STANDARD GROUP
bringing your world to you.

Annual Report & Financial Statements
for the Year Ended 31 December **2020**

Transformation & Convergence, Redesign, Innovation and Culture


The Standard
Ruto, Oparanya in secret night talks
Kenya, IMF in tussle over employment figures
Sports, sex and scandal
'They took my kidney'

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Directors and Statutory Information

DIRECTORS	Robin Sewell* - **Chairman** Dr. Julius Kipngetich - **Deputy Chairman** Orlando Lyomu - **Group Chief Executive Officer** Juliana Rotich Zehrabanu Janmohamed Dr. Evanson Gitahi Dr. James Mcfie Shaun Zambuni* Christopher Kulei - Appointed effective 14 July 2020 Samuel L. Tiampati - Resigned effective 3 April 2020 ** British*
COMPANY SECRETARY	**Millicent Ng'etich** Certified Public Secretary (Kenya) The Standard Group Centre Mombasa Road P.O Box 30080 - 00100, Nairobi.
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	**The Standard Group Centre** Mombasa Road P.O Box 30080 - 00100, Nairobi.
AUDITOR	**PricewaterhouseCoopers LLP** Certified Public Accountants of Kenya PwC Towers Waiyaki Way P.O Box 43963 - 00100, Nairobi.
LEGAL ADVISORS	**TripleOKLaw Advocates LLP** ACK Garden House, 5 Floor, First Ngong Avenue P.O Box 43170 - 00100, Nairobi.
BANKERS	**Stanbic Bank Kenya Limited** Stanbic Bank Centre Westlands Road, Chiromo P.O Box 72833 - 00200, Nairobi.
	NCBA Bank Kenya PLC NCBA Centre Upperhill Mara Rd, P.O Box 44599 - 00100, Nairobi.
	Kenya Commercial Bank Kenya Limited Moi Avenue P.O Box 48400 - 00100, Nairobi.
COMPANY REGISTRARS	**Image Registrars Limited** Absa Towers (formerly Barclays Plaza) 5 Floor, Loita Street P.O Box 9287 - 00100, Nairobi.

Strategy Report

PURPOSE
To inspire lives through media and entertainment.

VISION
Voice of society.

MISSION
Disseminate media content that provides a voice to society.

The Standard Group PLC successfully initiated the business transformation with the Newsroom and Commercial convergence. The Group unveiled an ultra-modern newsroom at its Mombasa Road Headquarters and subsequently redesigned the flagship brand The Standard newspaper, giving it a modern, uniform look across all platforms.

The outcome of the convergence through this business transformation process will be superior, accurate and data-based journalism that will enhance audience engagement. The consumers will be offered unique customer experience, competitively priced quality products and service.

To further buttress gains in news gathering and dissemination, KTN News will be modernized.

The Group's modern audio visual radios, Spice FM and Vybez Radio, dominated the agenda-setting space.

A culture audit is underway to ensure that appropriate behavior as part of the process of building a robust foundation for an agile and courageous workforce for a digital-first media house.

The events space adapted to the Covid-19 environment with virtual events taking center-stage.

We continue to pursue our core purpose to inspire lives through media and entertainment, with our vision being the voice of society. Our core values - Achievement, Agility, Courage, Excellence and Innovation - continue to build a distinct culture for the future.

Chairman's Statement

Together, we can build a brighter future

I am pleased to present the Annual Report and Audited Financial results for the year ended 31 December 2020.

Economy

The COVID-19 pandemic meant the year was challenging not just for the country but the whole world. Kenya confirmed its first case in March 2020 and since then, the virus has ravaged the country with more than 96,000 cases being recorded by the end of 2020. The pandemic led to higher inflation, increased the cost of doing business and reduced customer demand due to diminished spending power.

