with it, so will our cash flows and liquidity position. This will realize a profitable position moving forward.

### Acknowledgement

I recognize that we did not sail through these uncertain times alone and would therefore like to send out my deepest gratitude to all our partners who have given us support during the past year, including our customers, suppliers, audiences, the government and all other stakeholders.

My sincere gratitude goes out to our staff and management for their continuous innovative spirit, agility, commitment and leadership.

To the Board, I thank you for your support, which is invaluable.

Thank you.

Orlando Lyomu  
Group Chief Executive Officer

# Taarifa ya Afisa Mkuu Mtendaji wa Kampuni

Mwaka wa 2021 ulikuwa ule ambao ustahimilivu wetu baada ya janga ulidhihirika. Tulikamilisha ujenzi wa chumba cha habari cha kisasa cha muunganiko ambao ulikuwa umepiga hatua - ingawa kwa kasi ndogo kipindi cha janga hili. Mafanikio makuu yalikuwa kuhamishwa kwa vikundi vya habari na biashara kutoka ofisi iliyo Katikati ya Jiji hadi Ofisi Kuu ya Kampuni. Hili lilikuwa jambo muhimu katika mwendelezo wa safari ya mabadiliko ya kidijitali na ujenzi wa chumba cha habari cha 'dijitali kuwa kipaumbele'. Ili kuhakikisha mazingira salama na yenye tija ya kufanya kazi, utoaji chanjo za Covid-19 ulifanywa ili kujenga "kinga thabiti".

## Matokeo ya Kifedha

Mapato ya Kampuni yaliongezeka kwa 8% 2021 (Mwaka wa Kifedha) kulinganishwa na 2020 (Mwaka wa Kifedha), na kufikia shilingi bilioni 3.1. Hali hii ilichangiwa pakubwa na kuimariika kwa matumizi ya fedha za matangazo mionganini mwa wateja wetu. Gharama za moja kwa moja ziliongezeka kwa 6%, kutokana na ongezeko la gharama za shughuli za vipindi. Gharama za uendeshaji shughuli zilipungua kwa 9% na kufikia shilingi bilioni 2.2 kutokana na mwendelezo wa hatua za kupunguza matumizi ya fedha. Kwa jumla, gharama za Kampuni zilipungua kwa 5% kutokana shilingi bilioni 3.4 mwaka wa 2020, kutokana na hatua zinazoendelea za upunguzaji gharama.

Kampuni ilikamilisha Mwaka wa Kifedha wa 2021 kwa kupata hasara ya shilingi milioni 22 kabla ya kutozwa kodi dhidi ya hasara ya shilingi milioni 434 kabla ya kutozwa kodi Mwaka wa Kifedha wa 2020, ikiashiria 95% ya uimarikaji.

Kutokana na Chumba cha Habari cha Muunganiko na mtazamo wa dijitali kuwa kipaumbele, tulizidisha mapato yetu kuitia wasomaji wanaojisajili na kupunguza gharama zetu za ukusanyaji habari. Ukuaji huu ulipigwa jeki na mwendelezo wetu wa kutoa habari na matangazo ya kibunifu kwa walengwa wetu. Zaidi ya hayo, tuliacha nafasi katika ofisi iliyo kuwa ikitumiwa na wafanyakazi katika Jengo la I&M Katikati ya Jiji. Hatua hii ilichangia 36% ya punguzo la gharama za kodi na gharama za shughuli za ofisini katika mwaka huo.

Kampuni iliendelea kushuhudia kucheleweshwa kwa upokeaji wa malipo kutoka kwa serikali na mashirika yake, hali iliothiri vibaya shughuli za biashara. Kufikia mwisho wa mwaka, Mamlaka ya Matangazo ya Serikali (GAA) na asasi nyingine za serikali kwa pamoja zilikuwa zikidaiwa na Kampuni zaidi ya shilingi bilioni 1.3.

## Mabadiliko ya Biashara na Matokeo ya Huduma

Uvumbuzi na upanuzi wa shughuli za biashara uliendelea kuwa muhimu katika kutimia kwa maono ya kimkakati ya Kampuni. Safari ya mabadiliko ya biashara ilisalia kuwa ya kusisimua huku wafanyakazi wetu wakiibua suluhu za kibunifu katika kuafikia lengo hili.

Mnamo Aprili, tulizindua sura mpya ya Gazeti la



Standard na wavuti wa [www.standardmedia.co.ke](http://www.standardmedia.co.ke). Hatua hii ilitoa huduma bora na inayovutia zaidi yenye habari za kina inayoongozwa na data kwa ajili ya wateja wetu. Mnamo Novemba 2021, tulizindua Chumba cha Habari cha Muunganiko sambamba na uzinduzi wa runinga ya KTN News iliyo fanyiwa maboresho, kituo cha saa 24 cha habari kinachoongoza Afrika Mashariki. Hii ilitekelezwa kwenye Kampeni ya Face Facts ili kukabiliana na habari ghushi.

Kuambatana na mazingira ya habari yanayobadilika kwa kasi, na mgao wa kidemografia wa vijana, Kampuni ilifanyia maboresho huduma zake ili kuwahudumia vyema wateja hawa wenye umri mdogo na wenye utambuzi. Kuhusiana na hili, tulilenga kukuza huduma za kidijitali, kama vile e-paper na makala ya mtandaoni ya kujisajili kwa malipo. Matumizi ya e-paper yalifanyiwa maboresho ili kuipa upekee na wepesi wa kuitia. Wavuti ulioundwa upya ulirekodi ukuaji mkubwa wa idadi ya watumiaji wa kipekee. Jukwaa letu la e-commerce, Digger Classifieds, lilizinduliwa upya kwa kuzingatia Kazi, Magari, Mali Isiyohamishika na Jumbe za Rambirambi. Tulikuwa na kusudio la kuwahusisha vijana na kutoa suluhu kwa ajili ya misimu mbalimbali ya maisha yao.

Ziada nyingine kwenye huduma zetu ni Sacco Hella, chombo cha upangaji shughuli kilichoundwa kwa ajili ya SACCO na Chama. Kampuni pia ilianzisha Huduma ya Thamani ya Ziada (VAS) na Video Zenye Uhitaji (VoD) vilevile majukwaa ya Podcast kwa lengo la kuimarishe nafasi yake katika jukwaa la kidijitali. Hatimaye,

tulizindua Standard Courier ili kutumia kikamilifu muundo-msingi wetu uliopo wa usambazaji.

Redio ilisalia chaguo la idadi kubwa ya watu kwa habari na burudani. Spice FM na Vybez Radio – redio zetu za sauti na picha – zillionyesha mwendelezo wa uimarikaji kutoka mwaka uliotangulia. Shughuli za nyanjani zilisalia kuwa kipengele muhimu kwa ufanisi wa vituo vipyta vya redio, kupitia shughuli kama vile ujitokezaji kwa kishindo nyanjani ambapo watangazaji wetu wa redio walitagusana na wasikilizaji katika kukuza uaminifu kwa idhaa. Ili kujiimarisha katika redio za lugha za kiasili, tulizindua Berur FM - kituo cha redio cha Kalenjin ambacho kilipata mvuto.

Idadi ya nakala za magazeti yanayosambazwa ilishuka kulinganishwa na miaka ya awali kutokana mabadiliko ya mara kwa mara ya mahitaji ya wateja, ambayo kwa kiasi kikubwa yaliathiriwa na janga hili. Tulilenga kuendeleza huduma za jadi za habari kupitia ufanisi katika uanahabari hata tulipokuwa tukihamia biashara ya kidijitali.

#### Usimamizi wa Watu na Vipaji

Katika mwaka huo, tulianza safari yetu ya kujenga utamaduni ambao utakuwa msingi wa mkakati wetu madhubuti na wa kibunifu. Tuliendelea kuwekeza katika kuwakuza wafanyakazi tukilenga maslahi yao, utoaji mafunzo, utuzaji wa wafanyakazi na ukuaji wa kitaaluma. Mipango mbalimbali ya utoaji mafunzo, ikiwamo e-learning na programu za ziada za kujendeleza, ilianzishwa kwa ajili ya wafanyakazi wanaoshughulikia mada mbalimbali kuhusu Uanahabari, Uchanganuzi, Afya ya Akili, Uainisho wa Masoko, Mikakati ya Ukuaji wa Kibiashara, Mazingira Salama na Safi ya Kufanya Kazi, Uongozi, na Ustahimilivu wa Mafadhaiko Kazini, mionganoni mwa mipango mingine.

Tulikuwa na wafanyakazi 895 wanaohudumu katika vitengo vyetu vyote wanaowakilisha asili mbalimbali waliopitia mafunzo haya. Tulilenga kuinua tija ya wafanyakazi, maendeleo yao, mabadiliko ya utamaduni, na kunzisha chumba cha habari cha muunganiko.

Mipango yetu ya usalama na mwendelezo wa biashara ilionekana kufanya kazi wakati nchi ilipoendelea kukabili janga hili. Ili kupunguza na kuongeza juhudzi za kuzuia COVID-19 kwenye eneo la kazi, awamu kadhaa za utoaji chanjo na kampeni zilizoendeshwa zilichangia 86% ya wafanyakazi wetu kupata chanjo.

#### Uendelevu

Tunaendelea kuhusisha desturi endelevu za biashara katika shughuli zetu na kutekeleza wajibu wetu katika kushughulikia athari za mabadiliko ya hali ya anga. Katika mwaka huo, tuliweka mtambo wa kawi ya juu ili kupiga jeki uhitaji wetu wa kawi hiyo nyakati za

**“ Katika mwaka huo, tulianza safari yetu ya kujenga utamaduni ambao utakuwa msingi wa mkakati wetu madhubuti na wa kibunifu.”**

mchana hali ambayo hatimaye imechangia upunguzaji wa gherama. Tunalenga kuafikia 100% ya kiwango cha mchana cha kawi mbadala katika miaka michache ijayo. Zaidi ya hayo, tuliweka mtambo wa kusafisha maji ambao hutoa maji salama ya kunywa katika ofisi zetu zote.

Pia tulianzisha Fruity Campaign, mpango wa upanzi wa miti ya matunda katika shule kote nchini ili kuchangia upanzi upya wa misitu na kushughulikia mahitaji ya lishe kwa watoto na vijana. Tuligeuza upya mashindano ya Standard County Golf Classic kuwa jukwaa la uhamasisho kuhusu shughuli za kulinda mazingira, lenye kaulimbiu, “On the Green Course, for the Green Cause,” na tukashirikiana na mashirika kadhaa kuendeleza Ajenda ya Shughuli za Kulinda Mazingira.

Tulizidisha kasi ya kupata uanachama wetu kwenye Mkataba wa UN Global Compact ili kukita mizizi hata zaidi mipango endelevu ya shirika letu na kujunga na Blue Company Project ili kudhihirisha kujitolea kwetu kuendesha biashara isiyohusishwa na hongo.

#### Matarajio

Isemwavyo kuwa njia bora ya kubashiri maisha yako ya baadaye ni kuyajenga. Tumefanya kila tuwezalo kujenga mustakabali endelevu kwa Kampuni. Uanuwai ni muhimu kwa mafanikio yetu, ndiyo maana tunafanya utafiti na maendeleo ili kubashiri mikondo ya baadaye ambayo itaathiri biashara yetu ya habari.

Mpango wa Kimkakati wa 2022-2024 umeegemezwa kwenye biashara iliyofanyiwa mabadiliko, ambayo dijitali ni kipaumbele ili kutoa huduma bora ambazo huwahamasishawatu. Mambomuhimutunayozingatiani utamaduni uliobadilika, wafanyakazi wanaoshirkishwa na malengo ya kuwazingatia wateja ili kuwezesha ukuaji mkubwa wa mapato ambao utaendeleza biashara.

Huku 2022 ukiwa mwaka wa kisiasa, tunatarajia uhitaji wa habari kuongezeka na vivyo hivyo, kasi ya uwasilishaji. Kuwa Kampuni namba moja ya kidijitali ni mbinu mojawapo ambayo tumetumia kuhakikisha upatikanaji wa habari kwenye majukwaa yetu ya mtandao kwa matumizi ya haraka.

Huku uchumi ukionyesha maendeleo chanya, tuna matumaini makubwa kwamba mapato yataimarika kikamilifu na kwa hilo, ndivyo hali itakavyokuwa kwa mtiririko wetu wa pesa na hali iliyopo ya kifedha. Hii itahakikisha nafasi ya upataji faida kwenda mbele.

#### Shukrani

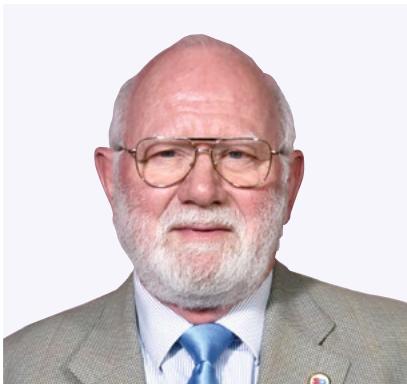
Ninatambua kuwa hatukufua dafu katika nyakati hizi zisizotabirika hivyo basi ningependa kutoa shukrani zangu za dhati kwa washirika wetu wote ambao wametusaidia katika kipindi cha mwaka mmoja uliopita, wakiwamo wateja wetu, wasambazaji, walengwa, serikali na washikadu wengine wote.

Shukrani zangu za dhati ziwaendee wafanyakazi wetu na wasimamizi kwa mwendelezo wa moyo wao wa kibunifu, wepesi katika utendaji, kujitolea na uongozi.

Kwa Bodi, ninashukuru kwa usaidizi wenu, ambao ni muhimu sana.

Asante.

## Board of Directors



### Mr. Robin Sewell

Non – Executive Director and Chairman

**Nationality:** British

**Position:** Chairman since 1 November 2000

**Skills and experience:** Mr. Sewell was formerly managing partner in MGI Midgley Snelling, an English firm of Chartered Accountants.

He was also a Fellow of the Institute of Chartered Accountants in England and Wales until his recent retirement.

**Other Directorships:** Mr. Sewell has been a Non-Executive Director of The Standard Group PLC since 1995. He is currently the Chairman of the Group, a position he has held since 1 November 2000. He also serves as a member of the Board of The Standard Group PLC subsidiaries.



### Dr. Julius Kipngetich

Independent/Non-Executive Director and Deputy Chairman

**Nationality:** Kenyan

**Position:** Independent Non-Executive Director & Deputy Chairman since 7 October 2017. He is also the Chairman of the Editorial Committee and member of the Finance & Audit Committee.

**Skills and experience:** Dr. Kipngetich is the Regional Chief Executive Officer of Jubilee Holdings Ltd. Previously, he served as the Chief Executive Officer of Uchumi Supermarkets Ltd and Chief Operating Officer of Equity Group Holdings Ltd. He had an illustrious

career as Director and CEO of Kenya Wildlife Service between December 2004 and September 2012. He holds a Masters Degree in Business Administration and a Bachelor of Commerce Degree from the University of Nairobi.

**Other Directorships:** Dr. Kipngetich is a member of the Board of Jubilee Holdings Ltd. He also serves as a member of the Board of The Standard Group PLC subsidiaries.



### Mr. Orlando Lyomu

Executive Director, Group Chief Executive Officer & Managing Director

**Nationality:** Kenyan

**Position:** Mr. Orlando Lyomu was appointed the Group Chief Executive Officer at The Standard Group PLC in 2018. Since then, he has overseen the dramatic turnaround of the Group; expanding its portfolio with three radio and two television stations. He has also led the transformation of the media house into a modern converged news operation ensuring the company has an integrated, agile and 360 approach.

**Skills and experience:** Mr. Lyomu is a passionate leader, change agent and a seasoned professional with over two decades of experience in board and senior leadership levels. His diverse skills-set covers Strategy Formulation and Execution, Financial, Risk and Operations Management. He loves nurturing talent and embraces innovative ideas to transform businesses.

Mr. Lyomu joined The Standard Group PLC in 2013 as the Group Finance Director. Prior to his current role, he served as the Group Chief Operating Officer. Before his transition to media, he has held several senior roles having worked in the petroleum sector

with Total Kenya and Gulf Energy Limited in downstream operations across Kenya, Uganda, Rwanda and Tanzania.

**Other Directorships:** He is the Honorary Secretary of the Media Owners Association (MOA) and a member of the Board of The Standard Group PLC subsidiaries. Additionally, he serves as the member of the Advisory Council for Carolina for Kibera (CFK), an international Non-Profit Organization based in Kibera, Kenya.

Mr. Lyomu holds a Bachelor of Commerce (Accounting) from University of Nairobi and is a CPA (K) and a member of ICPAK. He also golfs and cooks for fun.



### Mr. Shaun Zambuni

Non-Executive

**Nationality:** British

**Position:** Non-Executive Director since 28 February 2014. Member of the following Board Committees: Finance & Audit, Human Resources & Remuneration, and Editorial committees.

**Skills and experience:** Mr. Zambuni has a BSc Degree in Management Systems from City University, London. He has extensive commercial and operational experience in businesses spanning energy, health care and business service sectors in the UK, Australia and Kenya. Mr. Zambuni is currently the CEO of a private investment group.

**Other Directorships:** Mr. Zambuni is also a Director at Siginon Group Limited, SPC Properties Limited, Star Rental Limited, Mahathi Infra Uganda Limited, Sosian Energy Limited and Sosian Menengai Geothermal Power Limited. He is also a member of the Board of The Standard Group PLC Subsidiaries.



### Ms. Zehrabanu Janmohamed

Non-Executive Director

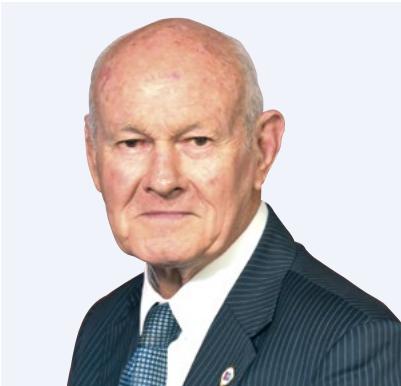
**Nationality:** Kenyan

**Position:** Non-Executive Director since July 2007, Chair of the Human Resource and Remuneration Committee and member of the Editorial Committee.

**Skills and experience:** Ms. Janmohamed is an Advocate of the High Court of Kenya and a Barrister at Lincolns Inn (UK) with over twenty (20) years legal practice experience. She was recently conferred the title of Senior Counsel. She is a partner at Archer & Wilcock Advocates.

Ms. Janmohamed was awarded the 'Mzalendo Award' by the President of the Republic of Kenya in 2020 for her philanthropic works of food distribution to vulnerable families during the Covid-19 pandemic in Kenya.

**Other Directorships:** Ms. Janmohamed is a member of the Board of Lukiza Limited and the Chairperson of Cricket Kenya. She is also a member of The Standard Group PLC subsidiaries.

**Dr. James Boyd McFie****Non-Executive Director****Nationality:** Kenyan**Position:** Non-Executive Director since July 2007, Member - Finance & Audit Committee and Human Resource & Remuneration Committee.**Skills and experience:** Dr. McFie is a holder of a PhD. from the Graduate School of Business, University of Strathclyde, Glasgow, Scotland, and is a Certified Public Accountant (CPA-K).

He is currently a Senior Lecturer at Strathmore Business School with over forty (40) years lecturing experience. He previously served as a Director of the Capital Markets Authority and a member of the Value Added Tax Tribunal of Kenya.

**Other Directorships:** Dr. McFie serves as Chairman of Sasini PLC and Director of SBM Bank (Kenya) Limited. He is also a member of the Board of The Standard Group PLC subsidiaries.

**Dr. Githinji Gitahi****Independent/Non-Executive Director****Nationality:** Kenyan**Position:** Independent/Non-Executive Director since 16 March 2018, Chairman of the Finance and Audit Committee and Member of the Editorial Committee.

**Skills and experience:** Dr. Githinji is the current Group Chief Executive Officer of Amref Health Africa. Until his appointment to Amref Health Africa, he was the Vice President and Regional Director for Africa, Smile Train International. Prior to that, he was the Managing Director for Monitor Publications (a Nation Media Group subsidiary in Uganda) as well as General Manager for Marketing and Circulation in East Africa for NMG. He also held progressive senior positions at GlaxoSmithKline and worked at the Avenue Group and in the Insurance industry. Dr. Githinji is also the former International Co-Chair of the UHC2030 Steering Committee, a global World Bank and WHO initiative for Universal Health Coverage UHC. Dr. Githinji holds a Bachelor's Degree in Medicine from the University of Nairobi; a Master's Degree in Business Administration, majoring in Marketing, from USIU, and has a Certificate for Strategic Perspectives for Non-profit Management from Harvard University. In December 2018, Dr. Githinji was bestowed the 'Moran of the Order of the Burning Spear' (MBS) by the President of Kenya, in recognition of his outstanding contribution and commitment to the health sector.

**Other Directorships:** Dr. Githinji holds directorships in AMREF Flying Doctors, Amref Health Africa in Kenya, Amref Enterprises Limited, and Amref International University Board of Trustees.

He is also a Member of the Board of Trustees of Safaricom Foundation and member of the Governing Board of the Africa Centres for Disease Control and Prevention (Africa CDC) and member of the Board of The Standard Group PLC subsidiaries.

**Ms. Juliana Rotich****Independent Non-Executive Director****Nationality:** Kenyan**Position:** Independent/Non-Executive Director since 16 March 2018, Member - Finance & Audit Committee and Editorial Committee.

**Skills and experience:** Ms. Rotich is a tech entrepreneur and strategic advisor based in Nairobi, Kenya.

She is Head of Fintech Integration Solutions at Safaricom PLC. She was previously a venture partner at Atlantica Ventures and also co-founded a Fintech Company in Kenya.

Ms. Rotich was previously the Managing Director and Country Cluster Head for BASF East Africa Ltd.

She Co-founded BRCK Inc, a hardware and services technology company formed to realize a vision for enabling communication in low infrastructure environments by developing useful, innovative, hardware-centered technologies in Kenya.

Ms. Rotich also co-founded Ushahidi Inc, a non-profit tech company, which specializes in developing free and open-source software for changing how information flows in the world.

**Other Directorships:** Ms. Rotich is a World Economic Forum Young Global Leader, TED Senior Fellow and serves on the Boards of Mookh Africa, Blue Consulting, Girl Effect, and Kenya's Vision 2030. She is also a member of the Board of The Standard Group PLC subsidiaries.

**Mr. Christopher Kulei****Non-Executive Director****Nationality:** Kenyan**Position:** Non-Executive Director since 14 July 2020, Member - Human Resource & Remuneration Committee and Editorial Committee.

**Skills and experience:** Mr. Kulei holds a Masters Degree in International Politics & Economics from Kingston university (UK) and a Bachelor's Degree in Business Management from Hult International School, London. He is a business executive with diverse experience from banking, media, hospitality and agribusiness.

**Other Directorships:** Mr. Kulei is an Executive Director at the Sian Roses Group of Farms where he also sits in the Marketing and Operations Committee. He also serves as a Non-Executive Director of Chemusian Farm, Liasion Group Limited and the Kenya Flower Council. Mr. Kulei has experience in a broad spectrum of fields and has a passion for agriculture, having worked in one of Kenya's signature industries for the past decade.

He has a wealth of experience in agriculture, marketing, strategic analysis, partnership, leadership and Technology, having worked in the agriculture and insurance industries in Kenya, Uganda, Tanzania, and Rwanda. He travels, plays rugby, squash and football for fun.

## Executive Management Team



**Orlando Lyomu**  
Group Chief Executive Officer



**Joseph Kiruri**  
Chief Finance Officer



**Joe Munene**  
Managing Director - Broadcast



**Ochieng Rapuro**  
Editor-in-Chief



**Irene Kimani**  
Commercial Director



**Millicent Ng'etich**  
Company Secretary & Head of Legal



**Nicholas Siwatom**  
Chief Talent Officer



**Robert Toroitich**  
Chief Technical Officer



**Benedict Omollo**  
Chief Officer - Operations  
and Strategy



**Charles Kimathi**

Head of Corporate Affairs & Partnerships



**Ken Muoki**

Head of Internal Audit & Enterprise Risk



**Nancy Kihenia**

Head of Events



**Sam Koskei**

Head of Security



**Laban Cliff Onserio**

Chief of Staff, Office of the CEO



**Matthew Shahi**

Head of Digital

# Strategy Statement

The Standard Group's 2017-2021 Strategic Plan has seen the successful implementation of key objectives to grow the business through investment in broadcast and digital platforms.

During the period, we launched three new TV stations KTN Farmers TV and Btv; and two ultra-modern audio-visual radio stations, Spice FM, Vybez Radio and Berur FM, which are resonating well with the target audience.

We also launched the digital-first Converged Newsroom in 2021 - a first in the region for its innovative design and repositioning to deliver data-driven content. Supporting these developments was the launch of the rebranded KTN News, which has maintained its niche leadership position as East Africa's only 24-hour news channel.

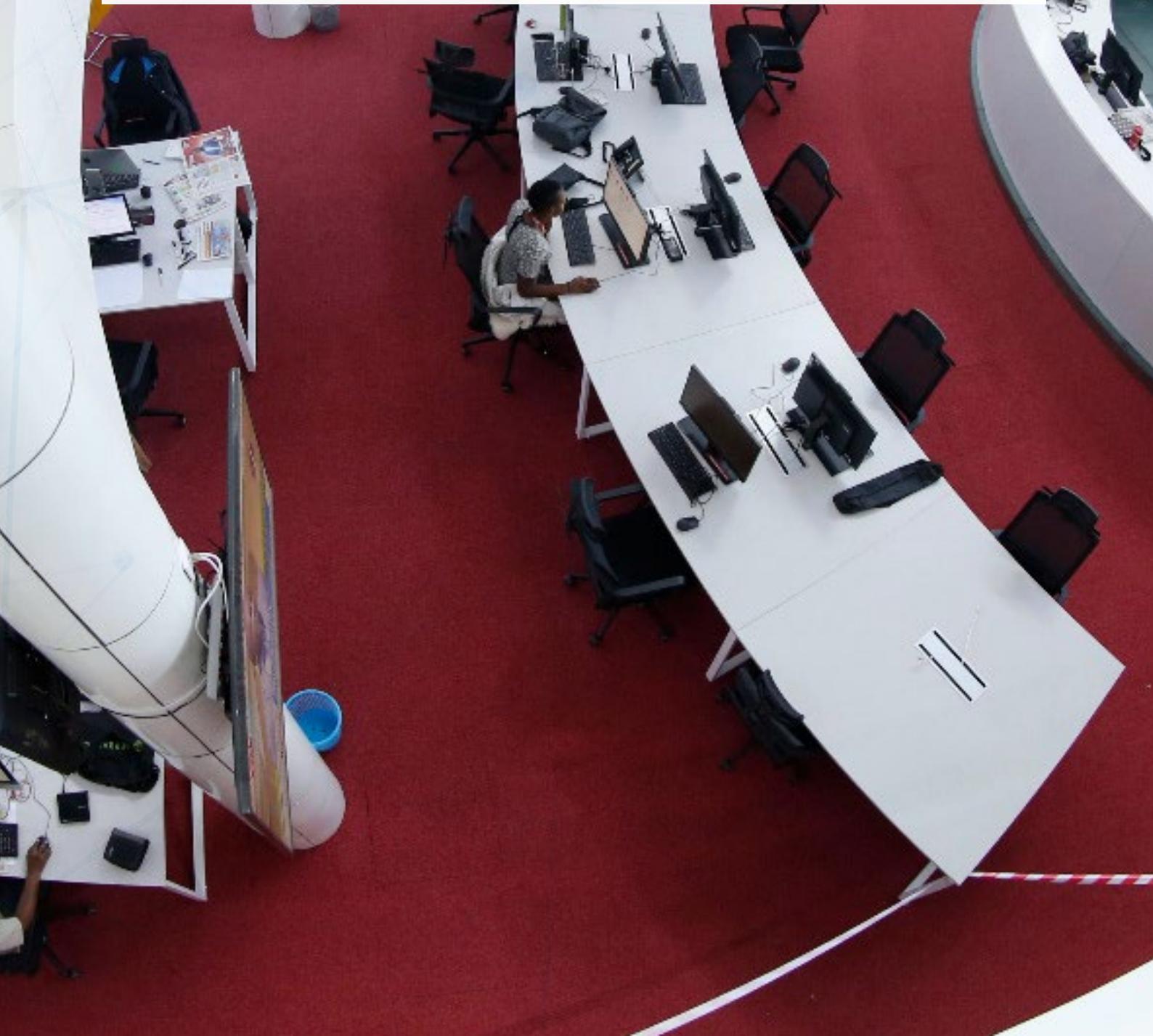
The Group also ventured into vernacular radio with Berur FM, broadcasting in Kalenjin, going on air in the

initial markets of Kericho and Bomet.

To secure future revenues through the digital platforms, we developed a clear reader revenue plan with improved user experience on the website and e-Paper. Our e-commerce platform, Digger Classifieds, was also revamped.

Agribusiness has been a key area of focus for the Group, which we are driving through the FarmKenya Platform. This solutions-based initiative has shown remarkable growth since its launch in 2018, and we continue to unlock its vast potential.

The 2022-2024 Strategic Plan was developed during the year and seeks to consolidate the gains made so far and to accelerate the monetization of the new products and services – especially on delivering superior content driven by data journalism.



# Sustainability Report

The Group continues to embed sustainable business practices in its operations. We are constantly innovating and adopting solutions to ensure our business impacts positively on people and the environment.

The Group is aligned to the United Nations Sustainable Development Goals and is a signatory of the United Nations Global Compact. The Standard County Golf Classic is now themed "*On the Green Course, for the Green Cause*," to advance our Climate Action Agenda. Additionally, we joined the Blue Company Project to demonstrate our commitment to running a corruption-free business.

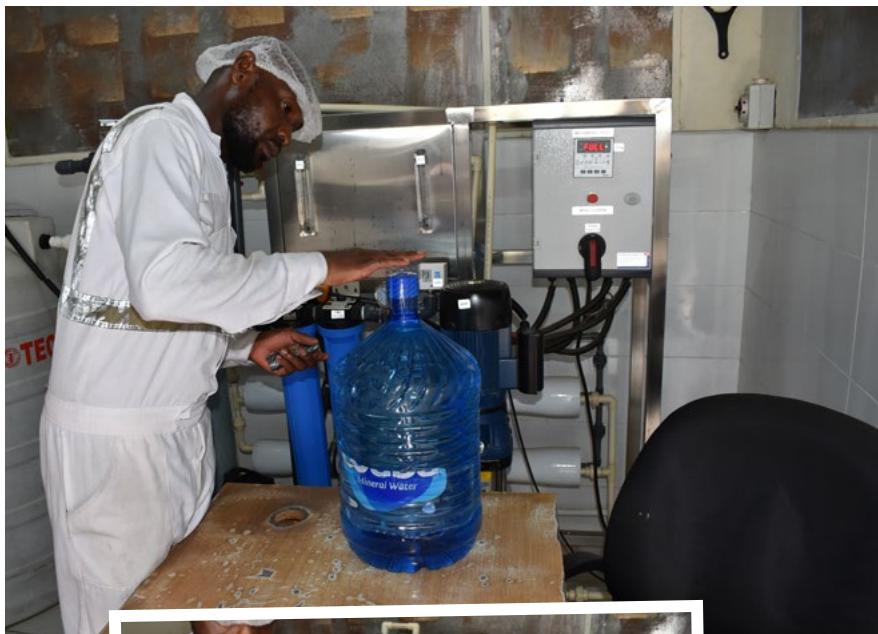
Some of the key highlights during the year under review included implementation of efficient energy and water utilization in our facilities across the business.

## Water Treatment Plant

The idea of installing a Water Treatment Plant was conceptualized towards the end of 2019.

Despite the disruption of the Covid-19 pandemic, the dream was kept alive, and in March 2021 the plant was inaugurated and started operations. It has a capacity of producing 500 litres of water per hour.

The water treatment plant has yielded significant cost savings for the Group as it supplies all our bureaus and offices across the country. Staff are also able to buy the water at cost for their private use.



## Solar Power Plant

As part of our ongoing corporate sustainability efforts and the drive to go green, we launched a solar project to install solar panels on the buildings at the Standard Group Centre in Nairobi to cater for the company's day-time power needs.

The company's average daily power consumption is 193kWh. Through the solar project, we have managed to generate an average of 180kWh for seven hours each day. Only the 13kWh deficit is being consumed from the grid. We are already saving 40 per cent of our electricity costs through this clean energy.

# Corporate Social Investment Report



The Standard Group CEO Orlando Lyomu, accompanied by senior staff and Eldoret Club officials, plant trees at the club during the 2021 Standard County Golf Classic tournament.

The Standard Group PLC is committed to making a difference in our society. Our social impact agenda focuses on four main areas: Health, Environment, Education and Disability.

During the year under review, our CSI activities were geared towards mitigating the effects of Covid-19 pandemic on the most vulnerable, as well as on our ongoing environmental awareness campaigns and mobilising support for people living with disabilities.

## ENVIRONMENT

In the year under review, the Group spearheaded a number of programmes to create awareness on climate change. Key among them was the launch of the Fruity Schools Initiative, sponsorship of the Eldoret City Marathon, rebranding of the Standard County Golf Classic into a climate action platform, and partnership with a number of organisations, including the Global Peace Foundation and The Chandaria Foundation, to plant trees and restore the environment in different parts of the country.



Standard Group Chief Technical Officer Robert Toroitich (sec. right), joins pupils in planting a guava seedling at Nairobi River Primary School. [ Jenipher Wachie, Standard]



**Eldoret City Marathon:** This annual race which attracts hundreds of top athletes and fun-runners, is a key event for climate action advocacy in Uasin Gishu County and across the country. The Standard Group has been the exclusive Media Partner for this marathon, publicizing it and amplifying its climate action agenda, to a point where it is now recognised internationally.

As part of its environmental conservation efforts, the Eldoret City Marathon has planted thousands of trees in Eldoret town and forests in its environs.

**Fruity Schools Initiative:** The Standard Group, in partnership with Fruity Schools Africa, launched this tree-growing initiative to contribute to the achievement of the national tree cover target and also address the nutritional needs of children and youth across the country.

More than 45,000 grafted fruit tree seedlings have already been planted, mainly in schools, in collaboration with a number of corporate and institutional partners – including Ashut Engineering Ltd, Jubilee Insurance Ltd, Oshwal Education & Relief Board, Nairobi Metropolitan Services, Base Titanium and the Ministry of Environment.

The programme has a target to grow 5 million grafted fruit trees in 3 years in 35,000 primary and secondary schools in the country and in communities around them.

Mercy Kipchumba crosses the finish line to win the 2021 Eldoret City Marathon 42 km Women's Race.



## EDUCATION

The Group, in partnership with Global Peace Foundation, held the Great Places To School Annual Gala Awards to recognise and reward schools that have excelled in various fields. This programme aims to improve the quality of education in Kenya by promoting a holistic view of learning - beyond the academics - to recognising excellence in sports and the arts, character formation, ethical leadership in school management, good



Standard Group CEO Orlando Lyamu (left) presents the award for 'Career Development and Entrepreneurship' to Catherine Imlingat, Daniel Motaya and Oliver Omoho of Greensteds Schools. [Elvis Ogina, Standard]



and environmental conservation, among others.

## HEALTH AND DISABILITY

**Autism awareness:** We partnered with Andy Speaks 4 Special Needs Persons Africa to create awareness of the needs of children and adults with neurodevelopmental disabilities and to rally for their support, inclusion and integration in the areas of health, education, employment and social protection.



## Stand with Kenya Campaign:

Through this Covid-19 mitigation campaign, we mobilized partners to raise funds and donate foodstuffs, face masks, sanitizers, water tanks and anti-convulsants to the most vulnerable, especially those living in Nairobi's informal settlements.



## Stakeholder Engagements

Our customers and stakeholders are our most important assets. The Group endeavours to create opportunities for one-on-one engagements with this important constituency of our business across the country - to network and receive feedback about our products and services.



From Right PS Department of industrialization Karimi Kaberia, Laikipia Governor Nderitu Muriithi, Standard Group CEO Orlando Lyomu and Chief Talent Officer Nicholas Siwatom, at the Standard County Golf Classic tournament at Nanyuki Sports Club.



FMD East Africa General Manager, Fergus Robley (left), during the Standard County Golf Classic tournament in Nanyuki.

One effective way in which we have done this is through our Standard County Golf Classic Series held across the country, alongside visits to our clients by our executive management team, led by the Group CEO.

The theme of the Standard County Golf Classic Series is "On the Green Course, for the Green Cause," reflecting its new mandate to champion climate action and rally corporates to participate actively in environmental conservation.

This effort has yielded fruit, with corporates from a cross-section of businesses joining our Partnership for the Green Cause. They include the Panafrican Equipment Group, FMD East Africa, Space and Style Ltd, Mediheal Group of Hospitals, EKA Hotels and Jambojet.



Standard Group CEO Orlando Lyomu addresses guests at the Eldoret City Marathon.



### TRANSFORM KENYA AND FARM KENYA FORUMS

These two Live TV forums bring together key stakeholders from a cross-section of sectors to network and discuss pertinent issues facing Kenya's economy, and the country at large. The impact of the Covid-19 pandemic on the country was a topic that underpinned discussions in these forums in 2021. The topics spanned issues impacting education, agribusiness, employment, MSME, health, environment and corporate leadership, among others, with a view to seeking survival strategies, and means of thriving, in the new-normal created by the pandemic.

## Corporate Visits

President of Estonia, H.E Kersti Kaljulaid



Laikipia Governor Ndiritu Muriithi



ISUZU East Africa Managing Director Rita Kavashe during a tour of Spice FM



Judge of the Supreme Court of Kenya, Justice Mohammed Ibrahim



## Corporate Visits

Cabinet Secretary Joe Mucheru,  
Ministry of ICT, Innovation and  
Youth Affairs



### UNICEF – SG Agreement

UNICEF  
Representative in  
Kenya, Ms. Maniza  
Zaman, and Mr.  
Lyamu after signing  
an agreement at  
the Standard Group  
HQ to champion  
children's rights.



Mr. Justin Muturi, Speaker of the  
National Assembly.



National Assembly  
Speaker Justin Muturi  
(left) and Standard  
Group CEO Orlando  
Lyamu after a courtesy  
call. [Denish Ochieng,  
Standard]



# Corporate Visits

## Pwani Oil Products Limited



Pwani Oil's Rajul Malde shows CEO Orlando Lyomu around the factory in Kilifi.

## Mombasa Cement Ltd



Mombasa Cement proprietor Hasu Patel (above) and Group CEO Bhadra T. Shah (top) with Mr Lyomu at their plant in Mombasa.

## NCBA Bank Kenya



NCBA Bank CEO John Gachora tours the Standard Group's new ultra-modern Converged Newsroom.

## Carolina for Kibera (CKF)



Top: CKF Executive Director Hillary Omala takes CEO Orlando Lyomu and Head of Corporate Affairs Charles Kimathi and other Standard Group staff on a tour of the organisation's projects in Kibera.

Above: Mr. Lyomu signs a dummy cheque for a donation to CKF.

## Kenya Breweries Ltd. Managing Director John Musunga tours the converged newsroom





Nyandarua Governor Francis Kimemia during the National Potato Day celebrations.

## FarmKenya Initiative

Established in 2018, FarmKenya Initiative's primary objective is to impact agricultural transformation in Kenya by becoming the first fully integrated platform for credible, up-to-date aggregated agricultural content, agri-training and edutainment, **fostering** partnerships and **offering** a digital marketplace for farmers.

The **implementation** of this mandate is through the Standard Group's 360° media strength and leveraging on strategic partnerships with corporates, national and county governments, specialized agricultural agencies, higher education and technical institutions, local and international development and research organizations, as well as the UN and its agencies, **among other stakeholders**.

In 2021, KTN Farmers TV, a key FarmKenya platform, was able to produce 13 weekly shows, which are also accessible on the website, [www.farmers.co.ke](http://www.farmers.co.ke).

Additionally, the year 2021 saw growth of radio products with the introduction of Spice FM's AgriTalk, an **engaging and educative show on Kenya's agriculture sector**, and Vybez Radio's Grind na Agribusiness, targeting the **youth in agriculture**. These two shows complement the ongoing popular Maisha Kilimo weekly show on Radio Maisha.

A number of events were also held under FarmKenya, including virtual and in-person televised forums, farmer trainings, agricultural expos and conferences.



## FarmKenya Engagements





Standard Group Staff take a selfie with Mr Lyomu.

## Our People

The Standard Group PLC has distinguished itself as a media house that attracts and nurtures talent and creates a conducive environment for employees to innovate and thrive.

We continue to invest in human resource development, focusing on training, staff wellness, staff recognition and career growth.

During the year, we began our journey to build a corporate culture that will be the foundation of our aggressive and innovative strategy.



Head of Print Production George Okoth (left) explains to Isuzu East Africa Managing Director Rita Kavashe (right) and her team how the newspaper is produced.



Radio Maisha Programme Controller Lynda Oriaso presents a Sh100,000 dummy cheque to the winner of Saka Chapaa promotion - Kisii Edition.



Business Manager, Kisumu Bureau, Calvin Koburo presents a gift to the winner of a Spice FM promotion.



The KTN Business Team

# OCCUPATIONAL SAFETY AND HEALTH (OSH)

The Group continues its quest to ensure our employees and customers work and interact in a safe and healthy environment. Our heightened staff awareness of OSH requirements and strict monitoring of compliance has seen the Standard Group become the undisputed media industry leader on matters of occupational safety and health.

Indeed, our Safety and Business Continuity Plans proved effective as the country reeled under the unprecedented effects of the Covid-19 pandemic.

**WORLD DAY FOR SAFETY AND HEALTH**  
Theme: *Anticipate, Prepare and Respond to Crisis.*

**PREPARE**

- We will develop mitigation measures for all risks identified.
- We will conduct regular mock drills.
- We will regularly review our readiness.



**SC STANDARD GROUP** **OSHA** 

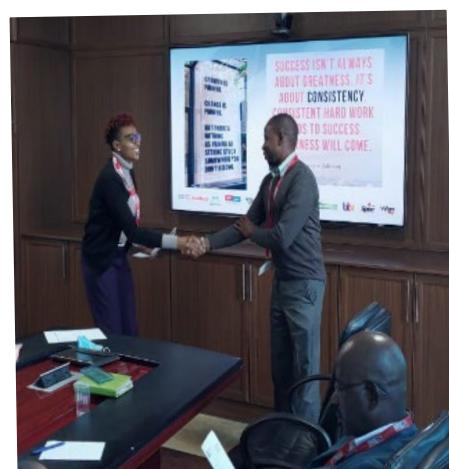
**WORLD DAY FOR SAFETY AND HEALTH**  
Theme: *Anticipate, Prepare and Respond to Crisis.*

**RESPOND**

- We will efficiently respond to distress calls e.g. emergency alarms.
- We will prioritize on safeguarding life during a crisis.
- We will take personal responsibility during crisis response.



**SC STANDARD GROUP** **OSHA** 



## Celebrating Excellence



### DIGITAL MEDIA AWARDS



**VENESSA CHEBET**

Winner- Regional Economic integration, transport and information structure category-africa photojournalism project for african female journalists

### KUZA AWARDS

The celebrations for winning Annual KUZA Awards , Favourite Radio award and most trusted radio station for news award held on Friday 21st May 2021



**WILLIAM LUSIGE**

WINNER- 2020/2021 OFAB AFRICA Journalism grant.



**STEPHEN MUKANGAI**

Sports influencer of the year-pulse influencer awards

# Standard Group Women Network (SGWN)

The Standard Group Women Network (SGWN) was established in October 2018 to amplify the voice of women at the workplace and position them for greater responsibilities within the Group.

The vision of the network is to empower women with confidence and competencies to ensure equal representation and impact in the organisation.

The mission of the network is to create an enabling environment for women professionals to participate adequately in decision-making.



## 2021 MILESTONES

- First media house to attain 2/3 gender proportion in editorial management.
- Gender Desk
- External awards/ recognition and appointments:
  - Dr. Mercy Korir - Health Editor, The Presidential Order of Service, Uzalendo Award
  - Najma Ismail Board Member -Tourism Regulatory Authority
  - Zubeida Kananu: Vice President of Kenya Editors Guild
  - Linda Bach: Kenya Editors Guild Council Member
  - Lydia Nyawira, Climate Tracker Africa Women Advisory Board, Nyeri County Climate Change Committee
- TV Platform: Her Standards television show on KTN Home
- Breast cancer awareness and screening
- Themed mentorship talks and gender training
- Partnerships & Collaborations / Leadership exposure: UN Women, AWIM, Media Council of Kenya, AMWIK, KIPPRA, KIM, Ministry of Public Service, Youth and Gender, The Aga Khan University Graduate School of Media and Communications.
- Community impact: Jaza Pochi Initiative to mark 16 Days of Activism against Gender Based Violence.



*Top: Group CEO Orlando Lyomu and Information Secretary Judy Munyinyi (right) during the third anniversary celebration of the Standard Group Women Network (SGWN).*

*Above: Mr Lyomu, Information Secretary Judy Munyinyi and Standard Group staff and management at the event. [Photos: Wilberforce Okwiri]*



*Standard Group's Denise Laila, Marren Anot and Najma Ismael pose during an SGWN event.*

## COPORATE GOVERNANCE REPORT

The Standard Group PLC ("the Group or Company") Board of Directors ("the Board") is steadfast in its belief that good corporate governance creates shared value by underpinning responsive thinking and protects shareholder value by ensuring responsible behaviour through effective leadership, enhanced accountability, heightened transparency and a robust risk management. The Board has embraced principles of good corporate governance in steering the Group to effectively achieve its mandate for sustainable growth in shareholder value and to meet stakeholder expectations.

As a company listed in the Nairobi Securities Exchange, we remain steadfast in complying with statutory and regulatory requirements as outlined in the Constitution, the Companies Act 2015, the Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the Code), the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 -Amended 2019 and other applicable laws in all areas of the Company's operations. Besides complying with the Code, the Board has committed to embed internal rules of engagement to support corporate governance. These internal guidelines are constituted in the *Code of Conduct and Ethics* to which every Director and employee attests their adherence.

This corporate governance statement provides necessary information to enable stakeholders and investors evaluate how the Company has applied the principles embedded in the Code while also outlining key corporate governance practices and arrangements of the Group. The Board regularly reviews its corporate governance structure and practices to ensure that the same reflects regulatory changes, best practice and stakeholder's expectation.