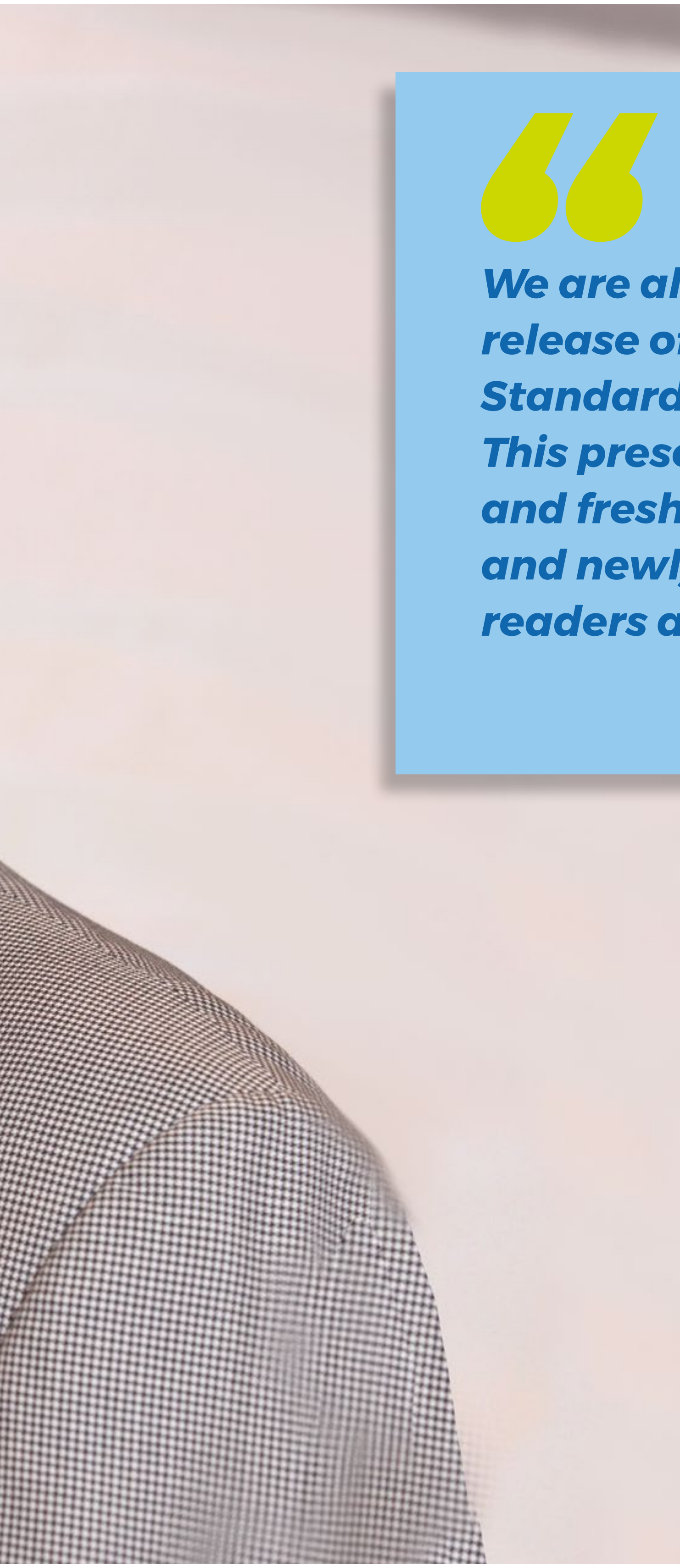
The precautionary measures introduced by the government to minimise the spread of the virus such as restrictions on movement, the nationwide curfew and the temporary banning of international travel hit business operations in most sectors of the economy. To mitigate the cost increases to businesses and individuals hit by the economic fallout, the government put in place tax and monetary reliefs such as the reduction of the Central Bank Rate (CBR) by 100 basis points and the reduction of the Cash Reserve Ratio (CRR) by 100 basis points releasing more than Kshs 35 billion additional liquidity into the economy.

The Media Industry

The Media Industry in Kenya is currently going through a great transformation and requires new and innovative business models to remain relevant. Radio remains the most popular medium with nearly 200 licensed stations of which a large number broadcast in local languages. The migration to digital television transmission significantly increased the number of TV stations. The rapid growth of mobile phones is also responsible for the penetration and consumption of internet based online news.

Readership of the printed daily newspaper, declined even further as a result of the economic slow-down resulting

ROBIN SEWELL
CHAIRMAN



> ***We are also excited with the release of the relaunched "The Standard" newspaper in April 2021. This presents new opportunities and fresh ideas from our journalists and newly redesigned space for our readers and advertisers.***

from the COVID-19 pandemic. Sales of the English daily newspaper reduced from 87.1 million to 77.9 million while the Kiswahili daily newspaper reduced from 4.5 million to 3.9 million. The number of online readers has, however, continued to increase reflecting the change in consumer preferences.