### **The Board of Directors**

The Board is collectively responsible for the overall strategic direction of the Group with oversight and review of the management, administration and overall governance. The Board provides leadership necessary for the Group to meet its business objectives within a robust framework of internal controls. The Board exercises its oversight role by setting appropriate business strategy and overseeing delivery against the set strategy. The composition of the Board is stipulated in the Group's *Articles of Association* which provides that the board shall comprise of a maximum of twelve (12) directors.

The Board currently consists of nine (9) directors, one (1) executive director and eight (8) non-executive directors including the chairman, of whom three (3) are independent directors. The Corporate Governance & Nomination Committee is responsible for recommending directors for election by shareholders at the Annual General Meeting (AGM). Nominated directors undergo screening by the Corporate Governance and Nomination Committee guided by the *Board Appointment Guidelines* duly approved by the Board. All the director's appointment is subject to confirmation by shareholders at the AGM except for the Group Chief Executive Officer. At every AGM, at least one third of the non-executive directors must retire from the Board and where eligible stand for re-election.

At the Company's next AGM to be held on 12<sup>th</sup> July 2022, the Company will submit the following eligible Directors for re-election: Zehrabanu Janmohamed, Dr. Githinji Gitahi and Ms. Juliana Rotich. The corporate governance & Nomination Committee confirms that the performance of the Directors being proposed for re-election continues to be effective and that they continue to demonstrate commitment to their roles including expending adequate time for Board and Committee meetings and other duties.

### **Board Operations**

The Board has in place an annual work plan that sets out the Board activities for the year. To adequately cover the Board's annual work plan, board and committee meeting dates are agreed on and circulated in December for the preceding year. This enables the Board to have a detailed review of the Group's operation and strategy, approve business plans, budgets and financial statements. The Board meets at least four (4) times a year and additionally as may be necessary in response to business needs.

Owing to the containment measures to prevent spread of Covid-19, the Board continues to tap on the digital platforms and most Board and Committee meetings during the year continued to be held virtually.

The Board chairman, in conjunction with the Group Chief Executive Officer and the Company Secretary, sets the agenda for each meeting. The Board receives all information relevant to the discharge of its obligations in an accurate and timely manner enabling it to maintain effective control over strategic, financial, operational and compliance issues. Board and Committee packs are circulated atleast seven (7) days in advance to give directors ample time to review the content and request clarification before any meeting. Information on agenda items is also provided prior to meetings and additionally through presentations to the Board. The Board may in addition seek briefing from management on specific matters. This serves to give the Board greater insights into the business area. Non-Executive directors are also occasionally invited to attend senior leadership's strategic and operation review meetings to gain further insights into different aspects of the business.

In line with statutory provisions and the Board Charter, the Board can also seek independent professional advice at the Company's expense on any matter connected with the discharge of its responsibilities and have access to any internal resources that may be required. Procedures are also in place, through the Chairman and Company Secretary enabling directors to have reasonable access at all times, to all relevant Company information and senior management to assist them in the discharge of their duties and responsibilities and to enable them make informed decisions.

## **Board Charter**

The Board has adopted a *Board Charter* that provides a framework for the effective operation of the Board within the confines of the Company's Memorandum and Articles of Association. In the financial year under review, the Charter was reviewed and amended to ensure it is aligned to the current corporate governance best practices and evolving operating environment in the industry. The Board Charter is critical for the Company's framework and offers guidance on matters including but not limited to the following:

- Board's roles, composition and responsibilities;
- Relationship and interaction between the Board and Management; and
- Authority delegated by the Board to Management and Board Committees.

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Company. The Charter will be reviewed annually and amended further as need arises to ensure it remains consistent with regulatory requirements and the Board's objectives. A copy of the Charter is available on the Company's website (<http://www.standardmedia.co.ke/corporate/investors>).

## **Board of Directors Responsibilities**

The Board is responsible for ensuring that the business is financially viable and properly managed so as to protect and enhance the Company's interest over time. To achieve continued prosperity for the Company, the Board exercises leadership, enterprise, integrity and good judgement and shall always act in the best interest of the Company. The following are the roles and responsibilities of the Board:

- Provide effective leadership and collaborate with the Executive Management in articulating the organization's values, vision, mission and strategies and developing the strategic plan and ordering strategic priorities of the Company that are sustainable.
- Develop an organizational structure to support the achievement of strategic objectives; monitor the operational performance and establish policies and processes that ensure the integrity of the Company's internal controls and risk management.
- Review and approve the business plans and annual budget proposed by the Executive Management and evaluate the outcomes thereof.
- Establish such Committees, Policies and Procedures that will facilitate effective discharge of the Board's fiduciary and leadership functions.
- Establish and oversee the Company's corporate governance framework that promotes standards of ethical behavior.
- Ensure the Company's compliance with all applicable laws, regulations, governance codes, guidelines and regulations and establish systems to effectively monitor and control compliance across the Company.
- Ensure that systems and procedures are in place for the Company to run effectively and efficiently.
- Establish appropriate staffing and remuneration policies for all employees.
- Appoint and evaluate the performance of the Group Chief Executive Officer (GCEO).
- Act in the best interest of the Company and its business taking into consideration the interest of the Company's shareholders and stakeholders.
- Ensure that the Group is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the Group, but also the impact the business operations have on the environment and the society within which it operates.

### Board Meetings

The Board has a schedule of its meetings and the agenda for each Board meeting is prepared and circulated to members at least seven (7) days in advance. Board meetings are held every quarter and in exceptional circumstances as dictated by requirements of business operations. The meetings are structured in a way that allows for open discussions. During the year ended 31 December 2021, a total of eight (8) Board meetings were held.

### Board meetings and members' attendance for 2021

Member:	Position:	21.1.21 <sup>**</sup>	9.4.21	29.4.21 <sup>*</sup>	4.06.21	27.08.21	05.10.21 <sup>*</sup>	03.12.21	14.12.21 <sup>*</sup>
Robin Sewell	Chairman	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Julius Kipngetich	Independent	✗	✓	✓	✓	✓	✓	✓	✓
Orlando Lyomu	Executive	✓	✓	✓	✓	✓	✓	✓	✓
Dr. James Mcfie	Non-Executive	✗	✓	✓	✓	✓	✓	✓	✓
Zehrabanu Janmohamed	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓
Shaun Zambuni	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓
Juliana Rotich	Independent	✗	✓	✓	✗	✓	✓	✓	✓
Dr. Githinji Gitahi	Independent	✗	✓	✓	✓	✓	✓	✓	✓
Christopher Kulei	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓

<sup>\*</sup>Special meeting

<sup>\*\*</sup> Ad Hoc meeting

### Board Skills and Diversity

The Board recognizes and embraces the benefits of diversity in bringing different perspective into Board meetings in offering better anticipation of the risks that are inherent in the business and the opportunities that the Group pursues. The Group seeks to have a Board that has a diverse mix of individuals with synergistic range of attributes skills, knowledge, experience, professional and industry knowledge. The directors of the Group come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business. The areas of expertise of the current Board are general management, finance, marketing, media, IT and legal.

The Board as presently constituted has the appropriate mix of skills, knowledge and experience to deal with current and emerging issues and effectively guide management in attainment of its strategic objectives. Women constitute 20% of our Board and the Corporate Governance & Nomination Committee has been tasked to take into consideration appointment of women to the Board in its subsequent nominations. The Board is fully committed to enhancing its gender balance in the Board to increase women representation in the Board. Short biographies of the Directors, including details of their relevant, skills, experience, nationalities and other directorship, are set out in the Directors and Statutory Information and Directors Profile pages.

The Board appreciates the benefits of diversity in all of its forms (gender, age, ethnicity and welfare), within its own membership and across the Company. Talent is our competitive advantage and diversity is a critical component of our success, providing better understanding, connectivity and insight to our consumers and our employees. The Board encourages initiatives to improve gender diversity in management and this has resulted in the establishment of The Standard Group Women Network which continues to articulate the voice of women within the organisation and position them for leadership.

### Board Induction and Development

Each new director on appointment receives a comprehensive induction programme tailored to their individual needs to acquaint them with their responsibilities including legal and regulatory responsibilities and appraise them of the Company's strategy and operations. The induction program consists of detailed presentations and briefings from the Chairman, Executive Management and the Company Secretary on Company operations. The directors are also provided with all the requisite Company documents. No new directors were appointed in the FY 2021.

The Board members undergo regular training and education to enable them continuously develop knowledge and skills required to discharge their responsibilities effectively. Directors receive regular briefings from the Executive Management on developments in the media industry both locally and globally. The Board is also apprised of regulatory changes that directly impact the operations of the Group.

During the year under review, the Board attended webinars on areas of Corporate Governance as prescribed by the Code conducted by external facilitators. Continuous development training requirements of the Board are determined by the Board, the changing business environment, business needs and or regulatory changes. The program of continuing education ensures the Board is kept upto date with developments in the industry.

## **Board Evaluation**

In line with the provisions of the Code, the Board reviews its performance and that of its Committees, the Group Chief Executive Officer and Non-Executive Directors, the Chairman and Company Secretary, on an annual basis. The evaluation in respect of the financial year 2021 was conducted by an external consultant, Robson Harris Advocates LLP.

The evaluation was conducted by each Director completing a Board Evaluation Form which is designed to obtain feedback on the Board's performance in key thematic areas. The Evaluation also seeks to identify development opportunities and areas of improvement, the balance of the skills of the directors and the operation of the Board in practise. The findings of the Board Evaluation exercise were presented to the Board and recommendations for improvement discussed at the Board meeting held on 29<sup>th</sup> April 2022. The evaluation established that the Board understood its role and that the Board members have a good understanding of the business and receive the information they need to inform decisions on a timely and accurate manner. The Board demonstrated collegiality and alignment of vision. Implementation of the recommendations arising out of the feedback from the Board Evaluation is ongoing.

## **Board Independence and Conflicts of Interest**

The Board comprises of eight (8) non-executive directors, of whom three (3) are independent as defined in the Code and the Board Charter. As per the Board Charter, the Board only considers directors to be independent where they have served for a period of less than nine (9) years and are independent of management and free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Group or the shareholders generally.

The directors are obligated to fully disclose to the Board any real or potential conflict of interest, which comes to the directors' attention, whether direct or indirect. All business transactions with all parties, directors or their related parties are carried out at arm's length. Directors are required to give advance notice of any conflict of interest to the Chairman or Company Secretary.

The Board maintains a Conflict of Interest register and this is tabled as the first agenda item in all Board and Committee meetings. Directors are excluded from the quorum and vote in respect of any matters in which they have an interest. During the year 2021, the following three (3) directors of the Company were considered independent: Dr. Julius Kipngetich, Dr. Gitahi Githinji and Juliana Rotich. The statutory duty which mandates directors to avoid situations in which the directors have or may have interests that conflict with those of the Group. No incidences of conflict of interest were recorded or reported during the year under review.

## **Board Committees**

The Board has approved the delegation of certain authorities to Board Committees where applicable, and to management. The Board has established four (4) Board Committees namely; Finance & Audit Committee, Corporate Governance & Nominations Committee, Human Resources & Remuneration Committee and Editorial Committee. The Board receives a report from the Chairman of each Committee on significant areas of discussion and key decisions at subsequent Board meetings. The Committees execute their functions in accordance with the terms of reference which defines its mandate, roles and responsibilities.

During the year in review, the terms of reference for the respective Committees were reviewed and amended to ensure it is aligned to the current corporate governance best practices and evolving roles. The terms of reference for the committees will be reviewed on an annual basis or as need arise. Copies of the committee's terms of reference are available on the Company's website (<http://www.standardmedia.co.ke/corporate/investors>). The Committees are instrumental in monitoring Group operations, conduct of business, systems and internal controls.

### **1. Finance and Audit Committee**

This Committee consists of five (5) directors and in compliance with the Code, is comprised of three (3) independent non-executive directors. The Chairman is an independent non-executive director and one (1) member holds professional qualification in accounting and is a member of good standing with ICPAK. The Committee meets quarterly or as required and reports to the Board on a quarterly basis. The Committee regularly invites the Executive Management to the Committee's meetings. External auditors are also invited to attend the meetings when necessary.

The Committee plays a vital role in ensuring the integrity of the financial statements. It assists the Board in evaluating financial and management controls and recommending improvements. The Committee further ensures that the financial reporting is accurate and timely. To further strengthen and ensure independent reports on internal audit, the Board has hired internal auditors. The head of Internal Audit holds professional qualification in accounting and is a member of good standing with ICPAK.

The Committee is responsible for monitoring and reviewing the effectiveness of the Internal Audit function. Internal audit reports, findings and recommendations are presented to the Committee quarterly and these are monitored to ensure implementation. The Committee also reviews the performance of Internal Audit and approves the Audit Plan for the year.

# THE STANDARD GROUP PLC

## CORPORATE GOVERNANCE REPORT (CONTINUED) Finance and Audit Committee (Continued)

The Committee is also responsible for reviewing and assessing the Group's risk management process and the adequacy of the overall control environment. Risk registers, based on a standardized methodology, are used to identify, assess and monitor the key risks (both financial and non-financial) faced by the Group each quarter. All identified risks are assessed at three (3) levels (high/medium/low) by reference to their impact and likelihood. Mitigation plans are put in place to manage the risks identified and the risk registers and mitigation plans are reviewed on a quarterly basis.

The Finance and Audit Committee oversees the external audit function. This includes reviewing and approving the external audit plan and engagement and assessing their performance. The external auditor provides a further level of protection on the integrity of the financial statements. The external auditor is invited to meetings with the Committee from time to time without management or others present. The external auditor reports independently and directly to the Board. PwC Kenya is the Company's external auditor following ratification of their appointment by the shareholders in the last AGM. The Finance and Audit Committee considers its relationship with the external auditor worked well during the year under review and was satisfied with its effectiveness.

The Board, with advice from its Finance & Audit Committee, has completed its annual review of the effectiveness of the system of risk management and internal control for the period ended 31 December 2021. No significant failings or weaknesses were identified, and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken and that progress is monitored.

The Committee met seven (7) times during the year.

The current members of the Committee are:

1. Dr. Githinji Gitahi - Chairman
2. Shaun Zambuni
3. Juliana Rotich
4. Dr. Julius Kipngetich
5. Dr. James Mcfie

### Finance and Audit Committee meetings and members' attendance for 2021

Member	Position:	23.2.21 <sup>*</sup>	26.3.21	26.4.21 <sup>*</sup>	21.5.21	23.7.21	20.8.21	26.11.21
Dr. Githinji Gitahi	Chairman/Indep.	✓	✓	✓	✓	✓	✓	✓
Shaun Zambuni	Non-Executive	✓	✓	✓	✓	✓	✓	✓
Juliana Rotich	Independent	✓	✓	✓	✓	✗	✓	✓
Dr. Julius Kipngetich	Independent	✓	✓	✓	✓	✓	✓	✓
Dr. James Mcfie	Non-Executive	✓	✓	✓	✓	✓	✓	✓
Christopher Kulei**	Non-Executive	-	-	-	-	✓	-	-

<sup>\*</sup>Special meeting

<sup>\*\*</sup>In-Attendance by invitation

## 2. Human Resources and Remuneration Committee

This Committee consists of four (4) directors, comprising the Chairperson who is a non-executive director and other directors. The Committee regularly invites the Executive Management to the Committee's meetings. The Committee meets quarterly or as required. The Committee reviews and ensures that the Human Resources and Remuneration policies and practices in the Company support the overall objectives of the Group and enable the recruitment, development and retention of highly skilled staff in line with the business needs.

The Committee is also responsible for reviewing the Group's organizational structure and ensuring that the Group's human resources and remuneration offering are sufficiently competitive to attract and retain the desired talent pool.

The Committee is also responsible for reviewing and monitoring policies and principles for selection, retention and termination of executive management and setting the terms of service for executive management and their remuneration structure covering salary and benefits; performance-based variable rewards; pensions and/or gratuity. The Committee is also responsible for reviewing and monitoring the Group's Succession Plan and appraising the performance of Executive Management.

The Committee met four (4) times during the year.

The current members of the Committee are:

1. Zehrabanu Janmohamed - Chairperson
2. Dr. James Mcfie
3. Shaun Zambuni
4. Christopher Kulei

### Human Resources and Remuneration Committee meetings and members' attendance for 2021

Member:	Position:	26.3.21	28.5.21	20.08.21	26.11.21
Zehrabanu Janmohamed	Chairperson	✓	✓	✓	✓
Shaun Zambuni	Non-Executive	✓	✓	✓	✓
Dr. James Mcfie	Non-Executive	✓	✓	✓	✓
Christopher Kulei	Non-Executive	✓	✓	✓	✓

### 3. Editorial Committee

This Committee consists of six (6) directors, comprising of a Chairman who is an independent non-executive director and other directors and regularly invites the Executive management and the respective Managing Editors. The Committee meets quarterly or as required. The role of the Committee is to develop the Group's Editorial Policies and provide overall leadership and oversight over the Group's journalism and media content.

The Committee met five (5) times during the year.

The current members of the committee are:

1. Dr. Julius Kipngetich- Chairman
2. Zehrabanu Janmohamed
3. Shaun Zambuni
4. Shaun Zambuni
5. Christopher Kulei
6. Juliana Rotich
7. Dr. Githinji Gitahi

### Editorial Committee meetings and members' attendance for 2021

Member:	Position:	19.3.21	28.5.21	12.7.21 <sup>*</sup>	13.08.21	19.11.21
Dr. Julius Kipngetich	Chairman	✓	✓	✓	✓	✓
Zehrabanu Janmohamed	Non-Executive	✓	✓	✗	✓	✓
Shaun Zambuni	Non-Executive	✓	✓	✓	✓	✓
Juliana Rotich	Independent	✓	✓	✓	✓	✓
Dr. Githinji Gitahi	Independent	✓	✓	✓	✓	✓
Christopher Kulei	Non-Executive	✓	✓	✗	✓	✓

\*Special meeting

### 4. Corporate Governance & Nomination Committee

The Corporate Governance & Nomination Committee is an *ad hoc* Committee that assists the Board in discharging corporate governance responsibilities in relation to appointment and re-election of directors, evaluation of the Board, its Committees and individual directors and remuneration of the directors. The Committee keeps under review the structure, size, composition and development of the Board as well as succession planning for directors. The Committee oversees a transparent process for recruitment of directors to the Board in line with the *Board Appointment Guidelines* approved by the Board.

The Committee is also charged with the responsibility of evaluating and reporting to the Board on an annual basis, the effectiveness and performance of the Board and the Directors in the discharge of their responsibilities. The Committee is also responsible for reviewing and proposing the remuneration structures and policies for Non-Executive members of the Board.

Key activities undertaken by the Committee during the financial year ended 31 December 2021 include:

- Directors' annual appointment and re-election at the 103 AGM held on 22 June 2021.
- Reviewing the effectiveness of the Board and its Committees following the Board Evaluation exercise for the year ended 31 December 2020.
- Reviewing the Corporate Governance Report and Remuneration report in respect of the Annual Report for year 31 December 2020.
- Reviewing the CMA Corporate Governance Compliance and Code Reporting requirements.

The Committee holds meetings at least once per year or as necessary to consider issues within the scope of its terms of reference. The composition of the Committee shall be determined by the Board from time to time as and when the Committee is constituted, provided the membership shall comprise of at least three (3) Independent Directors.

## The Company Secretary

The Company Secretary is appointed by the Board and is responsible for advising and providing practical support to the directors. The Company Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance and compliance with regulatory requirements. The Company Secretary is responsible for monitoring compliance with board procedures and facilitating good flow of information with the Board, its Committees and management. The Company Secretary is a member in good standing with the Institute of Certified Secretaries (ICS).

## Role of the Company Secretary

- Ensure that the Board complies with its obligations under the law and the Company's Articles of Association.
- Ensure that the Board agenda is developed in a timely and effective manner for review and approval by the Chairperson.
- Ensuring, in conjunction with the GCEO, that Board papers are developed in a timely and effective manner.
- Coordinating, organizing and attending meetings of the Board and shareholders and ensuring that correct procedures are followed.
- Drafting and maintaining minutes of Board meetings.
- Meeting statutory reporting requirements in accordance with relevant legislation.
- Assist the Board with the Board Evaluation exercise.
- To coordinate the Governance Audit and Board Evaluation exercise.
- To maintain and update the register of conflict of interest.
- To carry out any other duties as may be assigned by the Board and the GCEO from time to time.
- Advising the Board on all corporate governance matters.
- Facilitating effective communication between the Company and the shareholders

## Code of Ethics and Conduct

The Group continues to promote an ethical culture among the Board, staff and key stakeholders to inculcate a value-based approach in business operations and decision making. The *Code of Conduct and Ethics* enables the Board and employees conduct business and embodies their commitment to pursue the highest standards of ethical behaviour when dealing with customers, suppliers, regulatory authorities and other stakeholders.

The *Code of Conduct and Ethics* binds all directors and has been integrated into the Company's operations through the development of various policies and practices aimed at promoting a culture of compliance, honesty, ethical behaviour and reporting mechanisms. The Company has adopted zero tolerance approach to corruption, bribery and unethical business practices. Initiatives to ensure its application include training, monitoring, mechanisms for whistle blowing, taking disciplinary actions amongst other measures.

## Shareholder Relations

To ensure transparency and fairness in line with corporate governance best practice and enhance investor relations, the Board maintains active communication and engagements with shareholders and the public by providing regular as well as *ad hoc* information regarding Group strategy, operations and performance and addressing areas of concern. The engagement programme was adapted to make full use of digital interaction, enabling more extensive shareholder communication despite Covid-19 restrictions. This was achieved through the following:

- The Group publishes its half-year and full year trading results in newspapers with nationwide circulation. The Group additionally posts all material information on its website [www.standardmedia.co.ke](http://www.standardmedia.co.ke) and stakeholders are encouraged to visit the website for general information. The Group additionally releases material information to the Capital Markets Authority and the Nairobi Securities Exchange in line with all disclosure requirements in the Capital Markets Acts as well as all other regulatory requirements.
- The Annual General Meeting (AGM) is held annually where shareholders engage the Company directors and Executive Management on matters relating to our business. Shareholders are notified at least 21 days before the AGM and copies of the Annual Report made available to enable them review the proposed agenda and prepare to attend. A shareholder may appoint a proxy to attend and vote on his or her behalf during the AGM if unable to attend in person. At the meeting, a reasonable opportunity is allowed for shareholders to ask questions about or make comments on the management and performance of the Group. During the 2021 AGM which was held virtually, shareholders were given the opportunity to submit questions on the Agenda of the AGM prior to the meeting and responses to the queries received published on the Company's website.
- The Company has also retained Image Registrars Limited to provide shares registrar services. The firm handles day to day requirements of shareholders. The registrar's offices are located at 5<sup>th</sup> Floor, Absa Towers (formerly Barclays Plaza), Loita Street, P. O. Box 9287 - 00100, Nairobi or through the email address [info@image.co.ke](mailto:info@image.co.ke) and also through the telephone numbers 0709170000, 0724699667, 0735565666.
- The Group's website also has a specific dedicated page dedicated to the information requirements of the shareholders and investment analysis.
- The Group also regularly responds to numerous queries from shareholders and interested parties on a wide range of issues.

## **Restrictions on Insider Trading**

The Group has a policy on insider trading. Directors, employees and contractors are made aware that they ought not to trade in the company's shares while in possession of any material insider information that is not available to the public or during a closed period. To ensure compliance with the Companies Act, 2015 the Group communicates 'open' and 'closed' periods for trading in its shares to its employees and directors on an annual basis. To the best of the Group's knowledge, there was no insider dealing in the financial year ended 31 December 2021.

## **Whistle Blowing Policy**

The Group has a *Whistleblowing Policy* available at the Company's website which provides a platform for employees, suppliers, customers and contractors to raise concerns regarding any suspected wrongdoing. The Policy also outlines the framework through which such concerns are identified and addressed. The Group encourages the reporting of such wrongdoing in a way that protects and supports whistle-blowers. The programme provides confidential and anonymous communication channels to raise concerns. Reasonable steps have been put in place to protect a person who makes disclosure of any inappropriate behaviour.

The Board ensures that risks arising from any ethical issues are identified and managed in the risk management process. Further, there is zero tolerance for any actual or threatened act against any whistle blower and the Group takes reasonable steps to protect a person who makes disclosure of any inappropriate behaviour.

## **Procurement Policy**

The Group maintains a *Procurement Policy* which governs the procedures for purchase of goods and services within the Group. The Policy seeks to ensure that the most appropriate and effective controls are applied in the purchase of goods and services for the company. The Policy also advocates for fair and transparent procurement procedures in the purchase and disposal of goods and services.

## **Information Technology policy**

The Group has established an *IT Policy* which aims to protect the information technology infrastructure (including IT equipment, mobile facilities, data/ telecommunications networks and software) and maintain the highest standards of cyber security, while protecting the Group's confidential and sensitive information. The policy aims to facilitate ease of use of IT systems by staff, business partners and other stakeholders while mandating the responsible use of IT systems.

## **Governance Audit**

The Board is committed to the highest standards of corporate governance and strives to ensure adherence to legal and regulatory requirements while adopting global best practices. Recognizing the role of management, the Board also ensures that Group's management is fully aware of Code requirements and that the same are implemented in all spheres of the business.

In line with the provisions of the Code, the Board commissioned a Governance Audit for the FY 2020 and 2021 to evaluate the Group's governance structures and processes and in order to satisfy itself that the governance framework adopted by the Group is appropriate and will support the achievement of the strategy as approved by the Board.

## **Corporate Governance Assessment Report**

During the year 2021, the Capital Markets Authority (CMA) assessed the status of implementation of the CMA Code by the Company for the FY 2020 and awarded an overall rating of 81% - which is a testament of the Board's commitment to sound corporate governance practices. The Company continues to implement the recommendations received from CMA to improve its level of compliance with the Code.

## **Governance Auditor's opinion**

In our opinion, the control framework for Corporate Governance as currently laid down and operated at the time of our review, provides significant assurance that governance structures material to the achievement of Group's objectives are adequately managed and controlled. The Board has taken measures to strengthen and safeguard their Governance and control environment framework in compliance with the Code of Corporate Governance for Issuers of Securities to the public, 2015.

**CS. JANE S. MWANGI**

For Robson Harris Advocates LLP

For more information about this GAR, please contact:

Jane S. Mwangi: [janemwangi@robsonharris.com](mailto:janemwangi@robsonharris.com)

Registration Number: R/CPSB/2633

Practising Certificate No: P/CPSB/1344

**Legal Audit**

The Board in compliance with the CMA Code commissioned the firm of Robson Harris Advocates LLP to conduct a Legal and Compliance Audit for the FY 2020 and 2021 with the objective of ascertaining the level of adherence to applicable laws, regulations and standards. The Audit confirmed the Group was generally in compliance with applicable laws and regulations. As at the date of publication of this report, the Legal and Compliance Audit is pending presentation to the Executive Management and subsequently to the Board.

**TOP 10 GLOBAL INVESTORS AS AT FRIDAY 31 DECEMBER 2021**

The ten largest shareholders of the Company as at Friday 31 December 2021 were as follows:

No.	Name of Shareholders	No. of Shares	% Shareholding
1.	S.N.G Holdings Limited	56,422,699	69.03%
2.	Trade World Kenya Limited	8,906,068	10.90%
3.	Miller Trustees Limited	8,608,569	10.53%
4.	Ismail,Gulamali	2,211,500	2.71%
5.	The Standard Group Limited Esop Trust	266,880	0.33%
6.	Denroma Investment Limited	238,640	0.29%
7.	Thuthuma Limited	220,793	0.27%
8.	Goes,Eufrazio Juliao	220,000	0.27%
9.	Shah,Savitaben Velji Raichand	208,070	0.25%
10.	Saraj Properties Limited	186,900	0.23%
11.	Others	4,241,689	5.19%
		<b>81,731,808</b>	<b>100.00%</b>

Shares Distribution Schedule as at Friday December 31 2021

Range	Number of Shareholders	Number of Shares held	Percentage
1 1 to 500	2,588	325,824	0.40%
2 501 to 1000	398	289,713	0.35 %
3 1001 to 5000	559	1,108,327	1.36 %
4 5001 to 10000	108	745,264	0.91 %
5 10001 to 50000	72	1,403,483	1.72%
6 50001 to 100000	3	237,500	0.29%
7 100001 to 500000	7	1,472,861	1.80%
8 500001 to 1000000	-	-	- %
9 1000001 to 2000000000	4	76,148,836	93.17%
<b>Total</b>	<b>3,739</b>	<b>81,731,808</b>	<b>100.00%</b>

» 457 days of baking  
TURNED A HOBBY INTO BUSINESS »



Every day it takes, to get where you're going, we're with you.

#SettingTheStandard

» Make today count »

**SG** STANDARD  
GROUP

**DIRECTORS' REPORT**

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the Group and the Company.

**1. Principal activities**

The principal activity of the Group is gathering and disseminating information through Print, Television, Radio and Digital Media. The print products are The Standard and The Nairobi. Radio products include Radio Maisha, Spice FM, Vybez radio and Berur FM. Television products include KTN Home, KTN News, Btv and KTN Farmers TV. Digital offerings include the E-paper, Reader revenue, Standardmedia.co.ke website, Digger Classifieds and Value Added Services.

**2. Group results**

	2021 KShs'000	2020 KShs'000
Loss before taxation for continuing operation	(21,959)	(434,430)
Income tax (expense)/credit	(51,197)	82,238
Profit from discontinued operations	<u>—</u>	<u>50,560</u>
 Loss for the year	<u>(73,156)</u>	<u>(301,632)</u>
 <i>Attributable to:</i>		
Non-controlling interests	(7,356)	(42,298)
Owners of the Company	<u>(65,800)</u>	<u>(259,334)</u>
 <u>(73,156)</u>	<u>(301,632)</u>	

**3. Dividend**

The directors do not recommend a dividend payment for the year ended 31 December 2021 (2020 – Nil).

**4. Directors**

The directors who held office during the year and up to the date of this report are set out on page 2.

**5. 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 director is aware, no relevant audit information of which the Group's and Company's auditor is unaware; and
- b. the director has taken all steps that the director ought to have taken as a director to be aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

**6. Terms of appointment of auditors**

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 721 of the Kenya Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

## 7. Business overview

### Summary of results

The Group operates on various platforms which include:

**(a) Print platform.** This platform has two main publications; The Standard and The Nairobi. Revenue from this platform generated from the sale of newspaper copies and advertisements on the publications.

**(b) Broadcast platform.** This includes television and radio platforms.

- i. The television platform comprises 4 television stations which include; KTN Home, KTN News, Btv and KTN Farmers TV. KTN Home is a station providing all round entertainment and news for general audiences. KTN-News is the first 24 hour news channel in East Africa. Btv is a station catering for the sports and entertainment needs of the youth. KTN Farmers TV was rolled out as part of the Group's Farm Kenya Initiative; and aims to connect all stakeholders in the agribusiness sector. Revenue from the television platforms is generated through advertisements on the television stations.
- ii. The radio platform comprises 3 radio stations which are Radio Maisha, Spice FM and Vybez Radio. Revenue from the radio platforms is generated through advertisements on the radio stations.

**(c) Digital platform.** Digital platforms include the Standard Digital website, Value Added Services (VAS), Digger Classifieds and social media pages. Revenue is generated through advertisements ran on these platforms, subscriptions to access content on these platforms and sale of digital copies of the newspaper.

The Group's 2021 performance improved in spite of the challenging economic environment, this being the second year of the COVID -19 pandemic.

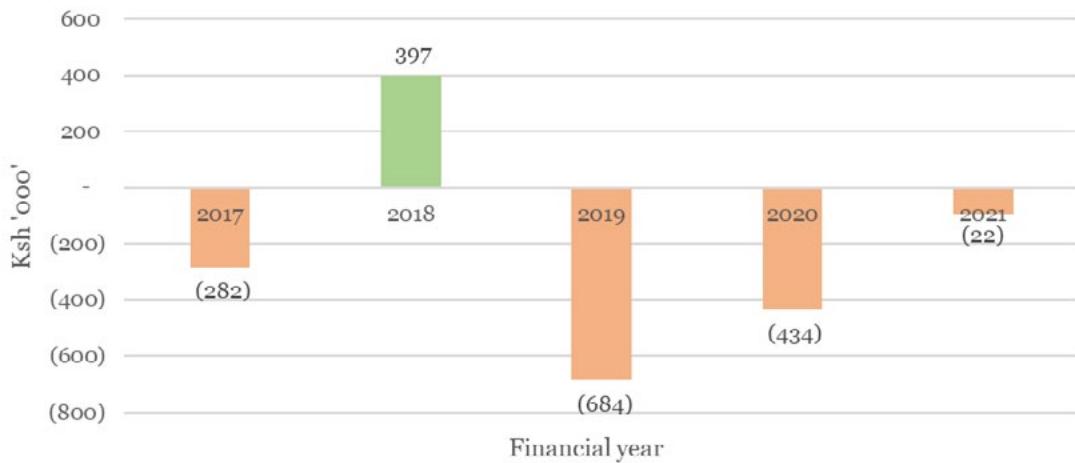
The Group revenue increased by 8% to KShs 3.1 billion from KShs 2.9 billion in the prior year. The increase was a result of increased revenue from advertising clients. Business advertising spends improved from 2020 owing to the improved economic conditions. Easing of restrictive measures such as travel restrictions and nationwide curfews as well as aggressive vaccination drives had a positive impact on economic growth and aided business growth.



Group direct costs increased by 6% compared to 2020 largely due to increased foreign programming costs. Group overhead costs closed at 9% lower than 2020 as a result of continued cost rationalization efforts throughout the year.

The Group incurred a loss before tax of Kshs 22 million compared to a loss before tax of KShs 434 million in 2020. This was driven by the factors mentioned above on revenue and overhead costs.

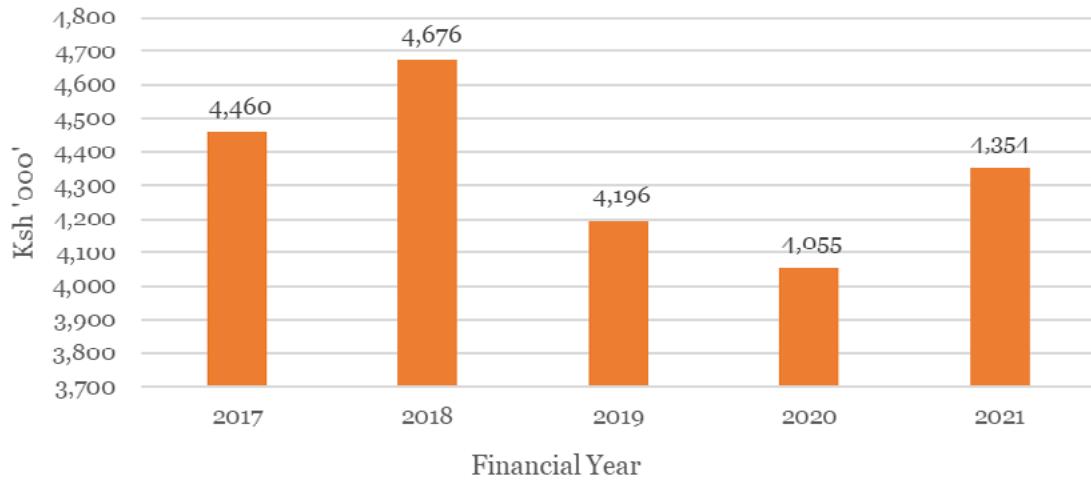
#### THE STANDARD GROUP PLC 5 YR (LOSS)/PROFIT BEFORE TAX



#### Financial position

The Group's total assets have increased to Kshs 4.3 billion as a result of increased receivables from the increased sales compared to prior year (2020:Kshs 4.1 billion).

#### THE STANDARD GROUP PLC 5 YR TOTAL ASSETS POSITION



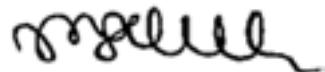
**Principal risk:**

The principal risk facing the business in the financial year was a depressed business environment. This being the second year of the Covid-19 pandemic, the speed of recovery from the drop in revenue continued to be a risk. Businesses and the economy at large have began to show some improvement from 2020. However, the speed and trajectory of the recovery back to pre-COVID 19 conditions remain uncertain. The uncertainty was been exacerbated by the new COVID-19 variants that have proven more contagious and resilient as well as the upcoming general elections. The Group intends to mitigate this through maximising on the election and campaigns coverage.

**8. Approval of financial statements**

The financial statements were approved and authorised for issue at a meeting of the Board of Directors held on 27<sup>th</sup> May 2022.

**BY ORDER OF THE BOARD**



Millicent Ng'etich  
Certified Public Secretary (Kenya)  
Company Secretary

Date: 27<sup>th</sup> May 2022

## DIRECTORS REMUNERATION REPORT

The Standard Group PLC is pleased to present the Directors Remuneration report for the year ended 31 December 2021. The report sets out the remuneration arrangements for the Directors for the year under review.

### Information not subject to audit

#### Details of Directors

The Board comprises Non-Executive and Executive Directors who served during the year (Collectively Referred to as Directors), as follows:

Name	Position
Mr. Robin Sewell*	Chairman (Non-Executive Director)
Dr. Julius Kipngetich	Deputy Chairman (Independent/Non-Executive Director)
Mr. Orlando Lyomu	Group Chief Executive Officer
Ms. Zehrabanu Janmohamed	Non-Executive Director
Dr. James Mcfie	Non-Executive Director
Mr. Shaun Zambuni *	Non-Executive Director
Ms. Juliana Rotich	Independent/Non-Executive Director
Dr. Githinji Gitahi	Independent/Non-Executive Director
Mr. Christopher Kulei	Non-Executive Director

\*British

#### Remuneration Policy

The Group has an approved Remuneration Policy for the Board which defines the remuneration and related privileges received by the director of the Company. The policy seeks to recognize the contribution the directors make to the success of the Group while reflecting the value of the roles they play, as well as the level to which they perform them. Our approach to recognizing our director's contribution to the business is based on the following principles:

- 1. Competitive remuneration** - The remuneration is sufficient to attract and retain highly experienced directors to effectively direct the affairs of the Group.
- 2. Affordability and sustainability** - Our remuneration is sustainable and affordable in the face of the Group's performance in the industry.
- 3. Equitable** - The reward is equitable and commensurate to the amount of time and skill in delivering the Group's strategic objectives.

The Nominations Committee of the Board is responsible for setting and administering the Directors Remuneration Policy. The Nominations Committee continuously reviews the entitlements under the policy to ensure these are aligned to the market.

#### Remuneration structure for Executive Directors

The remuneration of the Executive Director is based on the terms of engagement negotiated and outlined in the contract of employment. The Group's Policy is to appoint the Executive Director for an initial four-year period, which may be extended for a further term by mutual consent. The initial appointments and any subsequent reappointments are subject to annual performance review by the Human Resources and Remuneration Committee.

The salary for the Executive Director is set at a level which is considered appropriate to attract an individual with the necessary skills, experience and ability to oversee the business. Judgement is used but consideration is given to a number of internal and external factors including responsibilities, market positioning, inflation and The Standard Group PLC reward policies. The salary is subject to annual reviews upon attainment of specific objectives.

Other benefits provided include: medical cover, gratuity and club membership which are payable as per The Standard Group PLC reward policies in force from time to time. Travel and other reasonable expenses incurred in the course of performing duty are paid as per the Group's travel and subsistence policies. These ensure the package is competitive.

### Remuneration Structure for Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board upon recommendation by the Nomination Committee in line with the Remuneration Policy. In determining the remuneration for Non-Executive Directors, the Board considers the nature and extent of their contribution and responsibilities. In addition, Director's remuneration is subject to regular reviews and external benchmarking to ensure that we continually offer a competitive package commensurate with the remuneration for other Non-Executive Directors in the same industry. Non-Executive Directors receive honoraria fees in recognition of the services rendered to the Group, which is payable quarterly in arrears. In addition, the Non-Executive Directors are paid an attendance fee in recognition of the time spent attending Board and Committee meetings.

The Group also provides for travel and accommodation costs incurred by the Non-Executive Directors in connection with the Group's business in line with the Group's travel and subsistence policies in force from time to time.

Non-Executive Directors are not entitled to any performance related pay or pension. These Directors do not have service contracts and their appointment, reappointment and retirement is subject to terms of the Group's Articles of Association.

### Changes to Directors' remuneration

During the year the Non-Executive Directors resumed full fees and sitting allowances in June 2021, following a 50% cut that had been in effect from April 2020 (2020:50%).

### Directors' Shareholding

Directors can purchase or sell shares of the Company in the open market subject to the regulations Companies Act, 2015. During the year under review, none of the Directors held shares in the Company.

### Information subject to audit

#### Remuneration structure for Executive Directors

During the year the executive director received a salary cut in cognizance of the changes in the operating environment of the Group. The remuneration for the year is as set out below:

Name	Date of contract	Unexpired term	Notice period	Amount payable on termination				
				KShs'000				
Orlando Lyomu	24/5/2018	5 months	6 months	15,300				
<b>2021</b> KShs'000								
2020				KShs'000				
Name	Basic pay	Insurance	Gratuity	Total	Basic pay	Insurance	Gratuity	Total
Orlando Lyomu	24,863	213	3,600	28,676	21,938	510	3,600	26,048

**Remuneration Structure for Non-Executive Directors**

<b>Fees and sitting allowance</b>		
	<b>2021 KShs'000</b>	<b>2020 KShs'000</b>
Mr. Robin Sewell**	1,260	720
Mr. Samuel L. Tiampati	-	403
Dr. James Mcfie*	1,395	982
Ms. Zehrabanu Janmohamed	1,390	845
Mr. Shaun Zambuni**	1,610	1,092
Dr. Julius Kipngetich	1,735	1,137
Ms. Juliana Rotich	1,440	983
Dr. Evanson Gitahi	1,450	955
Mr. Christopher Kulei	1,445	458
<b>Total</b>	<b>11,725</b>	<b>7,575</b>

\* Funds are donated to charity

\*\* British

**Approval of the Directors' remuneration report**

The Directors confirm that this report is in compliance with the Capital Markets Authority guidelines on Director's Remuneration and Companies Act, 2015.

**By Order of the Board**

Dr. Githinji Gitahi

Date: 27 May 2022

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that:

- (a) Show and explain the transactions of the Group and Company;
- (b) Disclose, with reasonable accuracy, the financial position of the Group and Company; and
- (c) Enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenya Companies Act, 2015.

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

- i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. Selecting suitable accounting policies and then applying them consistently; and
- iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having assessed the Group's and 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 Group's and Company's ability to continue as a going concern.

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

Approved by the Board of Directors on 27 May 2022 and signed on its behalf by:



Dr. Githinji Gitahi  
Director



Orlando Lyomu  
Director

# Independent auditor's report to the shareholders of The Standard Group PLC

## Report on the audit of the financial statements

### ***Our opinion***

We have audited the accompanying financial statements of The Standard Group PLC (the Company) and its subsidiaries (together, the Group) set out on pages 54 to 105, which comprise the consolidated statement of financial position at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2021, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of The Standard Group PLC give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of their 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.

### ***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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b><i>Key audit matter</i></b>	<b><i>How our audit addressed the key audit matter</i></b>
<p><b>Credit risk and estimation of expected credit losses on trade receivables</b></p> <p>The Group is exposed to credit risk arising, mainly, from credit sales of goods and services to customers. The recognition of credit loss allowances on financial assets, as required by IFRS 9, involves the use of significant judgements and estimates by management which makes this an area of focus. Management apply significant judgements and estimates in the following areas as described in note 6 of the financial statements:</p> <ul style="list-style-type: none"> <li>(i) The determination and application of IFRS 9 risk parameters i.e. probability of default (PD), forward looking information and loss given default (LGD) on trade receivables; and</li> <li>(ii) The definition of default and determination of probability of default.</li> <li>(iii) Determination of expected timing for settlement of government trading debt.</li> </ul> <p>The disclosures on the application of IFRS 9 in the determination of expected credit losses are in note 5(b) of the financial statements.</p>	<p>We evaluated the Group's accounting policies for compliance with the principles of IFRS 9. We assessed and tested the key modelling assumptions for reasonableness, including the expected timing of the settlement of receivables from the government. We validated the key inputs into the expected credit loss model against source documents/ reports and checked for mathematical accuracy of the model. We evaluated the adequacy of disclosures in the financial statements in accordance with the requirements of the International Financial Reporting Standards.</p>

## Independent auditor's report to the shareholders of The Standard Group Plc (continued)

### Key audit matters (continued)

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Adequacy and completeness of the libel provision</b></p> <p>The Group is subject to civil claims arising from content in the electronic and print media, broadcasts and publications. There is uncertainty as to how claims will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters.</p> <p>This is a key audit matter because the Directors apply significant judgement when considering whether, and how much, to provide for the potential exposure of each litigation.</p> <p>The disclosures on the determination of expected provisions and contingent liabilities are in note 3(d),30 and 35 of the financial statements.</p>	<p>We obtained and reviewed documents relating to significant legal cases filed against the Group to develop an independent assessment of the potential exposure and compared this against provisions made; We held discussions with the Group's in-house legal counsel to understand the nature of ongoing claims, and to assess the latest status.</p> <p>We obtained the relevant historical information and recent judgments made by the courts of law alongside confirmations from external lawyers to challenge the basis used for the provisions recorded as well as the completeness of the cases provided for by management</p> <p>We sought further input from the Finance and Audit Committee on the provisions for the year as submitted by management; and</p> <p>We evaluated the adequacy of disclosures in the financial statements in accordance with the requirements of the International Financial Reporting Standards.</p>

### Other information

The other information comprises the Corporate information, the Directors report, the Directors remuneration report and the Statement of directors' responsibilities, which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will 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 identified above 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 we have received 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 rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of the 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 the directors determine 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 Group's and 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 Group or Company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the shareholders of The Standard Group Plc (continued)**

### ***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 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 and Company'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 the directors' 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 Group's and 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 or Company's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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 the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

**Independent auditor's report to the shareholders of The Standard Group Plc  
(continued)**

**Report on other matters prescribed by the Companies Act, 2015**

***Directors' report***

In our opinion the information given in the directors' report on pages 42 to 45 is consistent with the financial statements.