The Group continues to adapt its business model to reflect consumer preferences such as growing its digital online newspaper offerings. This should ensure that the business overcomes the effects of the pandemic and that our products are continuously focused on meeting changing customer needs.

The task of the media is to deliver news and information to enable society to make decisions relating to their lives. The Group continues to serve this duty through its mission of disseminating media content and providing a voice to society.

The Board

The Board continues to develop the Group's strategy of focusing on being a "digital first" company in meeting the needs of our current and future markets. Through regular meetings, the Board is ensuring the implementation of the Group's 5-year Strategic

Chairman's Statement (Continued)

The Board (Continued)

Plan. This requires proper governance, operational efficiency and, where necessary, making appropriate amendments.

Having achieved most of the deliverables of the last 5-year Strategic Plan, which was expected to run to the end of 2022, we will shortly be formulating a new 3-year strategy.

Our Strategy

The Group's strategy is focused on expanding into new markets, stringent cost control, refreshing existing products and developing new niche products through horizontal diversification and vertical value addition to ensure customer satisfaction, which in turn should lead to improved revenue and stakeholder returns.

During the year, the Group embarked on a major business transformation project. The separate units gathering news for the newspaper, television, radio and online platforms are being converged into one unified news gathering and content processing hub resulting in synergy in our operations.

The Group continues to focus its efforts on growing our digital products to supply changing customer demands and take advantage of technological advances and we have invested in management tools and training that ensure we not only attract but retain the right talent to deliver this. We constantly strive to produce high quality content to allow all our divisions to publish timely and authoritative information but with emphasis on the digital platforms as the organization seeks to reach its 'Digital First" targets.

We were also excited and encouraged with the reception of the relaunched "The Standard" newspaper in April 2021. This is presenting new opportunities and generating fresh ideas from our journalists and providing a new attractively redesigned space for our readers and advertisers.

The Group's purpose continues to be that we remain at the top of the media industry as both a trusted source of information and provider of entertainment, and we are committed to remain true to our mission of providing a "voice to society".

Outlook

During a year when the business environment resulted in customers becoming more conservative in their advertising spend, both print and broadcast revenue streams declined compared to prior years. Growth prospects for not only the Kenyan but the global economies remain uncertain. While there is optimism due to a gradual pick up in business activity, there is concern about the effect of the anticipated increase in political activity, the high cost of raw materials/inputs and the continued possibility of a fourth wave of the COVID-19 pandemic.

Whilst clearly COVID-19 will continue to affect the global economy for some time, the development and distribution of the various vaccines will allow the gradual reopening of the economy and businesses around the world will adapt to the new "normal". We, therefore, remain optimistic that we can achieve our goals through the convergence of our news gathering systems, continual innovation of our strong products, retaining and motivating our skilled workforce, strict cost control and expansion into new markets.

Share price and market capitalization

As at 31 December 2020 the Group had a total of 81.7 million shares in issue with a market capitalization of KShs 1.8 billion, compared to KShs 2.3 billion at the same time in 2019. The decline is due to the reduction in our share price largely resulting from the impact on our business of the COVID-19 pandemic.

Dividends

The Board does not recommend a dividend for the year given the challenging operating environment we have had.

Acknowledgment

I take this opportunity to welcome Mr. Christopher Kulei, the newest member of the board. Mr. Kulei will be serving as a non-executive director and will be a member of the Human Resources and Remuneration Committee and the Editorial Committee. We wish him every success in his new position.

The Board particularly wishes to acknowledge and thank its management and staff for their outstanding efforts and its readers, viewers, listeners, consumers of our other media products and our business partners for their continued and invaluable support during this difficult period. The Board is pleased to note the great progress made with the roll out of the COVID-19 vaccine in Kenya and now looks forward to a period of growth and economic recovery both in the country and in the business of the Group.

Thank you.

Robin Sewell
Chairman

Pamoja, tunaweza kujenga maisha bora ya baadaye

'Tunafurahia pia kutolewa kwa gazeti lililofanyiwa mabadiliko la "The Standard" mnamo Aprili 2021. Hii inatoa fursa mpya na mawazo mapya kutoka kwa wanahabari wetu na jukwaa lililoundwa upya kwa wasomaji na watangazaji biashara wetu. '

Nina furaha kuwasilisha Ripoti ya Kila Mwaka ya Matokeo ya Fedha yaliyokaguliwa kwa mwaka uliokamilika Disemba 31, 2020.