***Directors' remuneration report***

In our opinion the auditable part of the directors' remuneration report on pages 46 to 48 has been properly prepared in accordance with the Companies Act, 2015.



**FCPA Richard Njoroge, Practicing Certificate Number 1244  
Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP**

**Certified Public Accountants**

**Nairobi**

**20 June 2022**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 KShs'000	2020 KShs'000
Revenue	8	3,126,615	2,893,929
Direct costs	9	(805,856)	(760,015)
Other gains	10	81,539	89,377
Selling and distribution costs	11	(325,124)	(306,061)
Administrative expenses	12(a)	(2,128,503)	(2,112,697)
Provision for expected credit losses	12(b)	192,195	(74,601)
Finance costs	13	(162,825)	(164,362)
Loss before taxation	14	(21,959)	(434,430)
Income tax (expense)/credit	15	(51,197)	82,238
Loss from continuing operations		(73,156)	(352,192)
Profit from discontinued operations	33	—	50,560
Total loss after tax for the year		(73,156)	(301,632)
Other comprehensive income		—	—
Total comprehensive loss for the year		(73,156)	(301,632)
Attributable to:			
Non-controlling interests	26	(7,356)	(42,298)
Owners of the parent		(65,800)	(259,334)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company	16	(0.81)	(3.79)
Earnings per share – discontinued operations - Basic (KShs)	16	—	0.62

## COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 KShs'000	2020 KShs'000
Revenue	8	2,207,113	2,101,097
Direct costs	9	(470,857)	(514,837)
Other gains	10	72,033	88,859
Selling and distribution costs	11	(247,194)	(227,779)
Administrative expenses	12(a)	(1,592,418)	(1,593,760)
Provision for expected credit losses	12(b)	129,668	(49,205)
Finance costs	13	(121,041)	(126,394)
Loss before taxation	14	(22,696)	(322,019)
Income tax (credit)/expense	15	(35,447)	56,149
Loss from continuing operations		(58,143)	(265,870)
Profit from discontinued operations	33	—	50,560
Loss after tax for the year		(58,143)	(215,310)
Other comprehensive income		—	—
Comprehensive loss for the year		(58,143)	(215,310)

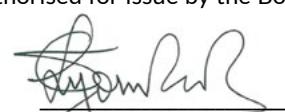
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2021

ASSETS	Notes	2021 KShs'000	2020 KShs'000
<b>Non-current assets</b>			
Property, plant and equipment	17(a)	1,542,554	1,556,593
Leasehold land	18	308,128	109,127
Right of use assets	19(a)	52,014	46,854
Intangible assets	20(a)	521,626	568,191
Other non current asset	21(b)	42,250	42,250
Deferred income tax	28(a)	380,642	431,839
		<u>2,847,214</u>	<u>2,754,854</u>
<b>Current assets</b>			
Inventories	22(a)	158,406	224,199
Trade and other receivables	23(a)	1,322,297	1,043,367
Current income tax	15(c)	18,075	18,075
Cash and bank balances	32(i)(b)	<u>8,320</u>	<u>14,345</u>
		<u>1,507,098</u>	<u>1,299,986</u>
<b>TOTAL ASSETS</b>		<u><b>4,354,312</b></u>	<u><b>4,054,840</b></u>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share capital	24(a)	408,654	408,654
Share premium	24(a)	39,380	39,380
Capital redemption reserve	25(a)	102	102
Retained earnings	25(b)	<u>408,831</u>	<u>474,631</u>
Attributable to owners of the company		856,967	922,767
Non-controlling interests	26	<u>189,455</u>	<u>196,811</u>
Total equity		<u>1,046,422</u>	<u>1,119,578</u>
<b>Non-current liabilities</b>			
Borrowings	29(a)	-	345,832
Lease liabilities	19(b)	<u>31,144</u>	<u>26,465</u>
		<u>31,144</u>	<u>372,297</u>
<b>Current liabilities</b>			
Borrowings	29(a)	1,204,705	835,129
Trade and other payables	30(a)	1,688,073	1,530,442
Lease liabilities	19(b)	37,504	29,179
Due to related parties	27(a)	<u>346,463</u>	<u>168,215</u>
		<u>3,276,746</u>	<u>2,562,965</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,354,312</b></u>	<u><b>4,054,840</b></u>

The financial statements on pages 54 to 105 were approved and authorised for issue by the Board of Directors on 27 May 2022.



Dr. Githinji Gitahi  
Director



Mr. Orlando Lyomu  
Director

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS	Notes	2021 KShs'000	2020 KShs'000
<b>Non-current assets</b>			
Property, plant and equipment	17(b)	1,395,376	1,382,850
Leasehold land	18	308,128	109,127
Right of use assets	19(b)	52,014	46,854
Intangible assets	20(b)	429,807	468,218
Deferred income tax	28(b)	278,344	313,791
Investment in subsidiaries	21(a)	70,367	70,367
Other non current asset	21(b)	42,250	42,250
		<u>2,576,286</u>	<u>2,433,457</u>
<b>Current assets</b>			
Inventories	22(b)	154,467	215,205
Trade and other receivables	23(b)	1,064,693	840,608
Current income tax	15(c)	12,318	12,318
Cash and bank balances	32(ii)(b)	8,120	14,143
		<u>1,239,598</u>	<u>1,082,274</u>
<b>TOTAL ASSETS</b>		<u>3,815,884</u>	<u>3,515,731</u>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share capital	24(a)	408,654	408,654
Share premium	24(a)	39,380	39,380
Capital redemption reserve	25(a)	102	102
Retained earnings	25(b)	204,542	262,685
Shareholders' equity		<u>652,678</u>	<u>710,821</u>
<b>Non-current liabilities</b>			
Borrowings	29(b)	-	345,832
Lease liabilities	19(b)	<u>31,144</u>	<u>26,465</u>
		<u>31,144</u>	<u>372,297</u>
<b>Current liabilities</b>			
Borrowings	29(b)	1,173,938	808,476
Trade and other payables	30(b)	1,304,513	1,175,767
Lease liabilities	19(b)	37,504	29,179
Due to related parties	27(b)	616,106	419,191
		<u>3,132,062</u>	<u>2,432,613</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,815,884</u>	<u>3,515,731</u>

The financial statements on pages 54 to 105 were approved and authorised for issue by the Board of Directors on 27 May 2022.



Dr. Githinji Gitahi  
Director



Mr. Orlando Lyomu  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital KShs'000	Share premium KShs'000	Capital redemption reserve KShs'000	Retained earnings KShs'000	Attributable to equity holders of parent KShs'000	Non-controlling interest KShs'000	Total Shareholders' equity KShs'000
<b>Year ended 31 December 2020</b>							
At start of year	408,654	39,380	102	733,965	1,182,101	239,109	1,421,210
<b>Total comprehensive loss</b>							
Loss for the year	—	—	—	(259,334)	(259,334)	(42,298)	(301,632)
At end of year	<u>408,654</u>	<u>39,380</u>	<u>102</u>	<u>474,631</u>	<u>922,767</u>	<u>196,811</u>	<u>1,119,578</u>
<b>Year ended 31 December 2021</b>							
At start of year	408,654	39,380	102	474,631	922,767	196,811	1,119,578
<b>Total comprehensive loss</b>							
Loss for the year	—	—	—	(65,800)	(65,800)	(7,356)	(73,156)
At end of year	<u>408,654</u>	<u>39,380</u>	<u>102</u>	<u>408,831</u>	<u>856,967</u>	<u>189,455</u>	<u>1,046,422</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital KShs'000	Share premium KShs'000	Capital redemption reserve KShs'000	Retained earnings KShs'000	Total KShs'000
<b>Year ended 31 December 2020</b>					
At start of year	408,654	39,380	102	477,995	926,131
<b>Total comprehensive loss</b>					
Loss for the year	—	—	—	(215,310)	(215,310)
At end of year	<u>408,654</u>	<u>39,380</u>	<u>102</u>	<u>262,685</u>	<u>710,821</u>
<b>Year ended 31 December 2021</b>					
At start of year	408,654	39,380	102	262,685	710,821
<b>Total comprehensive loss</b>					
Loss for the year	—	—	—	(58,143)	(58,143)
At end of year	<u>408,654</u>	<u>39,380</u>	<u>102</u>	<u>204,542</u>	<u>652,678</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
31 DECEMBER 2021**

	Notes	2021 KShs'000	2020 KShs'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32(i) (a)	358,244	316,227
Interest expense on other loans	13	(151,694)	(150,319)
Interest expense on lease	19(b)	(11,131)	(14,043)
Tax paid	15(c)	—	(3,765)
Net cash flows from operating activities		<u>195,419</u>	<u>148,100</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	20(a)	-	(15,691)
Purchase of property, plant and equipment	17(a)	(188,318)	(175,822)
Proceeds from disposal of property, plant and equipment		<u>3,424</u>	<u>61,121</u>
Net cash flows from investing activities		<u>(184,894)</u>	<u>(130,392)</u>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	19(c)	(40,294)	(38,343)
Proceeds from borrowings	29(a)	4,266,285	2,629,312
Loan repayment	29(a)	<u>(4,266,778)</u>	<u>(2,696,305)</u>
Net cash flows from financing activities		<u>(40,787)</u>	<u>(105,336)</u>
Net decrease in cash and cash equivalents		(30,262)	(87,628)
Cash and cash equivalents at start of the year		<u>(159,565)</u>	<u>(71,937)</u>
Cash and cash equivalents at end of year	32(i)(b)	<u>(189,827)</u>	<u>(159,565)</u>

**COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31  
DECEMBER 2021**

	Notes	2021 KShs'000	2020 KShs'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32(ii) (a)	312,114	326,075
Interest expense on other loans	13	(109,910)	(112,351)
Interest expense on lease liability	19(b)	(11,131)	(14,043)
Tax paid	15(c)	—	(3,513)
Net cash flows from operating activities		191,073	196,168
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	20(b)	-	(15,691)
Purchase of property, plant and equipment	17(b)	(179,861)	(174,962)
Proceeds from disposal of property, plant and equipment		3,429	61,124
Net cash flows from investing activities		(176,432)	(129,529)
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	19(c)	(40,294)	(38,343)
Proceeds from borrowings	29(b)	4,266,285	2,629,312
Loan repayment	29(a)	(4,266,778)	(2,733,645)
Net cash flows from financing activities		(40,787)	(142,676)
Net decrease in cash and cash equivalents		(26,146)	(76,037)
Cash and cash equivalents at start of year		(133,114)	(57,077)
Cash and cash equivalents at end year	32(ii) (b)	(159,260)	(133,114)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## 1. REPORTING ENTITY

The Standard Group PLC ("the Company") is a limited liability Company incorporated in Kenya under the Kenya Companies Act, 2015 and is domiciled in Kenya. The financial statements comprises the consolidated and separate financials statements. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries are presented on Note 21. The Group is primarily involved in the gathering and disseminating of information through print, television, radio and digital media. The Group products include; The Standard and The Nairobi; Radio Maisha, Spice FM and Vybez Radio; KTN Home, KTN News, Btv and KTN Farmers TV. Digital offering include the E-paper, Standardmedia.co.ke website, Digger classified and Value added Services.

The address of its registered office and principal place of business is as follows:

The Standard Group Centre  
Along Mombasa Road  
P.O. Box 30080 – 00100  
Nairobi.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Changes in significant accounting policies are detailed in Note 4. Details of the Group and Company significant accounting policies are included in Note 3.

For the Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and profit and loss account is represented by the statement of profit or loss and other comprehensive income.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except where stated otherwise.

### (c) Functional and presentation currency

These Financial Statements are presented in Kenya shillings (KShs), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand ("KShs'000") except where otherwise indicated.

### (d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 6.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

#### (a) Basis of consolidation

##### *Subsidiaries*

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The holding Company accounts for dividends from subsidiary companies only when the right to receive the dividends is established.

##### *Non-controlling interests:*

The Group recognises non-controlling interests at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

##### *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. recognises non-controlling interests at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *Changes in ownership*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

##### *Joint operations*

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

##### *Separate financial statements*

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates is accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 3. Significant Accounting Policies (continued)

### (a) Basis of consolidation (continued)

#### **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group
- Fair value of any asset or liability resulting from a contingent consideration agreement; and
- Fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- i. consideration transferred,
- ii. amount of any non-controlling interest in the acquired entity, and
- iii. acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### **(b) Revenue and other income recognition**

Revenue comprises of income from print and broadcasting segments. The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines: circulation and advertising. Revenue from print arises from the sale of newspapers and magazines. The Group uses vendors and agents in the sale of newspapers and magazines. The Group has been assessed as the principal in this arrangement, and therefore recognises revenue on the gross amount. E-paper revenue is recognized on delivery of electronic version of the newspaper to the customer. Advertising income is earned from both print and broadcasting. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer.

Revenue from the sale of newspapers and magazines is recognised upon the delivery of goods to customers or when title has passed to customers. Advertising revenue is recognised when advertisements are published in the newspaper or aired on television or radio. Revenue is measured at the fair value of the consideration received or receivable, net of VAT and discounts. There are no significant estimates made in revenue recognition.

Interest income is recognised as it accrues in profit or loss using the effective interest method, unless its collectability is in doubt.

Other income is recognised once control of the goods or service is passed to the customers and largely includes sale of newspaper returns, production waste, broadcast content and courier services.

#### **(c) Income tax**

Income tax expense in profit or loss for the year comprises current income tax and the change in deferred tax.

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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognised for unused tax losses and deductible temporary differences to the extent that is probable that future profits will be available against which the tax asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date and expected to apply when the asset is recovered or the liability is settled.

**(d) Provisions**

A provision is recognised in the financial statements when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(e) Segmental reporting**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's chief decision maker is the chief executive officer. The Group organizes its activity by business lines and these are defined as the Group's reportable segments. The business segments are Print and Broadcast.

**(f) Property, plant and equipment**

**(i) Recognition and measurement**

Initial recognition of items of property, plant and equipment is at cost and are consequently measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, capitalised borrowing costs.

Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**(ii) Subsequent costs**

The cost of replacing a component of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation on property, plant and equipment is calculated to write off the cost in equal annual instalments over their expected useful lives. The annual rates used are:

Buildings	2%
Plant and machinery	12.5%
Motor vehicles	25%
Furniture, fittings and equipment	10%-33 <sup>1</sup> /3%

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 3. Significant Accounting Policies (continued)

### (f) Property, plant and equipment (continued)

#### **(iv) Disposal of property, plant and equipment**

Gains and losses on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### **(g) Intangible assets**

##### **(i) Software**

Computer software and other intangible assets are measured at cost less accumulated amortisation and impairment losses. The costs are amortised over the expected useful lives of the software on the straight line basis. The annual rates used for amortisation are:

Computer software      20%

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### **(ii) Trademark and broadcasting frequencies**

Trademarks and frequency are initially recognised at cost. At each reporting date, the Group reviews the carrying amount of the trademarks and broadcasting frequency to determine whether there is any indication that these assets have suffered an impairment loss. Such indicators include decline in market value or negative changes in technology, markets, economy or laws. The trademarks and broadcasting frequency have indefinite useful lives and are tested for impairment at each reporting date.

#### **(h) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

##### **(i) Leases**

###### **As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group and Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option.

3. Significant Accounting Policies (continued)

(i) Leases (continued)

As a lessee (continued)

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and Company's incremental borrowing rate. Generally, the Group and Company uses its incremental borrowing rate as the discount rate.

The Group and Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group and Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group and Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and Company classifies leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this is the case, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments are the payments over the lease term that the lessee is required to make, excluding any contingent rent. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

**(j) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and the overheads incurred in bringing the inventories to their present location and condition. Costs of direct materials and general consumable stores are determined on the weighted average cost basis. Net realisable value represents the estimated selling price less the estimated cost to completion and costs to be incurred in marketing, selling and distribution. Film stock is expensed when aired.

**(k) Foreign currency translations**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. 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 in foreign 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. Gains and losses on exchange are dealt with in the profit or loss.

## (I) Financial instruments

### (i) Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or liability.

financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### (ii) Classification and subsequent measurement

#### Financial assets

The Group and Company classify their financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets and their subsequent accounting will be determined by the application of dual tests examining the contractual cash flow characteristics of the financial instruments and the Group's business model for managing the assets.

Financial assets may be held at amortised cost only where both:

- (a) The asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that consist solely of principal and interest on the outstanding principal.

#### Financial assets – Business model assessment

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. In determining the business model, the information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

#### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

3. Significant Accounting Policies (continued)

(I) Financial instruments (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets – Subsequent measurement and gains and losses*

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(i) Offsetting financial instruments**

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

**(ii) Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The “incurred loss” model was replaced by the “expected credit loss” model in IFRS 9. This applies to all financial assets not held at fair value through profit and loss (FVTPL) – certain investments, trade receivables and other receivables.

For financial assets carried at amortised cost (including loans and other receivables such as trade debtors), impairment losses should be recognised under the “expected loss model”, building up a debtors’ provision / allowance account against credit losses over the life of the financial asset (including an estimate of initial credit risk).

Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group will account for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

**(i) De-recognition**

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

# THE STANDARD GROUP PLC

Notes to the Financial statements for the year ended 31 December 2021 (continued)

## 3. Significant Accounting Policies (continued)

### (l) Financial instruments (continued)

#### (ii) Write-off

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expenses.

#### (m) Employee benefits

##### (i) Defined contribution plan

The Group operates a defined contribution retirement benefit scheme for its permanent and pensionable employees. The assets of the scheme are held in separate trustee administered fund, which is funded by contributions from both the Group companies and employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Group's contributions to the defined contribution schemes are recognised in the profit or loss in the period which related services are rendered by employees. The Group has no further obligation once the contributions have been paid.

##### (ii) Staff gratuity

The Group also has a gratuity plan for senior management staff. The Group's net obligation in respect of the gratuity plan is calculated at a agreed rate of the salary of the employees under the plan. The provision for liability recognised in the financial statements is the estimated entitlement as a result of services rendered by employees up to the financial reporting date. The Group recognises all expenses related to the gratuity plan in employee costs in profit or loss.

##### (iii) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (n) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired less advances from banks repayable within three months from date of disbursement or confirmation of the advance.

#### (o) Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and Group or related companies.

#### (p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### (q) Share capital

Ordinary shares are classified as 'share capital' in equity. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a reduction from equity.

#### (r) Finance income and finance costs

Interest expense on borrowings is recognized in profit or loss using the effective interest rate unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized to that asset.

Foreign exchange gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### (s) Leasehold land

The leasehold land relates to the land where the Standard Group Centre is located. Payments to acquire leasehold interest in land are amortised over the period of the lease.

## 4. CHANGES IN ACCOUNTING POLICY

### New standards, amendments and interpretations

#### (i) New standards, amendments and interpretations effective and adopted during the year

There were no standards, amendments and interpretations that were effective for this year that had a significant impact on the Company and Group.

#### (ii) New and amended standards and interpretations in issue but not yet adopted

New standard or amendments	Effective for annual periods beginning on or after
– IFRS 17 Insurance Contracts	1 January 2023
– Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022
– Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
– Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022
– Annual Improvements to IFRS Standards 2018–2020	1 January 2022
– Classification of Liabilities as Current or Non-current –Amendments to IAS 1	1 January 2023
– Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
– Definition of Accounting Estimates Amendments to IAS 8	1 January 2023
– Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	1 January 2023

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not relevant to the entity). None of these standards are expected to have a material impact on the financial statements.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

### (a) Market risk

#### (i). Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, and GBP. Foreign exchange risk arises from the purchase of materials and inputs in foreign currency. These include programs, newsprint and items of property plant and equipment. Foreign denominated revenue is insignificant.

The Group mitigates this risk through cashflow planning where payments of purchased denominated in foreign currency are scheduled at strategic points in the year, and also made in bulk so as to increase the bargaining power of the Group when negotiating for foreign exchange rates.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 5. Financial Risk Management Objectives And Policies (continued)

### (a) Market risk (continued)

#### (i). Foreign exchange risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

Group and Company	USD KShs'000	EURO KShs'000	GBP KShs'000	Total KShs'000
<b>2021:</b>				
<b>Financial assets</b>				
Cash at bank	56	143	-	199
Foreign debtors	15,656	-	-	15,656
<b>Financial liabilities</b>				
Trade payables	(121,118)	(33,732)	(4,251)	(159,101)
Net foreign currency liability	(100,427)	(33,589)	(4,251)	(138,267)
<b>2020:</b>				
<b>Financial assets</b>				
Cash at bank	1,575	746	12	2,333
Foreign debtors	16,669	-	-	16,669
<b>Financial liabilities</b>				
Trade payables	(129,641)	(51,844)	9,040	(172,445)
Net foreign currency liability	(111,397)	(51,098)	9,052	(153,443)

At 31 December 2021, if the Shilling had weakened/strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been KShs 1,432,457 (2020: KShs 1,343,040).

The following significant exchange rates have been applied during the year:

		Average	Closing	
		2021	2020	2021
USD	109.7	110.6	113.1	109.2
EURO	130.1	133.1	128.0	133.9
GBP	150.8	147.7	152.1	148.4

#### (ii) Price risk

The Group does not hold financial instruments that would be subject to price risk.

#### (iii) Cash flow and fair value interest rate risk

The Group has borrowings in the form of overdraft facilities and 5 year term loans with two banks namely NCBA Bank Kenya PLC and Stanbic Bank Kenya Limited with a combined overdraft limit of KShs 185 million (2020: KShs 185 million) at rates determined by prevailing market conditions.

As at 31 December 2021, an increase/decrease of 1% on average borrowing rates would have resulted in an increase/decrease in profit before taxation for Group by Kshs 1,628,250 (2020: Kshs 1,643,630).

**(b) Credit risk**

Credit risk is managed on a Group-wide basis. Credit risk arises from trade receivables, cash at bank and other receivables. The credit committee assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

*Expected credit loss (ECL) assessment as at 1 January and 31 December 2021*

The Group uses a provision matrix to measure the ECLs of trade receivables from customers. The loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Roll rates are calculated separately for exposures in different segments.

The Group uses historical patterns to determine the future payment patterns for government advertising debt. The expected future payments are then discounted to take into account the time value of money.

The following table provides information about the maximum exposure to credit risk and ECLs for trade receivables as at 31 December 2021 and 2020. The amounts on the table represent the maximum exposure to credit risk.

**(i) Trade receivables**

**Group**

**Year ended 31 December 2021**

Aging bucket	Loss rate	Gross amount KShs'000	Loss allowance KShs'000	Credit impaired
4-30 days past due	10%	894,757	89,385	No
31-60 days past due	16%	45,772	7,415	No
61-90 days past due	29%	23,942	7,045	No
More than 90 days past due	68%	1,255,905	852,514	Yes
		2,220,376	956,352	

**Year ended 31 December 2020**

0-30 days past due	25%	776,423	190,758	No
31-60 days past due	84%	31,845	26,668	No
61-90 days past due	90%	21,196	19,110	No
More than 90 days past due	70%	1,321,853	924,891	Yes
		2,151,317	1,161,427	

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 5. Financial Risk Management Objectives And Policies (continued)

### (b) Credit risk (continued)

#### (i) Trade receivables (continued)

##### Company

###### Year ended 31 December 2021

Aging bucket	Loss rate	Gross amount KShs' 000	Loss allowance KShs' 000	Credit impaired
4-30 days past due	10%	668,487	66,578	No
31-60 days past due	14%	38,703	5,423	No
61-90 days past due	35%	16,816	5,810	No
More than 90 days past due	65%	1,033,671	667,170	Yes
		<u>1,757,677</u>	<u>744,981</u>	

###### Year ended 31 December 2020

		KShs' 000	KShs' 000	
0-30 days past due	25%	545,582	136,952	No
31-60 days past due	84%	20,695	17,477	No
61-90 days past due	90%	21,014	18,958	No
More than 90 days past due	65%	1,099,377	714,135	Yes
		<u>1,686,668</u>	<u>887,522</u>	

Loss rates are based on actual credit loss experience over the past 3 years, current conditions plus the Group's view of economic conditions such as commercial bank lending interest rates as guided by IFRS 9.