Uchumi

Janga la COVID-19 liliufanya mwaka kuwa wenye changamoto si tu kwa nchi bali dunia nzima. Kenya ilithibitisha maambukizi ya kwanza Machi 2020 na tangu hapo, virusi vimeathiri nchi ambapo zaidi ya maambukizi 96,000 yameripotiwa kufikia mwisho wa mwaka 2020. Janga lilichangia mfumuko, kuongeza gharama ya kufanyia biashara na kupunguza mahitaji miongoni mwa wateja kutokana na kupungua kwa uwezo wao wa matumizi ya fedha.

Hatua za tahadhari zilizotolewa na serikali ili kupunguza kuenea kwa virusi kama vile vikwazo vya usafiri, amri ya kutokuwa nje kote nchini na marufuku ya muda ya safari za kimataifa ziliathiri shughuli za biashara katika sekta nyingi za kiuchumi. Ili kupunguza ongezeko la gharama kwa biashara na athari za kiuchumi kwa Wakenya, serikali ilitekeleza punguzo la kodi na usaidizi wa kifedha kama vile kupunguza Kiwango cha Benki Kuu ya Kenya (CBR) kwa misingi ya pointi 100 na upunguzaji wa Wiano la Hifadhi ya Fedha (CRR) kwa misingi ya pointi 100 huku ikitoa nyongeza ya zaidi ya shilingi bilioni 35 kwa uchumi.

Sekta ya Habari

Sekta ya habari nchini Kenya kwa sasa inapitia mabadiliko makubwa na inahitaji mifumo mipya na ya kibunifu ya kibiashara ili kudumisha uhitaji. Redio inasalia kuwa chombo maarufu zaidi huku vikiwapo takribani vituo 200 vyenye leseni ambapo vingi hutangaza kwa lugha za kiasili. Uhamiaji wa mfumo wa kidijitali wa runinga kwa kiasi kikubwa uliongeza idadi ya vituo vya runinga. Ukuaji wa haraka wa matumizi ya rununu pia umechangia usambaaji na ufuatiliaji wa habari za mitandaoni.

Usomaji wa gazeti la kila siku, ulipungua hata zaidi kwa sababu ya kushuka kwa ukuaji wa uchumi kutokana na janga la COVID-19. Mauzo ya gazeti la kila siku la Kiingereza yalipungua kutoka milioni 87.1 hadi milioni 77.9 huku ya gazeti la kila siku la Kiswahili yakipungua kutoka milioni 4.5 hadi milioni 3.9. Idadi ya wasomaji mitandaoni, hata hivyo, iliendelea kuongezeka ikionyesha mabadiliko kuhusu yale yanayopendelewa na wateja.

Kampuni inaendelea kufanyia mabadiliko mifumo yake ya biashara kuendana na yale yanayopendelewa na wateja kama vile kuongeza machapisho ya gazeti la mtandaoni. Hii inapaswa kuhakikisha kuwa biashara inakabili athari za janga hilo na kwamba bidhaa zetu zinaendelea kulenga kukidhi mahitaji ya wateja yanayobadilika.

Kazi ya vyombo vya habari ni kutoa taarifa na habari ili kuiwezesha jamii kufanya maamuzi yanayohusiana na maisha yao. Kampuni inaendelea kutekeleza wajibu huu kupitia malengo yake ya kuwasilisha habari na kuwa sauti ya jamii.

Taarifa ya Mwenyekiti (Inaendelezwa)

Bodi

Bodi inaendelea kubuni mkakati wa kuwa Kampuni ambayo kipaumbele chake ni dijitali katika kuafikia mahitaji ya sasa na ya baadaye ya masoko. Kupitia mikutano ya mara kwa mara, bodi inahakikisha kuna utekelezaji wa Malengo ya Kimkakati ya Miaka 5 ya Kampuni. Hii inahitaji usimamizi bora, ufanisi wa kiutendaji na, inapobidi, kufanya marekebisho yanayofaa.

Baada kuafikia malengo mengi ya Kimkakati ya Miaka 5, ambayo yalitarajiwa kuendelea hadi mwisho wa 2022, hivi karibuni tutakuwa tukibuni mkakati mpya wa miaka 3.