#### (ii) Cash and cash equivalents

The Group and Company held cash and cash equivalents of KShs 8,320,000 and KShs 8,120,000 respectively (2020: Group and Company – KShs 14,345,000 and 14,143,000 respectively). These amounts represent the maximum exposure to credit risk for cash and cash equivalent balances. The cash and cash equivalents are held with banks and financial institution counterparties.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures and the resulting amounts are not material.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Group:	2021		2020	
	KShs '000		KShs '000	
At start of year	1,161,426		1,086,677	
(Credit)/charge for the year	(192,195)		74,601	
Bad debt write offs and credit notes	(12,872)		148	
<b>At end of year</b>	<b>956,359</b>		<b>1,161,426</b>	
<b>Company:</b>				
At start of year	887,522		838,167	
(Credit)/charge for the year	(129,668)		49,205	
Bad debt write offs and credit notes	(12,873)		150	
<b>At end of year</b>	<b>744,981</b>		<b>887,522</b>	

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Financial Risk Management Objectives And Policies (continued)

(b) Credit risk (continued)

(ii) Cash and cash equivalents (continued)

The debt that is overdue is not impaired and continues to be paid. The credit control department is actively following this debt. Further, for Circulation, the debt is partially covered by cumulative cash deposits by vendors and agents.

The debt that is impaired has been provided for based on the expected credit loss assessment model. However, debt collectors as well as the legal department are following up on the impaired debt.

Other financial instruments for which the Group and Company is exposed to credit risk are as follows:

Group:	2021 KShs '000	2020 KShs '000
Bank and cash balances (Note 32(i)(b))	8,320	14,345
Other receivables (Note 23(a))	<u>34,756</u>	<u>31,563</u>
	43,076	45,908

Company:

Bank and cash balances (Note 32(ii)(b))	8,120	14,143
Other receivables (Note 23(b))	<u>28,328</u>	<u>19,547</u>
	36,448	33,690

There was no significant credit risk exposure on bank and cash balances and other receivables which comprises staff advances and prepaid rent.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet Group obligations. The treasury function reviews the cash forecast monthly and determines the cash requirement. Cash generated from operations is healthy but if a heavy cash requirement is necessary, there exists overdraft facilities with NCBA Bank Kenya PLC and Stanbic Bank Kenya Limited with a combined limit of KShs 185 million (2020: KShs 185 million).

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group At 31 December 2021	Within 1 year KShs'000	Over 1 year KShs'000	Total KShs'000
Related party loans	346,463	-	346,463
Bank borrowings	1,290,402	-	1,290,402
Lease liabilities	37,504	33,880	71,384
Trade and other payables	<u>1,688,073</u>	<u>—</u>	<u>1,688,073</u>
	3,362,443	33,880	3,396,323

Company

At 31 December 2020

Related party balances	173,505	-	173,505
Bank borrowings	724,633	486,888	1,211,521
Lease liabilities	31,126	30,992	62,118
Trade and other payables	<u>1,530,442</u>	<u>—</u>	<u>1,530,442</u>
	2,459,706	517,880	2,977,586

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 5. Financial Risk Management Objectives And Policies (continued)

### (c) Liquidity risk (continued)

Company At 31 December 2021	Within 1 year KShs'000	Over 1 year KShs'000	Total KShs'000
Related party loans	616,106	-	616,106
Bank borrowings	1,231,855	-	1,231,855
Lease liabilities	37,504	33,880	71,384
Trade and other payables	<u>1,304,513</u>	—	<u>1,304,513</u>
	<u>3,189,979</u>	<u>33,880</u>	<u>3,223,859</u>

At 31 December 2020	424,481	-	424,481
Related party loans	697,980	486,888	1,184,868
Bank borrowings	31,126	30,992	62,118
Lease liabilities	<u>1,175,767</u>	—	<u>1,175,767</u>
	<u>2,329,354</u>	<u>517,880</u>	<u>2,847,234</u>

### (d) Fair values

#### (i) Valuation hierarchy

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs

#### (ii) Fair values for financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Group 2021	Financial liabilities at amortised cost KShs'000	Financial assets at amortised cost KShs'000	Total carrying value KShs'000	Fair value KShs'000
<b>Financial assets</b>				
Trade and other receivables	-	1,322,297	1,322,297	1,322,297
Cash and bank balances	—	8,320	8,320	8,320
	—	<u>1,330,617</u>	<u>1,330,617</u>	<u>1,330,617</u>
<b>Financial liabilities</b>				
Borrowings	1,204,705	-	1,204,705	1,204,705
Trade and other payables	1,688,073	-	1,688,073	1,688,073
Lease liabilities	68,648	-	68,648	68,648
Amount due to related parties	<u>346,464</u>	—	<u>346,464</u>	<u>346,464</u>
	<u>3,307,890</u>	—	<u>3,307,890</u>	<u>3,307,890</u>

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Financial Risk Management Objectives And Policies (continued)

(d) Fair values (continued)

(ii) Fair values for financial assets and financial liabilities

2020	Financial liabilities at amortised cost KShs'000	Financial assets at amortised cost KShs'000	Total carrying value KShs'000	Fair value KShs'000
<b>Financial assets</b>				
Trade and other receivables	-	1,043,367	1,043,367	1,043,367
Cash and bank balances	—-	<u>14,345</u>	<u>14,345</u>	<u>14,345</u>
	—-	<u>1,057,712</u>	<u>1,057,712</u>	<u>1,057,712</u>
<b>Financial liabilities</b>				
Borrowings	1,180,961	-	1,180,961	1,180,961
Trade and other payables	1,530,442	-	1,530,442	1,530,442
Lease liabilities	55,644	-	55,644	55,644
Amount due to related parties	<u>168,215</u>	—-	<u>168,215</u>	<u>168,215</u>
	<u>2,935,262</u>	—-	<u>2,935,262</u>	<u>2,935,262</u>

**Company  
2021**

<b>Financial assets</b>				
Trade and other receivables	-	1,064,693	1,064,693	1,064,693
Cash and bank balances	—-	<u>8.120</u>	<u>8.120</u>	<u>8.120</u>
	—-	<u>1,072,813</u>	<u>1,072,813</u>	<u>1,072,813</u>
<b>Financial liabilities</b>				
Borrowings	1,173,938	-	1,173,938	1,173,938
Lease liabilities	68,648	-	68,648	68,648
Amount due to related parties	616,107	-	616,107	616,107
Trade and other payables	<u>1,304,513</u>	—-	<u>1,304,513</u>	<u>1,304,513</u>
	<u>3,163,206</u>	—-	<u>3,163,206</u>	<u>3,163,206</u>

**2020**

Trade and other receivables	-	840,608	840,608	840,608
Cash and bank balances	—-	<u>14,143</u>	<u>14,143</u>	<u>14,143</u>
	—-	<u>854,751</u>	<u>854,751</u>	<u>854,751</u>
<b>Financial liabilities</b>				
Borrowings	1,154,308	-	1,154,308	1,154,308
Lease liabilities	55,644	-	55,644	55,644
Amount due to related parties	419,191	-	419,191	419,191
Trade and other payables	<u>1,175,767</u>	—-	<u>1,175,767</u>	<u>1,175,767</u>
	<u>2,804,910</u>	—-	<u>2,804,910</u>	<u>2,804,910</u>

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 5. Financial Risk Management Objectives And Policies (continued)

### (e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

The constitution of capital managed by The Standard Group PLC is as shown below:

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Equity	1,046,422	1,119,578	652,678	710,821
Total borrowings	1,204,705	1,180,961	1,173,938	1,154,308
Less: cash balances	(8,320)	(14,345)	(8,120)	(14,143)
Net debt	1,196,385	1,166,616	1,165,818	1,140,165
Gearing	<u>114%</u>	<u>104%</u>	<u>179%</u>	<u>160%</u>

## 6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### **Useful lives of property, plant and equipment and residual values**

The company tests annually whether the useful lives and residual values are appropriate and in accordance with its accounting policy. Judgement is required in determining the useful lives of property, plant and equipment. Useful lives and residual values of property, plant and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed. This estimate is based on projected product lifecycles for its assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

### **Impairment of assets**

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. Judgement is required in making this determination. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Critical estimates are made by management in assessment of impairment for non-financial assets. Significant estimates relate to the determination of the projected cash flows and the discount rate.

### **Contingent liabilities**

As disclosed in Note 35 of these financial statements, the Group is exposed to various contingent liabilities in the normal course of business including a number of legal cases. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters.

Management in consultation with the legal advisers evaluate the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. Provisions are made in the financial statements where, based on the Directors' evaluation, a present obligation has been established and it is probable that a liability will crystallise.

### **Income tax**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### **Trade receivables**

The Group uses a provision matrix to measure the ECLs of trade receivables from customers. The loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments. A number of significant judgements and estimations are also required in applying the accounting requirements for measuring ECL, such as:

- The application of IFRS 9 risk parameters i.e. probably of default (PD), loss given at default (LGD) and exposure at default (EAD) to trade receivables; and
- The definition of default, determination of probability of default matrix and identification of exposures with significant deterioration in credit quality.

The Group uses historical patterns to determine the future payment patterns for government advertising debt. The expected future payments are then discounted to take into account the time value of money.

### **Lease term and discount rates determination on adoption of IFRS 16**

Critical estimates are made by management in determining lease terms in lease contracts. Specifically, in determining which leases will be extended and renewed on expiry of the non-cancellable lease term. Estimates are also made on the discount rate.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 7. OPERATING SEGMENTS

### (a) Products and services from which reportable segments derive their revenues

Information reported to the operating segment decision makers for the purposes of resource allocation and assessment of segment performance is focused on the means of delivery of the good or service to the customer. The goods and services are delivered through publishing and broadcasting. The Group's reportable segments under IFRS 8 are print and broadcasting.

### (b) Segment revenues and results

The Standard Group Plc is domiciled in Kenya and its revenue is generated in the country. The Group derives revenue from the transfer of goods and services at a point in time. The Group does not derive revenues in excess of 10% of the total Group's revenue from any individual customer except the Government of Kenya. The Group's assets are also held in Kenya. The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	2021			2020		
	Print KShs'000	Broadcasting KShs'000	Total KShs'000	Print KShs'000	Broadcasting KShs'000	Total KShs'000
Revenue	1,792,911	1,333,704	3,126,615	1,772,460	1,121,469	2,893,929
Direct Costs	(447,786)	(358,070)	(805,856)	(471,354)	(288,661)	(760,015)
Other gains and losses	67,334	14,205	81,539	87,053	2,324	89,377
Selling and distribution	(205,496)	(119,628)	(325,124)	(194,021)	(112,040)	(306,061)
Administrative expenses	(1,060,091)	(698,386)	(1,758,477)	(1,192,751)	(668,738)	(1,861,489)
Depreciation and amortisation expense	(114,813)	(63,018)	(177,831)	(190,248)	(135,561)	(325,809)
Finance costs	(110,532)	(52,293)	(162,825)	(113,648)	(50,714)	(164,362)
Segment (loss)/profit before tax	(78,473)	56,514	(21,959)	(302,509)	(131,921)	(434,430)
Income tax (expense)/credit	(18,714)	(32,483)	(51,197)	54,639	27,599	82,238
(Loss)/profit from continuing operations	(97,187)	24,031	(73,156)	(247,870)	(104,322)	(352,192)
Elimination of discontinued operations	—	—	—	50,560	—	50,560
Total comprehensive loss for the year	(97,187)	24,031	(73,156)	(197,310)	(104,322)	(301,632)
<b>Segment assets and liabilities</b>						
Segment assets	3,553,338	800,974	4,354,312	3,515,642	539,198	4,054,840
Segment liabilities	2,893,558	414,332	3,307,890	2,304,504	630,758	2,935,262
Capital expenditure	378,521	10,434	388,955	174,962	860	175,822

## 8. REVENUE

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs' 000	2021 KShs'000	2020 KShs' 000
Revenue recognised at a point in time				
Print	1,792,911	1,772,460	1,792,911	1,772,460
Broadcasting	1,333,704	1,121,469	414,202	328,637
	<u>3,126,615</u>	<u>2,893,929</u>	<u>2,207,113</u>	<u>2,101,097</u>

## 9. DIRECT COSTS

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs' 000	2021 KShs'000	2020 KShs' 000
Material cost				
Programmes	220,906	264,726	219,711	264,726
Depreciation	247,062	171,411	27,826	31,346
News contribution costs	86,351	86,712	86,351	86,712
News service	65,377	71,179	56,521	63,756
Operating lease	11,661	7,026	50	2,065
TV licenses	37,290	25,102	34,540	25,102
Maintenance	91,297	92,569	-	-
Production salaries	35,844	20,364	35,844	20,364
Events	8,795	9,019	8,795	9,019
Other costs	1,273	11,712	1,219	11,553
	<u>—</u>	<u>195</u>	<u>—</u>	<u>194</u>
	<u>805,856</u>	<u>760,015</u>	<u>470,857</u>	<u>514,837</u>

## 10. OTHER GAINS/(LOSSES)

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs' 000	2021 KShs'000	2020 KShs' 000
Miscellaneous income				
Courier services	62,573	70,291	52,720	64,961
Sale of newspaper returns, production waste and other income	1,056	-	1,056	-
Printing services	24,317	31,116	24,317	31,116
Gain on disposal of property and equipment	575	1,772	575	1,771
Net foreign exchange loss	3,249	5,576	3,370	5,576
	<u>(10,231)</u>	<u>(19,378)</u>	<u>(10,005)</u>	<u>(14,565)</u>
	<u>81,539</u>	<u>89,377</u>	<u>72,033</u>	<u>88,859</u>

## 11. SELLING AND DISTRIBUTION

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs' 000	2021 KShs'000	2020 KShs' 000
Commission on bad debt				
Marketing and promotion	32,219	24,364	32,219	24,364
Advertising commission	21,721	18,565	24,260	10,945
Transport and distribution costs	221,630	191,414	144,910	122,652
	<u>49,554</u>	<u>71,718</u>	<u>45,805</u>	<u>69,818</u>
	<u>325,124</u>	<u>306,061</u>	<u>247,194</u>	<u>227,779</u>

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 12. a) ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Staff costs	1,394,326	1,317,769	1,043,210	998,629
Rent	51,448	80,239	26,616	59,617
Property operations	47,830	47,192	36,766	35,593
Depreciation charge	115,685	139,641	80,780	90,460
Depreciation recharge	-	-	(39,768)	(45,443)
Amortisation of intangible assets	29,315	40,638	21,161	32,472
Right of use amortisation	31,199	56,851	31,199	56,851
Leasehold land amortisation	1,633	1,632	1,633	1,632
Professional fees	36,504	51,476	28,956	46,874
Repairs and maintenance	88,343	92,454	76,190	73,537
Vehicle expenses	61,628	34,495	55,494	28,809
Communication expense	53,304	57,863	49,262	51,025
Travel and accommodation	2,444	1,890	2,049	1,416
General insurance	51,236	46,854	36,283	33,330
Licences	40,775	18,718	34,253	18,718
Bank charges	38,175	40,507	37,013	39,870
Electricity and water	45,984	49,078	40,877	41,898
Training	5,324	5,558	4,212	5,558
Subscription and donation	7,002	4,757	6,264	4,279
Printing and stationery	9,290	8,015	8,541	6,377
Directors' fees	11,725	7,575	8,270	4,245
AGM board meeting	3,554	5,308	1,378	2,819
Others	1,779	4,187	1,779	5,194
	2,128,503	2,112,697	1,592,418	1,593,760
Staff costs include:				
Salaries and wages	1,246,896	1,152,901	939,330	878,316
Staff welfare	145,204	142,635	102,189	103,674
Pension contributions	-	19,819	-	14,897
NSSF	2,216	2,414	1,681	1,742
Others	10	-	10	-
	1,394,326	1,317,769	1,043,210	998,629

### Average number of employees

	Number	Number	Number	Number
Management	43	41	39	37
Others	835	795	730	583
Total	878	836	769	620

## 12. b) PROVISION FOR EXPECTED CREDIT LOSSES

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Provision for expected credit losses	(192,195)	74,601	(129,668)	49,205

### 13. FINANCE COSTS

	GROUP		COMPANY	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Interest on term loans	121,371	120,337	82,742	85,555
Interest on overdrafts	22,937	21,390	20,073	18,670
Interest on shareholder loans	5,290	4,994	5,290	4,995
Interest on asset financing	2,096	3,598	1,805	3,131
Interest on lease liabilities	11,131	14,043	11,131	14,043
	<u>162,825</u>	<u>164,362</u>	<u>121,041</u>	<u>126,394</u>

### 14. LOSS BEFORE INCOME TAX

GROUP		
The loss before taxation is arrived at after charging/(crediting) the following items:	2021 KShs'000	2020 KShs'000
Depreciation for continuing operations – PPE	202,036	226,623
Right of use asset amortisation	32,832	58,483
Amortisation - intangible assets	29,315	40,638
Directors' emoluments:		
- Fees - non-executive	11,725	7,575
- Executive directors	28,676	26,048
Auditors' remuneration - current year	6,786	4,558
Gain on disposal of plant and equipment	<u>3,249</u>	<u>5,576</u>

COMPANY		
The loss before taxation is arrived at after charging/ (crediting) the following items:	2021 KShs'000	2020 KShs'000
Depreciation for continuing operations – PPE	167,131	177,442
Right of use asset amortisation	32,832	58,483
Amortisation - Intangible assets	21,161	32,472
Directors' emoluments:		
- Fees - non-executive	8,270	4,475
- Executive directors	28,676	26,048
Auditors' remuneration - current year	5,768	3,890
Gain on disposal of plant and equipment	<u>3,370</u>	<u>5,576</u>

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 15. INCOME TAX

### (a) Income tax expense

Group	2021 KShs'000	2020 KShs'000
<b>Current tax expense</b>		
Current year	—	—
	—	—
	—	—
<b>Deferred tax expense/(credit) (Note 28(a))</b>		
Origination and reversal of temporary differences	51,197	(85,035)
Tax effects on discontinued operation	—	2,797
	—	—
<b>Total income tax expense/(credit)</b>	<b>51,197</b>	<b>(82,238)</b>

The current year income tax expense has arisen largely from deferred tax on provisions written back in the year.

Company	2021 KShs'000	2020 KShs'000
<b>Current taxation expense</b>		
Current year	—	—
	—	—
	—	—
<b>Deferred tax expense/(credit) (Note 28(a))</b>		
Origination and reversal of temporary differences	35,447	(58,946)
Tax effects on discontinued operation	—	2,797
	—	—
<b>Total income tax expense/(credit)</b>	<b>35,447</b>	<b>(56,149)</b>

The current year income tax expense has arisen largely from deferred tax on provisions written back in the year.

### (b) Reconciliation of expected tax based on accounting loss to taxation credit

Group	2021 KShs'000	2020 KShs'000
Loss before tax	(21,959)	(434,430)
	—	—
Tax at the applicable rate of 30% (2020:25%)	(6,588)	(108,608)
Tax effect of non-deductible costs	57,784	29,615
Income not subject to tax	—	(2,538)
Effect of changes in tax rate on deferred tax	—	(15,445)
Tax effects on discontinued operation	—	14,738
	—	—
<b>Total</b>	<b>51,197</b>	<b>(82,238)</b>

### Company

Loss before tax	(22,696)	(322,019)
	—	—
Tax at the applicable rate of 30% (2020:25%)	(6,809)	(80,505)
Tax effect of non-deductible costs	42,256	21,980
Effect of changes in tax rate on deferred tax in prior year	—	(9,824)
Income not subject to tax	—	(2,538)
Tax effects on discontinued operation	—	14,738
	—	—
<b>Total</b>	<b>35,447</b>	<b>(56,149)</b>

Notes to the financial statements for the year ended 31 December 2021 (continued)  
**15. Income Tax (continued)**

**(c) Current income tax recoverable**

Group	2021 KShs'000	2020 KShs'000
At beginning of the year	(18,075)	(14,310)
Tax paid in the year	—	(3,765)
At 31 December	(18,075)	(18,075)
Comprising:		
Tax payable	—	—
Tax recoverable	(18,075)	(18,075)
	(18,075)	(18,075)
<b>Company</b>		
At beginning of the year	(12,318)	(8,805)
Current tax - Charge for the year	—	—
- Tax paid in the year	—	(3,513)
At 31 December	(12,318)	(12,318)

**16. BASIC AND DILUTED EARNINGS PER SHARE**

	Notes	2021 KShs'000	2020 KShs'000
Loss attributable to owners of the Company – KShs'000			
- Continuing operations		(65,800)	(309,894)
- Discontinued operations		—	50,560
Total loss attributable to owners		(65,800)	(259,334)
Number of shares during the year		81,731,808	81,731,808
Earnings per share – continuing operations – Basic and diluted (KShs)	16	(0.81)	(3.79)
Earnings per share – discontinued operations - Basic (KShs)	16	—	0.62

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 17. PROPERTY, PLANT AND EQUIPMENT

### (a) Group

31 December 2021 Cost	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture fittings & equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
At start of year	759,674	2,534,081	184,430	671,533	89,357	4,239,075
Additions	750	12,255	21,365	1,566	152,382	188,318
Disposals	-	(32,523)	(19,982)	(11,686)	-	(64,191)
Transfer from CWIP*	173,867	27,642	-	36,593	(238,102)	-
Write-off	-	-	-	-	(148)	(148)
At end of year	934,291	2,541,455	185,813	698,006	3,489	4,363,054

### Depreciation

At start of year	148,260	1,777,320	165,111	591,791	-	2,682,482
Charge for the year	18,110	149,485	15,902	18,539	-	202,036
Disposal	-	(32,519)	(19,982)	(11,517)	-	(64,018)
At end of year	166,370	1,894,286	161,031	598,813	-	2,820,500
Net book value	767,921	647,169	24,782	99,193	3,489	1,542,554

### 31 December 2020

#### Cost

At start of year	760,791	2,674,041	188,309	671,224	8,397	4,302,762
Additions	-	7,299	2,000	392	166,131	175,822
Disposals	-	(211,506)	(5,879)	(6,679)	-	(224,064)
Transfer to intangible assets	-	-	-	-	(14,328)	(14,328)
Transfer from CWIP*	-	70,843	-	-	(70,843)	-
Write-off	(1,117)	-	-	-	-	(1,117)
Reallocation to Asset classes	-	(6,596)	-	6,596	-	-
At end of year	759,674	2,534,081	184,430	671,533	89,357	4,239,075

### Depreciation

At start of year	130,451	1,751,626	145,737	642,203	-	2,670,017
Charge for the year-continuing operations	17,809	156,973	24,705	27,136	-	226,623
Charge for the year-discontinued operations	-	2,251	-	-	-	2,251
Reallocation to asset classes	-	70,881	-	(70,881)	-	-
Disposals	-	(204,411)	(5,331)	(6,667)	-	(216,409)
At end of year	148,260	1,777,320	165,111	591,791	-	2,682,482
Net book value	611,414	756,761	19,319	79,742	89,357	1,556,593

At 31 December 2021, property, plant and equipment with cost of KShs 1,853,734,113 (2020: KShs 1,409,024,935) were fully depreciated. The notional depreciation charge on these assets would have been KShs 405,221,746 (2020: KShs 310,261,667).

**CWIP\*** - Capital Work in Progress. The CWIP majorly comprises building under construction, as well as furniture and equipment.

Assets pledged as security for liabilities are disclosed under Note 29.

Notes to the financial statements for the year ended 31 December 2021 (continued)

17. Property, Plant And Equipment (continued)

(b) Company

31 December 2021	Cost	Buildings	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture fittings & equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
At start of year	679,069	1,769,424	182,918	569,228	89,357	3,289,996	
Additions	750	4,238	21,365	1,126	152,382	179,861	
Disposals	-	(2,138)	(19,982)	(9,956)	-	(32,076)	
Transfer from CWIP*	173,867	27,642	-	36,593	(238,102)	-	
Write-off	-	-	-	-	(148)	(148)	
At end of year	853,686	1,799,166	184,301	596,991	3,489	3,437,633	

Depreciation

At start of year	130,805	1,154,177	163,177	458,987	-	1,907,146
Charge for the year	16,498	117,206	15,713	17,714	-	167,131
Elimination on disposal	-	(2,134)	(19,982)	(9,904)	-	(32,020)
At the end of year	147,303	1,269,249	158,908	466,797	-	2,042,257
Net book Value	<u>706,383</u>	<u>529,917</u>	<u>25,393</u>	<u>130,194</u>	<u>3,489</u>	<u>1,395,376</u>
<b>31 December 2020:</b>						
<b>Cost</b>						
At start of year	680,186	1,903,618	186,797	575,545	8,397	3,354,543
Additions	-	6,469	2,000	362	166,131	174,962
Disposals	-	(211,506)	(5,879)	(6,679)	-	(224,064)
Transfer to intangible assets	-	-	-	-	(14,328)	(14,328)
Adjustments : Credit note	(1,117)	-	-	-	-	(1,117)
Transfer from CWIP*	-	<u>70,843</u>	-	-	<u>(70,843)</u>	-
At end of year	679,069	1,769,424	182,918	569,228	89,357	3,289,996

Depreciation

At start of year	114,608	1,170,672	144,181	514,401	-	1,943,862
Charge for the year- continuing operations	16,197	114,784	24,327	22,134	-	177,442
Charge for the year-discontinued operations	-	2,251	-	-	-	2,251
Elimination on disposal	-	(204,41)	(5,331)	(6,667)	-	(216,409)
Reallocation to asset classes	-	<u>70,881</u>	-	<u>(70,881)</u>	-	-
At end of year	<u>130,805</u>	<u>1,154,177</u>	<u>163,177</u>	<u>458,987</u>	-	<u>1,907,146</u>
Net book value	<u>548,264</u>	<u>615,247</u>	<u>19,741</u>	<u>110,241</u>	<u>89,357</u>	<u>1,382,850</u>

At 31 December 2021, property, plant and equipment with cost of KShs 1,287,591,676 (2020: KShs 904,340,613) were fully depreciated. The notional depreciation charge on these assets would have been KShs 317,220,430 (2020: KShs 235,077,983).

CWIP\* - Capital Work in Progress. The CWIP majorly comprises building under construction.

Assets pledged as security for liabilities are disclosed under Note 29.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 18. LEASEHOLD LAND

	2021 KShs'000	2020 KShs'000
At 1 January	109,127	110,759
Additions (Note27)	200,637	-
Disposal	(3)	-
Charge for the year	(1,633)	(1,632)
	<u>308,128</u>	<u>109,127</u>

## 19. RIGHT OF USE ASSETS AND LEASE LIABILITIES

These assets and liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities during the year was 13%.

The Group leases offices and motor vehicles. The leases for motor vehicles run for 2 years. The leases for offices typically run for a period ranging between 5 – 9 years. Information about leases for which the Group is a lessee is presented below.

In order to identify whether the Group's contracts gave rise to a lease the, the Group looked out for the following;

- The lease is a contract.
- The parties to the contract are lessor and lessee.
- The lease contract specifies the period of contract.
- The lessee uses the assets.
- The lessee, in consideration, pays the lease rentals to the lessor.
- The lessor is the owner of the asset and is entitled to the benefit of depreciation and other allied benefits e.g., Tax payable under the Income Tax Act.
- The lessee claims the rentals as expenses chargeable to his income.

### (a) Right-of-use assets

#### Group and Company

2021	Rental leases KShs' 000	Printers KShs' 000	Vehicles KShs' 000	Total KShs' 000
At 1 January	42,634	4,220	-	46,854
Additions	8,396	-	35,376	43,772
Disposal	(19,189)	-	-	(19,189)
Elimination through Disposal	11,776	-	-	11,776
Charge for the year	(21,200)	(1,102)	(8,897)	(31,199)
At end of year	<u>22,417</u>	<u>3,118</u>	<u>26,479</u>	<u>52,014</u>

#### 2020

At 1 January	77,906	-	21,393	99,299
Additions	-	4,406	-	4,406
Charge for the year	(35,272)	(186)	(21,393)	(58,851)
At end of year	<u>42,634</u>	<u>4,220</u>	<u>—</u>	<u>46,854</u>

Notes to the financial statements for the year ended 31 December 2021 (continued)

19. Right Of Use Assets And Lease Liabilities (continued)

(b) Lease liabilities

Group and Company

2021	Rental leases KShs' 000	Printers KShs' 000	Vehicles KShs' 000	Total KShs' 000
	KShs'000	KShs'000	KShs' 000	KShs'000
Less than one year	17,659	18,587	1,258	37,504
Greater than one year	19,180	10,142	1,822	31,144
At end of year	<u>36,839</u>	<u>28,729</u>	<u>3,080</u>	<u>68,648</u>

2020

Less than one year	27,931	-	1,248	29,179
Greater than one year	23,480	—	2,985	26,465
At end of year	<u>51,411</u>	<u>—</u>	<u>4,233</u>	<u>55,644</u>

(c) Amounts recognised in cashflow and profit or loss - Group and Company

	2021 KShs'000	2020 KShs'000
<b>Lease liabilities under IFRS 16</b>		
Interest on lease liability	11,131	14,043
Principal on lease liability	40,294	38,343
Total cash flows for lease liabilities	<u>51,425</u>	<u>52,386</u>

(d) Movement in lease liabilities is as follows - Group and Company

2021	Rental leases KShs' 000	Vehicles KShs' 000	Printers KShs' 000	Total KShs' 000
	KShs'000	KShs'000	KShs' 000	KShs'000
At start of year	51,506	-	4,138	55,644
Reclassification from trade payables	9,526	-	-	9,526
Additions	8,396	35,376	-	43,772
Repayment of interest on lease liability	(9,066)	(1,514)	(551)	(11,131)
Repayment of principal on lease liability	(32,589)	(6,647)	(1,058)	(40,294)
Interest expense	<u>9,066</u>	<u>1,514</u>	<u>551</u>	<u>11,131</u>
At end of year	<u>36,839</u>	<u>28,729</u>	<u>3,080</u>	<u>68,648</u>

2020

At start of year	84,161	24,073	-	108,234
Additions	-	-	4,406	4,406
Repayment of interest on lease liability	(10,941)	(3,102)	-	(14,043)
Repayment of principal on lease liability	(23,129)	(14,946)	(268)	(38,343)
Interest expense	10,941	3,102	-	14,043
Transfer to trade payable	(9,526)	(9,127)	—	(18,653)
At end of year	<u>51,506</u>	<u>—</u>	<u>4,138</u>	<u>55,644</u>

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 20. INTANGIBLE ASSETS

### a) Group

For the year ended 31 December 2021	Trademark KShs'000	Software KShs'000	Broadcasting licenses KShs'000	Total KShs'000
<b>Cost</b>				
At start of year	39,531	674,499	458,738	1,172,768
Write off	(17,250)	-	-	(17,250)
At end of year	<u>22,281</u>	<u>674,499</u>	<u>458,738</u>	<u>1,155,518</u>
<b>Amortisation</b>				
At start of year	-	(604,577)	-	(604,577)
Charge for the year	<u>—</u>	<u>(29,315)</u>	<u>—</u>	<u>(29,315)</u>
At end of year	<u>—</u>	<u>(633,892)</u>	<u>—</u>	<u>(633,892)</u>
Carrying amount at end of year	<u>22,281</u>	<u>40,607</u>	<u>458,738</u>	<u>521,626</u>

### For the year ended 31 December 2020

<b>Cost</b>				
At start of year	39,531	651,980	451,238	1,142,749
Additions	-	8,191	7,500	15,691
Transfer from CWIP*	<u>—</u>	<u>14,328</u>	<u>—</u>	<u>14,328</u>
At end of year	<u>39,531</u>	<u>674,499</u>	<u>458,738</u>	<u>1,172,768</u>
<b>Amortisation</b>				
At start of year	-	(563,939)	-	(563,939)
Charge for the year	<u>—</u>	<u>(40,638)</u>	<u>—</u>	<u>(40,638)</u>
At end of year	<u>—</u>	<u>(604,577)</u>	<u>—</u>	<u>(604,577)</u>
Carrying amount at end of year	<u>39,531</u>	<u>69,922</u>	<u>458,738</u>	<u>568,191</u>

Notes to the financial statements for the year ended 31 December 2021 (continued)

20. Intangible Assets (continued)

b) Company

For the year ended 31 December 2021	Trademark KShs'000	Software KShs'000	Broadcasting licenses KShs'000	Total KShs'000
<b>Cost</b>				
At start of year	23,250	633,664	391,863	1,048,777
Write off	(17,250)	—	—	(17,250)
At end of year	<u>6,000</u>	<u>633,664</u>	<u>391,863</u>	<u>1,031,527</u>
<b>Amortisation</b>				
At start of year	—	(580,559)	—	(580,559)
Charge for the year	—	(21,161)	—	(21,161)
At end of year	—	(601,720)	—	(601,720)
Carrying amount at end of year	<u>6,000</u>	<u>31,944</u>	<u>391,863</u>	<u>429,807</u>

**For the year ended 31 December 2020**

<b>Cost</b>				
At start of year	23,250	611,145	384,363	1,018,758
Additions	—	8,191	7,500	15,691
Transfer PPE**	—	<u>14,328</u>	—	<u>14,328</u>
At end of year	<u>23,250</u>	<u>633,664</u>	<u>391,863</u>	<u>1,048,777</u>
<b>Amortisation</b>				
At start of year	—	(548,087)	—	(548,087)
Charge for the year	—	(32,472)	—	(32,472)
At end of year	—	(580,559)	—	(580,559)
Carrying amount at end of year	<u>23,250</u>	<u>53,105</u>	<u>391,863</u>	<u>468,218</u>

CWIP\* - capital work in progress PPE\*\* - property, plant and equipment

The trademarks and broadcasting licences have been accounted for as intangible assets with an indefinite useful life. Management estimate that the products will generate net cash inflows for the group for an indefinite period, therefore carrying them at cost without amortisation, but for which an impairment assessment is carried out on an annual basis.

The Group acquired the rights to distribute the Eve trademark on 17 April 2009. An agreement was signed transferring full title and guaranteeing all rights, titles and interest in the publication to the Group. The carrying value of these rights is Kshs 6,000,000. The additional trademarks relate to Farmers TV.

The write off in the current year relates to trademarks held for Pambazuko and Mount Kenya Star publications.

The Group acquired licenses for radio frequencies through its subsidiary, Toads Media Group Limited and additional frequencies acquired directly by the parent. The Group made reference to the cash generating ability of Radio Maisha and projected consistent revenue growth for the foreseeable future and assessed these as not impaired.

At the end of the year, the Group assessed the recoverable amounts of both its investments in trademarks and the frequency for impairment. The Group used reference to their cash generating ability and assessed the frequencies as not impaired. For trademarks, the assumption made was that they will continue to accrue commercial benefits in the foreseeable future.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 21. INVESTMENTS

### (a) Investment in subsidiaries (unquoted)

	Principal activity	Shareholding %	2021 KShs'000	2020 KShs'000
The Standard Limited	Dormant	100%	3,398	3,398
Baraza Limited	Broadcasting	51%	92	92
Agency Sales and Promotion Limited	Dormant	100%	2	2
Toads Media Group Limited	Leasing	100%	66,875	66,875
			<u>70,367</u>	<u>70,367</u>

The investments in the subsidiaries are carried at cost. Toads Media Group Limited holds the licence for the frequencies for Radio Maisha, which operates as a division of The Standard Group Plc. All subsidiaries above are incorporated in Kenya.

### (b) Other non current asset

The Group has an investment in a Special Purpose Vehicle (Lancia Digital Broadcast Limited) that holds a digital broadcasting license. The operations of the SPV are treated as a joint operation where the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The other non current asset effectively represents Standard Group Plc's share of the digital broadcasting licence.

At the end of the year, the Group assessed the recoverable amounts of its share of the digital broadcasting license for impairment, using reference to its cash generating ability and assessed it as not impaired.

## 22. INVENTORIES

### (a) Group

	2021 KShs'000	2020 KShs'000
Raw materials	77,631	131,614
Consumables	79,895	84,670
Broadcast programmes	880	7,915
	<u>158,406</u>	<u>224,199</u>
Inventories expensed during the year	422,865	471,172

### (b) Company

Raw materials (Newsprint, inks & plates)	77,631	131,614
Consumables	76,836	83,591
	<u>154,467</u>	<u>215,205</u>
Inventories expensed during the year	225,925	295,723

## 23. TRADE AND OTHER RECEIVABLES

Group	2021 KShs'000	2020 KShs'000
Trade receivables	2,220,376	2,151,317
Provision for expected credit losses	(956,359)	(1,161,427)
	1,264,017	989,890
Other receivables	34,756	31,562
Prepayments	23,524	21,915
	<u>1,322,297</u>	<u>1,043,367</u>

### Company

Trade receivables	1,757,677	1,686,668
Provision for expected credit losses	(744,981)	(887,522)
	1,012,696	799,146
Other receivables	28,328	19,547
Prepayments	23,669	21,915
	<u>1,064,693</u>	<u>840,608</u>

The movement in the provision for expected credit losses during the year is included under note 5(b).

## 24. SHARE CAPITAL

### (a) Ordinary shares

	2021 KShs'000	2020 KShs'000
<i>Authorised:</i>		
103,979,600 ordinary shares of KShs 5 each	<u>519,898</u>	<u>519,898</u>
<i>Issued and fully paid:</i>		
81,731,808 Ordinary shares of KShs 5 each	<u>408,654</u>	<u>408,654</u>

The holders of ordinary shares are entitled to receive dividends when declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Share premium	2021 KShs'000	2020 KShs'000
Share premium comprises:		
Ordinary shares at 31 December	<u>39,380</u>	<u>39,380</u>

Share premium arose when the shares of the company were issued at a price higher than the par value. There was no increase in share capital during the year.

### (b) Movement in fully paid ordinary shares

No. of shares	Share capital KShs'000	Share premium KShs'000	Total KShs'000
At 31 December 2021	81,731,808	408,654	39,380
			<u>448,034</u>
At 31 December 2020	81,731,808	408,654	39,380
			<u>448,034</u>

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 25. RESERVES

### (a) Capital redemption reserve

The redemption of the preference share capital was made through a transfer to a capital redemption reserve fund. The reserve is non-distributable.

### (b) Retained earnings

Retained earnings represent accumulated profits retained by the Group and company after payment of dividends to shareholders

## 26. NON-CONTROLLING INTERESTS

Baraza Limited is incorporated as a limited company in Kenya under the Kenya Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is as follows:

The Standard Group Centre  
Mombasa Road  
P.O. Box 30080 – 00100  
Nairobi.

The Company is a subsidiary of The Standard Group PLC, which is incorporated in Kenya  
The proportion of ownership interests held by non-controlling interests is 49%

	2021 KShs'000	2020 KShs'000
At 1 January	196,811	239,109
Share of results for the year	(7,356)	(42,298)
At 31 December	<u>189,455</u>	<u>196,811</u>

Set out below are the summarised financial information for Baraza Limited for which the non-controlling interest is material to the Group.

### Summarised financial information on subsidiary with material non-controlling interest

The summarised financial information below represents amounts before intragroup eliminations.

#### Baraza Limited

As at 31 December	2021 KShs'000	2020 KShs'000
Non-controlling interest	49%	49%
Assets	800,974	782,982
Liabilities	(414,334)	(381,327)
Net assets	<u>386,640</u>	<u>401,655</u>
Net assets attributable to NCI	<u>189,455</u>	<u>196,811</u>
Revenue	919,502	793,349
Expenses	(903,015)	(879,671)
Profit for the year	16,487	(86,322)
Total comprehensive income	<u>16,487</u>	<u>(86,322)</u>
Total comprehensive income attributable		
to non-controlling interest	(7,356)	(42,298)
Net cash inflow from operating activities	4,222	(10,731)
Net cash outflow from investing activities	(8,338)	(860)
Net cash outflow	(4,116)	(11,591)

## 27. RELATED PARTY BALANCES

### (a) Transactions with related parties

Group	2021 KShs'000	2020 KShs'000
Interest expense	8,250	460
Provisions	(30,638)	26,311
Amount payable to Standard Production Services Limited	<u>200,636</u>	<u>—</u>
	<u>178,248</u>	<u>26,772</u>
<b>Company</b>		
Administrative expense recharge to subsidiary	22,420	94,229
Interest expense	4,497	4,211
Provisions	(30,638)	<u>26,311</u>
Amount payable to Standard Production Services Limited	<u>200,637</u>	<u>—</u>
	<u>196,915</u>	<u>124,751</u>

The additional cost to leasehold land is part of the final settlement by Standard Group PLC to Standard Production Services Limited in relation to their contribution of development of the Standard Group premises. The directors resolved to fully compensate Standard Production Services Limited for their contribution towards the premises. The amounts are due and will accrue interest of Ksh. 16,999,907 per annum for each year it remains outstanding.

### (b) Due to related parties

The balances due to related parties are based on the following terms.

Group	Effective Interest rate %	2021 KShs'000	2020 KShs'000
The Standard Media Group Holdings			
Limited (common shareholding)	-	14,887	14,887
Trade World (K) Limited (shareholders)	8.0	8,432	7,895
Miller Trustees (shareholders)	8.0	62,196	54,483
Standard Production Services Ltd		<u>260,948</u>	<u>90,950</u>
		<u>346,463</u>	<u>168,215</u>
<b>Company</b>			
Standard Media Group Holdings Limited	-	14,887	14,887
Trade World (K) Limited	8.0	8,432	7,895
Miller Trustees Limited	8.0	62,196	58,236
Baraza Limited		259,053	236,633
The Standard Limited	-	10,590	10,590
Standard Production Services Ltd		<u>260,948</u>	<u>90,950</u>
		<u>616,106</u>	<u>419,191</u>

The current balances due to related parties are all denominated in Kenya shillings and are due on demand.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)  
 27. Related Party Balances (continued)

### (c) Key management compensation

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

	2021 KShs'000	2020 KShs'000
<i>Fees for services as a director</i>		
Non-executive director	11,725	7,575
<i>Other emoluments</i>		
Salaries and other short-term employment benefits:		
Executive director / key management		
Basic pay	24,863	21,938
Insurance	213	510
Gratuity	3,600	3,600
	<u>28,676</u>	<u>26,048</u>
	<u>40,401</u>	<u>33,263</u>

### (d) Interest expense

Interest on shareholder loan	<u>5,290</u>	<u>4,994</u>
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## 28. DEFERRED INCOME TAX ASSET

### (a) Group

Movement on the deferred income tax asset:	2021 KShs'000	2020 KShs'000
At 1 January	(431,839)	(346,800)
Deferred income tax credit - current year	51,197	(85,039)
At 31 December	<u>(380,642)</u>	<u>(431,839)</u>

The net deferred income tax asset is attributable to the following items;

	2021 KShs'000	2020 KShs'000
Property, plant and equipment	126,446	148,754
Other temporary differences	(294,362)	(361,312)
Unrealised exchange gains and losses	2,411	(2,738)
Lease liabilities	(20,594)	(16,693)
Right-of-use asset	47,852	14,057
Tax losses carried forward	<u>(242,396)</u>	<u>(213,907)</u>
At 31 December	<u>(380,642)</u>	<u>(431,839)</u>

**(b) Company**

The movement on the deferred income tax asset:

	2021 KShs'000	2020 KShs'000
At 1 January	(313,791)	(254,845)
Deferred income tax credit - current year	35,447	(56,149)
Effect of discontinued operations	—	(2,797)
At 31 December	<u>(278,344)</u>	<u>(313,791)</u>

Deferred tax (asset)/liability	2021 KShs'000	2020 KShs'000
Property, plant and equipment	137,676	155,007
Other temporary differences	(7,510)	(12,757)
Unrealised exchange loss	2,172	(2,148)
Provisions	(223,495)	(266,257)
Lease liabilities	(20,594)	(16,693)
Right-of-use-assets	47,852	14,057
Tax losses carried forward	<u>(214,445)</u>	<u>(185,000)</u>
Net deferred income tax asset	<u>(278,344)</u>	<u>(313,791)</u>

## 29. BORROWINGS

**(a) Group**

	Asset financing KShs'000	Term loans KShs'000	Overdrafts KShs'000	Supplier finance KShs'000	2021 Total KShs'000	2020 Total KShs'000
Current	24,481	705,956	198,147	276,121	1,204,705	835,139
Non current	—	—	—	—	—	<u>345,832</u>
	<u>24,481</u>	<u>705,956</u>	<u>198,147</u>	<u>276,121</u>	<u>1,204,705</u>	<u>1,180,961</u>
<b>Movement in the year:</b>						
Start of year	24,444	714,656	173,910	267,951	1,180,961	1,238,783
Additions	19,103	933,482	-	3,313,700	4,266,285	2,629,312
Interest expense	2,096	85,280	22,937	36,091	146,404	145,325
Movement in overdrafts	-	-	24,237	-	24,237	9,171
Interest repayment	(2,096)	(85,280)	(22,937)	(36,091)	(146,404)	(145,325)
Repayments	<u>(19,066)</u>	<u>(942,182)</u>	<u>—</u>	<u>(3,305,530)</u>	<u>(4,266,778)</u>	<u>(2,696,305)</u>
<b>At 31 December</b>	<b><u>24,481</u></b>	<b><u>705,956</u></b>	<b><u>198,147</u></b>	<b><u>276,121</u></b>	<b><u>1,204,705</u></b>	<b><u>1,180,961</u></b>

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 29. Borrowings (continued)

### (a) Group (continued)

#### Loan category per Financial Institution

At 31 December 2021:	Asset finance KShs'000	Term loans KShs'000	Supplier finance KShs'000	Overdrafts KShs'000	Total KShs'000
Stanbic Bank Kenya Limited	-	111,513	-	95,877	207,390
Stanbic Bank Kenya Limited (Short term)	-	65,937	-	-	65,937
NCBA Bank Plc-(Short term)	24,481	120,000	-	102,270	246,751
NCBA Bank Plc	-	408,506	-	-	408,506
NCBA Bank Supplier Finance	—	—	276,121	—	276,121
	24,481	705,956	276,121	198,147	1,204,705

#### At 31 December 2020:

Stanbic Bank Kenya Limited	4,040	188,185	-	87,507	279,732
Stanbic Bank Kenya Limited (Short term)	-	83,210	-	-	83,210
NCBA Bank Plc (Short term)	-	64,474	-	-	64,474
NCBA Bank Supplier finance	-	-	267,951	-	267,951
NCBA Bank Plc	20,404	378,787	—	86,403	485,594
	24,444	714,656	267,951	173,910	1,180,961

#### (b) Company

	Asset financing KShs'000	Term loans KShs'000	Supplier finance KShs'000	Overdrafts KShs'000	2021 Total KShs'000	2020 Total KShs'000
Current	24,481	705,956	276,121	167,380	1,173,938	808,476
Non current	—	—	—	—	—	345,832
	24,481	705,956	276,121	167,380	1,173,938	1,154,308
Movement in the year						
Start of the year	24,444	714,656	267,951	147,257	1,154,308	1,223,635
Additions	19,103	933,482	3,313,700	-	4,266,285	2,629,312
Interest expense	1,805	46,651	36,091	20,073	104,620	107,356
Movement in overdrafts	-	-	-	20,123	20,123	35,006
Interest repayment	(1,805)	(46,651)	(36,091)	(20,073)	(104,620)	(107,356)
Repayments	(19,066)	(942,182)	(3,305,530)	—	(4,266,778)	(2,733,645)
At 31 December	24,481	705,956	276,121	167,380	1,173,938	1,154,308

Notes to the financial statements for the year ended 31 December 2021 (continued)

29. Borrowings (continued)

(b) Company (continued)

Loan category per Financial Institution

At 31 December 2021:	Asset finance KShs'000	Term loans KShs'000	Supplier finance KShs'000	Overdrafts KShs'000	Total KShs'000
Stanbic Bank Kenya Limited	-	111,513	-	75,359	186,872
Stanbic Bank Kenya Limited (Short term)	-	65,937	-	-	65,937
NCBA Bank Plc (Short term)	24,481	120,000	-	92,021	236,502
NCBA Bank Supplier Finance			276,121		276,121
NCBA Bank Plc	—	408,506	—	—	408,506
	24,481	705,956	276,121	167,380	1,173,938

At 31 December 2020:	Asset finance KShs'000	Term loans KShs'000	Supplier finance KShs'000	Overdrafts KShs'000	Total KShs'000
Stanbic Bank Kenya Limited	4,040	188,185		68,198	260,423
Stanbic Bank Kenya Limited (Short term)	-	83,210		-	83,210
NCBA Bank Plc (Short term)	-	64,474		-	64,474
NCBA Bank Supplier Finance	-	-	267,951		267,951
NCBA Bank Plc	20,404	378,787	-	79,059	478,250
	24,444	714,656	267,951	147,257	1,154,308

The Group was not compliant with one of the bank covenants with respect to the bank borrowings as at 31 December 2021. The bank borrowings have therefore been classified under current liabilities as they are effectively payable on demand.