Mkakati wetu

Mkakati wa Kampuni unalenga kujitanua hadi katika masoko mapya, udhibiti wa hali ya juu wa gharama, kubuni upya bidhaa zilizopo na kuanzisha bidhaa mpya na maalumu kupitia upanuzi mlalo na nyongeza wima ya thamani ili kuhakikisha wateja wanaridhika, ambapo hatima yake ni kuboresha mapato na faida kwa washikadau.

Katika mwaka huo, Kampuni ilianzisha mradi wa mageuzi makuu ya biashara. Vitengo tofauti tofauti vinavyokusanya habari kwa ajili ya gazeti, runinga, redio na majukwaa ya mtandao vinajumuishwa kuwa kitovu kimoja cha ukusanyaji habari na kuchangia ushirikiano katika shughuli zetu.

Kampuni inaendelea kulenga juhudi za ukuzaji wa majukwaa yetu ya kidijitali kutosheleza mahitaji yanayobadilika ya wateja na kutumia vyema maendeleo ya kiteknolojia na tumewekeza katika zana za usimamizi na mafunzo ambayo yanahakikisha kuwa si tu kwamba tunavutia bali pia kudumisha talanta zinazofaa ili kutimiza hili. Daima tunajitahidi kuzalisha habari za viwango vya juu ili kuruhusu vitengo vyetu vyote kuchapisha au kupeperusha habari zinazoendana na wakati na za kuaminika huku Kampuni ikipania kuafikia lengo lake la kufanya dijitali kipaumbele.

Pia tuna furaha na msukumo kutokana na kupokelewa vyema kwa gazeti la "The Standard lililozinduliwa Aprili 2021. Inatoa fursa mpya na kuzalisha mawazo mapya kutoka kwa wanahabari wetu na kuwapa wasomaji wetu na wanaotangaza biashara jukwaa jipya lililofanyiwa mabadiliko.

Lengo la Kampuni linasalia lile la kuzidi kuongoza sekta ya habari kwa kuwa kitovu cha habari za kuaminika na burudani, na tumejitolea kuendelea kutimiza malengo yetu ya kuwa "Sauti ya jamii".

Matarajio

Katika kipindi cha mwaka ambapo mazingira ya kufanyia biashara ilisababisha wateja kutotaka zaidi kutumia fedha kwa matangazo ya biashara, mapato ya vitengo vya gazeti na matangazo yalishuka kulinganishwa na miaka ya awali. Matarajio ya ukuaji sio tu kwa uchumi wa Kenya bali kimataifa bado hayatabiriki. Ingawa kuna matumaini kutokana na kuanza kuimarika kwa shughuli za biashara, kuna wasiwasi kuhusu athari zinazotarajiwa za kuongezeka kwa shughuli za kisiasa, gharama ya juu za malighafi/ pembejeo na ongezeko la viwango vya maambukizi ya awamu ya nne ya janga la COVID-19.

Huku ikiwa wazi kwamba COVID-19 itaendelea kuathiri uchumi wa dunia kwa muda, utengenezaji na usambazaji wa aina mbalimbali za chanjo utachangia kurejelewa taratibu kwa shughuli za kiuchumi na biashara kote duniani na kuzoeleka kwa hali mpya ya mambo.

Hivyo basi, tuna matarajio makubwa kwamba tunaweza kuafikia malengo yetu kwa kuleta pamoja mifumo yetu ya ukusanyaji habari, mwendelezo wa uvumbuzi wa huduma zetu imara, kudumisha na kuwatia nguvu wafanyakazi wetu wenye ujuzi, udhibiti wa gharama na kujitanua hadi katika masoko mapya.

Thamani ya hisa na mtaji wa soko

Kufikia Disemba 31, 2020 Kampuni ilikuwa na jumla ya hisa milioni 81.7 za kuuza na mtaji wa soko wa shilingi bilioni 1.8, kulinganishwa na shilingi 2.3 kipindi sawa na hicho mwaka wa 2019. Kushuka huku ni kutokana na kupungua kwa thamani yetu ya hisa kwa kiasi kikubwa kutokana na athari za janga la COVI-19 kwa biashara yetu.

Magawio

Bodi haipendekezi gawio la mwaka kutokana na mazingira magumu ya kufanyia kazi yaliyoshuhudiwa.