**(c) Facilities and securities**

The bank facilities are denominated in Kenya shillings with variable interest rates. The term loans and over drafts from the Group's bankers are utilised as follows;

**Year ended December 2021**

	NCBA Bank Plc KShs'000	Stanbic Bank KShs'000	Total KShs'000
Total facility	1,174,287	490,000	1,664,287
Utilisation	(948,820)	(297,059)	(1,245,879)
Available room	225,467	192,941	418,408
% Utilisation	81%	61%	75%

The increased utilisation is as a result of the funds used in the business transformation project, with the converged newsroom.

	NCBA Bank Plc KShs'000	Stanbic Bank KShs'000	Total KShs'000
Total facility	1,174,287	490,000	1,664,287
Utilization	(582,580)	(368,286)	(950,866)
Available room	591,707	121,714	713,421
% Utilisation	50%	75%	57%

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

29. Borrowings (continued)

(c) Facilities and securities (continued)

The bank facilities are denominated in Kenya shillings with variable interest rates. The term loans and overdrafts for both NCBA Kenya Plc and Stanbic Bank Kenya Limited are secured as follows:

	2021 NCBA Bank KShs '000	2020 NCBA Bank KShs '000
Joint and several debentures	890,000	890,000
Joint and several debentures	110,000	110,000
Legal charge on property (LR. 209/18213)	890,000	890,000
	Stanbic Bank KShs '000	Stanbic Bank KShs '000
Joint and several debentures	490,000	490,000
Legal charge on property (LR. 209/18213)	490,000	490,000

## Corporate guarantees

	2021 NCBA Bank KShs '000	2020 NCBA Bank KShs '000
Baraza Limited	890,000	890,000
Toads Limited	110,000	110,000
	Stanbic Bank KShs '000	Stanbic Bank KShs '000
The Standard Group Plc	25,000	25,000
Baraza Limited	877,000	877,000
The Standard Limited	25,000	25,000

Further to the above securities;

- i. The banks have executed an inter-lenders agreement between the two banks and the borrower, ranking each bank parri passu.
- ii. Asset finance loans are guaranteed on deed of agreement on assignment of all the right of the assets to the financier.

## (d) Effective Interest rates

The effective interest rates on the borrowings for Asset financing, Term loans and Overdraft were as follows:

### Year ended 31 December 2021

Stanbic Bank Kenya Limited	CBR (8.90%) + Bank's Margin (4%)= 12.90%
NCBA Bank Kenya Plc	CBR(8.90%)+ Bank's Margin (3.35%)= 12.25%

### Year ended 31 December 2020

Stanbic Bank Kenya Limited	CBR (8.90%) + Bank's Margin (4%)= 12.90%
NCBA Bank Kenya Plc	CBR (8.90%) + Bank's Margin (3.35%)= 12.25%

## 30. TRADE AND OTHER PAYABLES

### (a) Group

	2021 KShs'000	2020 KShs'000
Trade payables	944,375	871,499
Other payables and accrued expenses	500,057	373,557
Provisions for liabilities	222,527	240,103
Value Added Tax payable	<u>21,114</u>	<u>45,283</u>
	<u>1,688,073</u>	<u>1,530,442</u>

Movement of Provision	2021 KShs'000	2020 KShs'000
At start of year	240,103	251,976
Utilised in the year	(17,576)	(11,873)
At end of year	<u>222,527</u>	<u>240,103</u>

### (b) Company

	2021 KShs'000	2020 KShs'000
Trade payables	681,664	635,481
Other payables and accrued expenses	417,189	308,978
Provisions liabilities	193,727	205,123
Value Added Tax payable	<u>11,933</u>	<u>26,185</u>
	<u>1,304,513</u>	<u>1,175,767</u>

Movement of Provision	2021 KShs'000	2020 KShs'000
As at 1 January	205,123	219,751
Utilised in the year	(11,396)	(14,628)
At end of year	<u>193,727</u>	<u>205,123</u>

## 31. EMPLOYEE BENEFITS

### (a) Pension

The Group contributes to a pension plan established for the benefit of its employees. The pension plan is a defined contribution scheme, whereby the Group matches contributions to the fund made by employees up to 7.5% of the employee's pensionable salary.

During the year the Group temporarily suspended contributions in cognizance of changes in the operating environment.

### (b) Gratuity

Senior management staff on a fixed term contract are entitled to gratuity payments from the company at a rate of 15% for every year worked. The company contributes the monies to a defined contribution plan.

The assumptions made are that all the employees will reach the end of the contract period and that there will be no decrease in salaries paid over the duration of the contracts. Due to the short term nature of the contracts the impact on discounting will be very limited.

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 32. NOTES TO THE STATEMENT OF CASH FLOWS

### (i) Group

(a) Reconciliation of loss before tax to cash generated from operations	Notes	2021 KShs'000	2020 KShs'000
Loss before tax			
Continuing operations		(21,959)	(434,430)
Discontinued operations		-	47,763
Adjustments for:			
Depreciation – property, plant and equipment	17(a)	202,036	228,874
Right of use asset depreciation	19(a)	31,199	56,851
Amortisation - intangible assets	20(a)	29,315	40,638
Amortisation – leasehold land		1,633	1,632
Gain on sale of plant and equipment		(3,249)	(53,469)
Loss on write off of plant and equipment		148	1,117
Disposal of right of use asset		7,413	-
Intangible asset write off	20(a)	17,250	-
Interest expense	13	162,825	164,362
Operating profit before tax before working capital changes		426,611	53,338

### Changes in working capital

Transfer of lease to trade payables		9,526	(18,653)
Inventories	22(a)	65,793	(6,742)
Trade and other receivables	23(a)	(278,930)	17,343
Trade and other payables	30(a)	157,633	270,481
Related party balances		(22,389)	460
Cash generated from operations		358,244	316,227

### (b) Cash and cash equivalents

	2021 KShs'000	2020 KShs'000
Bank and cash balances	8,320	14,345
Bank overdraft	(198,147)	(173,910)
	(189,827)	(159,565)

### Net debt reconciliation

	2021 KShs'000	2020 KShs'000
Cash and cash equivalents	8,320	14,345
Liquid Investments		
Borrowings (including overdraft)	(1,204,705)	(913,010)
Lease liabilities	(68,648)	(55,644)
Net debt	(1,127,737)	(954,309)

Notes to the financial statements for the year ended 31 December 2021 (continued)  
 32. Notes to the statement of cash flows (continued)

(ii) Company

(a) Reconciliation of loss before tax to cash generated from operations		Notes	2021 KShs'000	2020 KShs'000
<b>Loss before tax</b>				
Continuing operations			(22,696)	(322,019)
Discontinued operations			-	47,763
Adjustments for:				
Depreciation – property, plant and equipment	17(b)		167,131	179,693
Right of use asset depreciation	19(a)		31,199	56,851
Amortisation - intangible assets	20(b)		21,161	32,472
Gain on sale of plant and equipment			(3,370)	(53,469)
Loss on write off of plant and equipment	13		148	1,117
Intangible asset write off	20(b)		17,250	-
Disposal of right of use asset			7,413	-
Amortisation – leasehold land			1,633	1,632
Interest expense			<b>121,041</b>	<b>126,394</b>
Operating profit before tax before working capital changes			<b>340,910</b>	<b>70,434</b>

**Changes in working capital**

Transfer of lease to trade payables		9,526	(18,653)
Inventories	22(b)	60,738	(2,122)
Trade and other receivables	23(b)	(224,085)	(50,792)
Trade and other payables	30(b)	128,747	228,769
Related party balances		(3,722)	<b>98,439</b>
Cash generated from operations		<b>312,114</b>	<b>326,075</b>

(b) Cash and cash equivalents		2021 KShs'000	2020 KShs'000
Bank and cash balances		8,120	14,143
Bank overdraft		(167,380)	(147,257)
		<b>(159,260)</b>	<b>(133,114)</b>

Net debt reconciliation		2021 KShs'000	2020 KShs'000
Cash and cash equivalents		8,120	14,143
Liquid Investments			
Borrowings		(1,173,938)	(913,010)
Lease liabilities		(68,648)	(55,644)
Net debt		(1,234,466)	(954,511)

# THE STANDARD GROUP PLC

Notes to the financial statements for the year ended 31 December 2021 (continued)

## 33. DISCONTINUED OPERATION

### (a) Description

The group sold its investment Outdoor Media Services, its billboard advertising outfit operating under our print business segment. Outdoor Media Services was acquired in 2011 after which it ceased to be operationally viable. The Board of directors thereby took the decision to dispose of the business on 31 October 2020. This led to an adjustment of the carrying amounts of its assets, liabilities and related expenses. Retrospective application of the change was therefore necessary to enhance comparability and consistency in the analysis of the financial statements.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below

### (b) Financial performance

The financial income statement information is for ten months ended 31 October 2020

	2020 Ksh '000
Revenue	7,918
Expenses	(19,107)
Loss before income tax	(11,189)
Income tax credit	2,797
Loss after income tax of discontinued operation	(8,392)
Gain on disposal of assets ( net income tax) (See ((c))below	58,952
Net gain from discontinued operations	<u>50,560</u>
Net cash inflow from operating activities	4,672
Net cash inflow from investing activities	55,000
Net cash inflow from financing activities	—
Net increase in cash generated by the Subsidiary	<u>59,672</u>

### (c) Details of the Sale of Subsidiary

	2020 Ksh '000
Total disposal cash consideration	55,000
Carrying amount of net liabilities sold	3,952
<b>Gain on sale before income tax</b>	58,952
Income tax expense on gain	—
<b>Gain on disposal of assets ( net income tax)</b>	<u>58,952</u>
Property, plant and equipment	7,095
Trade creditors	(11,047)
Net liabilities	(3,952)

## 34. CAPITAL COMMITMENTS

	2021 KShs'000	2020 KShs'000
Authorised and contracted for	52,787	87,599
Authorised but not contracted for	181,211	234,366
	<u>233,998</u>	<u>321,965</u>

Capital commitments mainly relate to acquisition of new equipment and expansion of radio and television reach

### 35. CONTINGENT LIABILITIES

As at 31 December 2021, the Group had outstanding contingent liabilities amounting to KShs 527,322,000 (2020; KShs 524,150,000) in respect of on-going litigation mainly relating to libel charges arising in the normal course of business. A total of KShs 164,473,156 (2020; KShs 187,881,999) has been provided for by the Group to cover both the balance and the cost of professional legal services. This provision is included in Note 30.

Legal opinions obtained from the Group's advocates show that no additional liability will arise from contingent liabilities that have not been provided for.

As at 31 December 2021, the Group had contingent assets held in Joint Interest accounts amounting to KShs 49,218,922 (2020; KShs 3,000,000) in respect of on-going litigation mainly relating to libel cases that are pending hearing and determination after an appeal has been raised by the group.

## Notice of the 104 Annual General meeting

**NOTICE** is hereby given that the One Hundredth and Fourth (104) Annual General Meeting of the shareholders of The Standard Group PLC ("the Company") shall be held via electronic communication on **Tuesday, 12 July 2022 at 11.00 a.m.** to transact the business set out below:

### 1. CONSTITUTION OF THE MEETING

To read the notice convening the meeting and determine if a quorum is present.

### 2. ORDINARY BUSINESS:

- (a) To receive, consider and if thought fit, adopt the audited Consolidated Financial Statements for the year ended 31 December 2021 together with the reports of the Chairman, the Group Chief Executive Officer and the Auditors' thereon.
- (b) To note that the Directors do not recommend payment of a Dividend for the year ended 31 December 2021.

#### (c) Election of Directors:

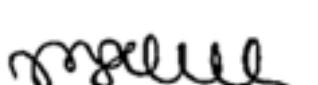
- (i) In accordance with Article 101 of the Company's Article of Association, the following Directors retire by rotation, and being eligible, offer themselves for re-election as Directors of the Company: **Ms. Zehrabanu Janmohamed, Dr. Githinji Gitahi and Ms. Juliana Rotich.**
- (ii) **Mr. Robin Sewell and Dr. James Boyd Mcfie** having attained the age of seventy years, retire in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and being eligible, offer themselves for re-election as Directors of the Company.
- (iii) Pursuant to the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Finance & Audit Committee, be elected to continue to serve as members of the said Committee: **Dr. Githinji Gitahi, Mr. Shaun Zambuni, Ms. Juliana Rotich, Dr. Julius Kipngetich and Dr. James Boyd Mcfie.**

- (d) To approve the remuneration of the Directors and Directors Remuneration Report for the year ended 31 December 2021.
- (e) To re-appoint PwC Kenya to continue in office as the Company's External Auditors for the ensuing financial year by virtue of Section 721(2) of the Companies Act 2015 and to authorize the Directors to fix their remuneration.

### 3. ANY OTHER BUSINESS

To transact any other business of the Company for which due notice has been received

BY ORDER OF THE BOARD



MILlicent Ng'ETICH  
COMPANY SECRETARY

Date: 20 June 2022



## NOTES:

1. The Standard Group PLC has convened and is conducting this virtual annual general meeting pursuant to Article 56 of the Company's Articles of Association.
2. Any Shareholders wishing to participate in the meeting should register for the AGM by dialing **\*483\*451#** on all mobile networks and follow the various prompts on the registration process. Shareholders will not incur any cost for such registration.
3. To complete the registration process, shareholders will be required to have their ID/Passport Number used to purchase share(s) and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: (+254) 709 170 000 from 9:00 a.m. to 3:00 p.m. from Monday to Friday. Any shareholder domiciled outside Kenya can dial the helpline number or send an email to Image Registrars via [info@image.co.ke](mailto:info@image.co.ke) providing their details i.e. Name, Passport/ID No, CDS No and Mobile telephone number requesting to be registered. Image Registrars shall register the shareholder and send them an email link once registered.
4. Registration for the AGM opens on Monday, 20 June 2022 at 9:00 a.m. and will close on Sunday, 10 July 2022 at 11:00 a.m. Shareholders will not be able to register after this time.
5. The following documents may be viewed on the Company's website <http://www.standardmedia.co.ke/corporate/investors> (i) a copy of this Notice and the Proxy Form; (ii) and the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2021.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so on or before Sunday, 10 July 2022 at 5:00 p.m. by:
  - (a) sending their written questions by email to [agm@standardmedia.co.ke](mailto:agm@standardmedia.co.ke); or
  - (b) to the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at The Standard Group Centre, along Mombasa Road, or to Image Registrars offices at 5<sup>th</sup> floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
  - (c) sending their written questions with a return physical address or email address by registered post to the Company's registered address at P. O. Box 30080-00100, Nairobi or Image Registrars at P. O. Box 9287-00100, Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and or clarifications.

The Directors of the Company shall provide written responses to the questions received, via the return address (physical, postal or email) provided by the Shareholder no later than 12 hours before the start of the AGM. A full list of all questions received and the answers thereto will also be published on the Company's website not later than 12 hours before the start of the general meeting.

6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. Such proxy need not be a member of the Company.
7. A proxy form is attached to this Notice and is available on the Company's website via the link: <http://www.standardmedia.co.ke/corporate/investors>. The proxy form can also be obtained from Image Registrars Limited offices, 5<sup>th</sup> Floor Absa Towers (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to [info@image.co.ke](mailto:info@image.co.ke) or delivered to Image Registrars Limited, 5<sup>th</sup> Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 - 00100 GPO, Nairobi, so as to be received not later than Sunday, 10 July 2022 at 11:00 a.m. Any person appointed as a proxy should submit their mobile telephone number to the Company not later than Sunday, 10 July 2022 at 11:00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned not later than Monday, 11 July 2022, to allow time to address any issues.
8. The AGM will be streamed live via a link which shall be provided to all shareholders who will have successfully registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in an hour and provide a link to the live stream. By registering to attend the AGM, a Shareholder opts in to receive these messages.
9. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform, access the agenda and vote (when prompted by the chairman) via the USSD prompts or via the vote tab on the livestream link.
10. A poll shall be conducted for all the resolutions put forward in the Notice.
11. Results of the AGM shall be published on the Company's website <http://www.standardmedia.co.ke/corporate/investors> within 24 hours following conclusion of the AGM.

## Proxy Form

**The Company Secretary**

**The Standard Group PLC**

**P.O. Box 30080 - 00100**

**NAIROBI, KENYA**

I/WE.....

of mobile number .....and of P. O Box .....

Email address .....

CDS Account Number ..... Number of Shares held ..... being a shareholder(s) of **THE STANDARD GROUP PLC** hereby appoint:

Name: .....

of mobile number ..... and of P. O. Box .....

National ID/Passport No.....or failing him/her, the Chairman of the meeting as my/our proxy, to vote for my/our behalf at the Virtual Annual General Meeting (AGM) to be held electronically on **Tuesday, 12 July 2022 at 11.00 a.m.** or any adjournment thereof.

I/We direct my/our proxy to vote on the following resolutions as I/We have indicated by marking the appropriate box with an "X". If no indication is given, my/our proxy will vote or withhold his/her vote at his/her discretion and I/We authorize my/our proxy to vote (or withhold his/her vote) as he/she thinks fit in relation to any other matter which is properly put before the Meeting.

As witness my/our hand/s this..... day of.....2022

.....  
Signature(s)

**Please clearly mark the box below to instruct your proxy how to vote**

NO.	RESOLUTION:	FOR	AGAINST	WITHHELD
1.	To receive, consider and if thought fit, adopt the audited Consolidated Financial Statements for the year ended 31 December 2021 together with the reports of the Chairman, the Group Chief Executive Officer and the Auditors' thereon.			
	Election of Directors:			
2.	In accordance with Article 101 of the Company's Article of Association, the following Directors retire by rotation, and being eligible, offer themselves for re-election as Directors of the Company: Ms. Zehrabanu Janmohamed, Dr. Githinji Gitahi and Ms. Juliana Rotich.			
3.	Mr. Robin Sewell and Dr. James Boyd Mcfie having attained the age of seventy years, retire in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and being eligible, offer themselves for re-election as Directors of the Company.			
4.	Pursuant to the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Finance & Audit Committee, be elected to continue to serve as members of the said Committee: Dr. Githinji Gitahi, Mr. Shaun Zambuni, Ms. Juliana Rotich, Dr. Julius Kipngetich and Dr. James Boyd Mcfie.			
5.	To approve the remuneration of the Directors and Directors Remuneration Report for the year ended 31 December 2021.			
6.	To re-appoint PwC Kenya to continue in office as the Company's External Auditors for the ensuing financial year by virtue of Section 721(2) of the Companies Act 2015 and to authorize the Directors to fix their remuneration.			

## Electronic Communications Preference Form

**Full Name of Proxy (s):** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

**Mobile Number :**

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

Please tick **ONE** of the boxes below and return to Image Registrars at P.O. Box 9287-00100 Nairobi or 5<sup>th</sup> floor, Absa Towers (formerly Barclays Plaza), Loita Street:

### Approval of Registration:

I/WE approve to register to participate in the virtual Annual General Meeting to be held on Tuesday, 12 July 2022.

### Consent for use of the Mobile Number provided:

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM

### Notes:

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to participate and vote at the Virtual AGM of the Company. You can only appoint a proxy using the procedures set out hereunder and/or in the notes to the AGM Notice.
2. Appointment of a proxy does not preclude you from participating in the meeting and voting in person. If you have appointed a proxy and participate in the meeting in person and vote, your proxy appointment will automatically be terminated
3. To be valid, the proxy form should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to **Image Registrars, 5<sup>th</sup> Floor Absa Towers (formerly Barclays Plaza), Loita Street and address P.O. Box 9287-00100, Nairobi, or emailed to [info@image.co.ke](mailto:info@image.co.ke) not later than 11.00 am on Sunday, 20 June 2021 or, in the case of a poll taken subsequent to the date of the meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the meeting or adjourned meeting.**
4. A proxy form must be in writing and in case of an individual shall be signed by the Shareholder and in the case of a body corporate, the proxy form must be either under its common seal or the hand of an officer or duly authorized attorney of such corporate body.
5. A "vote withheld" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

# FACE FACTS



**Zubeida Koome**

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