Shukrani

Nachukua fursa hii kumkaribisha Bw. Christopher Kulei, mwanachama mpya wa bodi. Bw. Kulei atahudumu akiwa Mkurugenzi asiye mwanachama wa kundi la wasimamizi wa Kampuni na atakuwa mwanachama wa kamati za Usimamizi wa Wafanyakazi na Malipo na Kamati ya Uanahabari. Tunamtakia mafanikio katika wadhifa wake mpya.

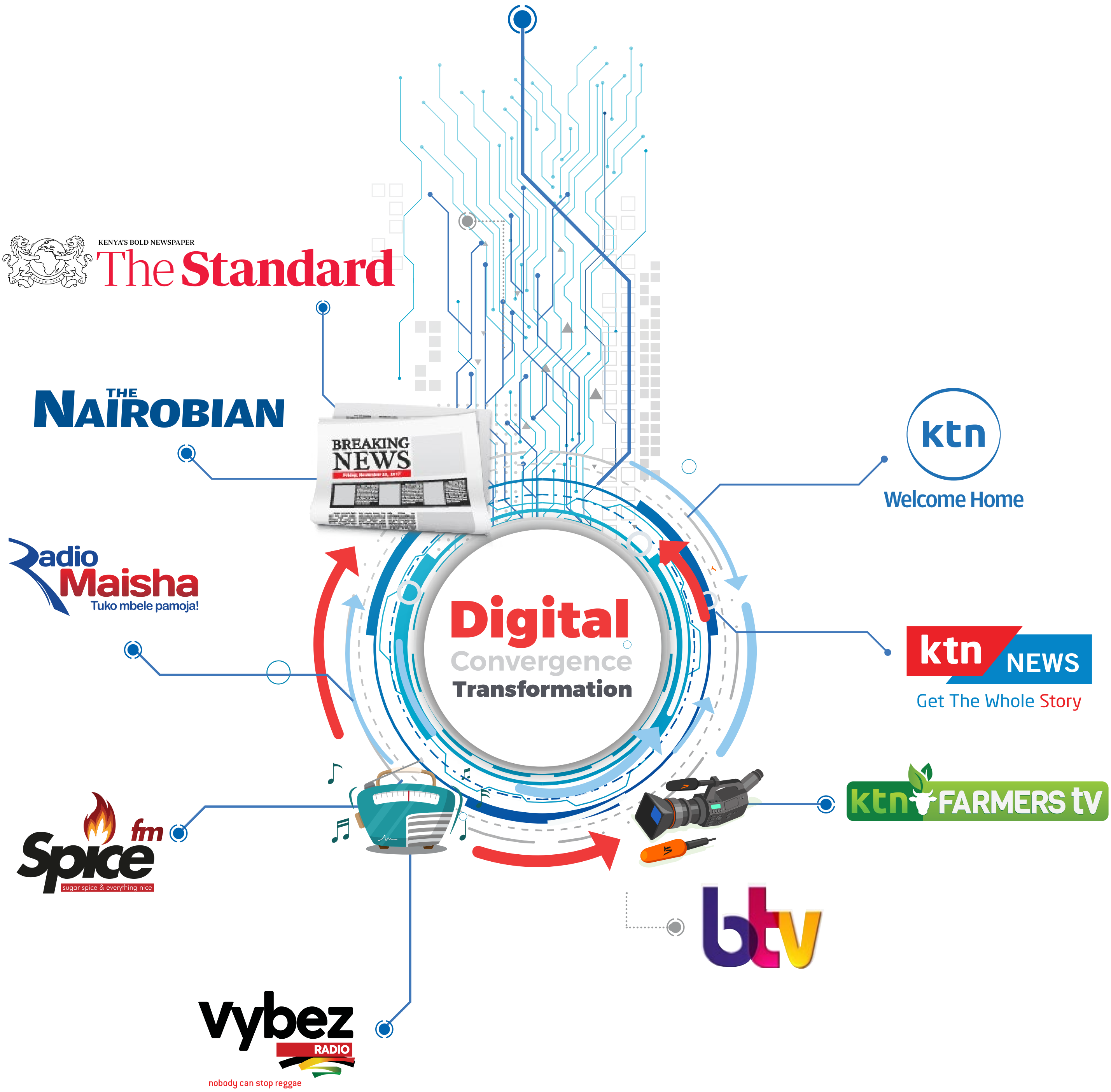
Bodi hasa ingependa kutambua na kuwashukuru wasimamizi na wafanyakazi kwa juhudi zao nzuri vilevile wasomaji wake, watazamaji, wasikilizaji, wateja wa huduma nyingine za vitengo vyetu na washirika wetu wa kibiashara kwa kuendelea kutoa usaidizi muhimu wakati wa kipindi hiki kigumu. Boda ina furaha kwa kutambua hatua kubwa zilizopigwa katika utoaji wa chanjo dhidi ya COVID-19 nchini Kenya na sasa inatazamia kipindi cha ukuaji na ufufuaji wa uchumi nchini na katika biashara ya Kampuni.

Asante

Robin Sewell
Mwenyekiti

STANDARD GROUP

bringing your world to you.



Group CEO's Statement

Business Transformation, Covid-19 impact and the market

It is my utmost pleasure to present to you the CEO's statement and share with you the business performance for the year ended 31 December 2020. My appreciation goes to all our stakeholders for supporting the business during the COVID-19 pandemic period.

Our vision, "To inspire lives through media and entertainment" was evident as we partnered with the Government in their efforts sensitize the public on COVID-19 preventive measures. We were able to run public service announcements during the entire pandemic period and this I believe, provided a sense of calm, and helped educate the public on measures to be taken to fight against the pandemic.

The Group's management ensured that measures were put in place to safeguard our employees and customers, at a time that the ravages of the pandemic were getting worse with passing time. For our newspaper products, our vendors were educated on proper safety protocols and were well equipped to guarantee their safety and that of customers during distribution. The E-paper was offered as an alternative for those who preferred the digital option.

Business Transformation

The Group embarked on a business transformation project, "Project Eagle" aimed at achieving journalistic supremacy through commercial and editorial convergence. The objective is to improve the newsgathering process and deliver the best in news and media content to our customers.

The converged newsroom will create an environment for innovation effectively responding to the dynamic and rapidly changing needs of our customers catapulting the business to become the market leader. The commercial structure and advertising model will ensure better response to our clients' advertising and communication needs.

The project is aimed at making Standard Group a digital first business and agile to the changes in consumer preferences.

Performance

ORLANDO LYOMU

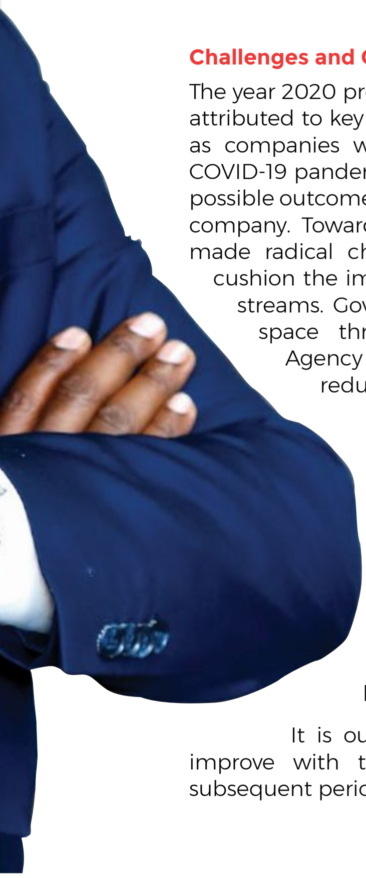
GROUP CHIEF EXECUTIVE OFFICER

The Group remained resilient in a difficult economic environment, where the media industry experienced a decline in amounts spent by most clients as they responded to the pandemic by putting in place cost cutting measures. The Group's turnover decreased by 29% to close at KShs 2.9 billion in 2020 compared to KShs 4.1 billion in 2019.

The Group's costs reduced by 31% driven by a drop in direct costs and overheads of 44% and 25% respectively. The reduction in direct costs was because of cost management and efficiency in production. Overhead costs savings were driven by stringent cost cutting measures that were put in place during the year to counter the impact of declining revenues.

During the year, the Group sold one of its operating segments, the Outdoor Media Services, realising a gain on disposal of Kshs 51 million. The disposal was in line with the strategic direction taken by the business to focus on areas of core competence.

The Group closed 2020 at a loss before tax of KShs 434 million against a loss before tax of KShs 684 million in 2019.



Challenges and Opportunities

The year 2020 presented significant challenges majorly attributed to key changes in the business environment as companies worked to combat the effect of the COVID-19 pandemic. Our goal was to achieve the best possible outcome with the least negative impact on the company. Towards this, the Board and Management made radical changes that led to costs savings to cushion the impact of significant erosion in revenue streams. Government procurement of advertising space through the Government Advertising Agency (GAA) further contributed to the reduction in revenue.

Reduced liquidity in the market as well as slowed economic activity has continued to exert pressure on the business. The Government Advertising Agency and other government bodies collectively owe the Group more than Kshs 1 billion, which has affected the company's ability to operate effectively and led to the increased reliance in bank borrowings.

It is our expectation that the situation will improve with the increased economic activity in subsequent periods.

> ***"The Standard, our flagship brand continues to cut across all market segments, with clear cut leadership in some niche segments and overall being the second largest national newspaper."***

To mitigate the effects of the economic downturn, current challenges of doing business with government and technological disruption on legacy media, the Group seeks to re-invent itself into a digital first company. Other key measures include diversification of commercial operations, quick innovations, repurposing of editorial content and partnerships with a cross-section of stakeholders.

Product Performance

Our digital offering remains our biggest area of growth and innovation as consumption preferences continue to evolve. Research into our consumers and their preferred content was pivoted to guide our content development. The Group has rolled out an array of products to explore different revenue generating streams such as Value-Added Services in Short Messaging System (SMS); TutorSoma, an online learning product; online gaming solutions; podcasts; videos; premium content behind paywalls and virtual shows.

The Standard, our flagship brand continues to cut across all market segments, holding leadership in certain niche segments and overall, being one of the largest national newspapers. With the rebranding of The Standard newspaper, we have experienced positive

Group CEO's statement (continued)

Product Performance (continued)

consumer uptake of the paper both in the hard copy and e-paper sales. During the year, print newspaper sales declined from 2019 on account of the pandemic and reader migration to the digital space. Circulation sales are expected to improve in the coming year as the economy continues to recover from the effects of the pandemic.

Radio remains the most widely accessed source of information, news and entertainment across the country and as such we expect even more opportunities for growth. Our two new radio stations, Spice FM and Vybez Radio performed well in 2020. The stations experienced high audience recruitment and showed tremendous growth in listenership of about 90% since their inception. Consumer feedback for both brands have been very positive while Radio Maisha maintains 2nd position in terms of listenership.

Events segment of the business was greatly disrupted by the pandemic. Despite the reduced gatherings for national and international forums, the Group realised revenues of Kshs 16 million from the events department largely driven by hosting of virtual events such as 47 Million Reasons and Spice Sunday Cruise.

Our investment in broadcast division has led to growth in TV audiences. KTN Home and KTN News remain strong in the market while KTN Farmers TV caters for those keen on agribusiness. The Station aims at creating awareness, sharing information on markets, best parctices and latest technologies. Our BTV station targets the youthful viewers with a focus on Kiswahili as the language of communication.

People and Talent Management

We have distinguished ourselves as a media house that attracts, nurtures and creates a conducive environment where employees are able to be innovative and realize their full potential. We have continually invested in human resource development focusing on training, staff wellness, staff recognition, competitive remuneration and career growth. To this end, several e-learning and self-paced programs were rolled out to various categories of staff. These include Journalism in the Digital Age; Marketing Analytics: A competitive Analysis and Market Segmentation; Growth Strategies for Business: Establishing a Safe and Hygienic Remote Working Environment; Mental Health: Leading High-Performance Teams; Mindfulness and Resilience to stress at Work; among others.

To deliver on our strategy we have a team of over 800 engaged employees serving across our platforms drawn from diverse backgrounds. Our Safety and Business Continuity plans proved effective as the country faced the COVID – 19 pandemic. Through a deliberate management effort and elaborate work arrangement, the number of positive cases during the year were minimal.

Prospects

The Board and management continue to invest in the growth of digital platforms, products and revenues while strengthening print and broadcast platforms. Towards this end, the Group launched the first converged newsroom in the country which aims to focus on better content and a digital first approach. We are therefore confident we will deliver the right products to our customers, our readers, our listeners and our viewers, as we work towards profitability.

Acknowledgement

My appreciation goes to staff members for their determination and resourcefulness during these times of uncertainty. I would also like to thank our management for demonstrating leadership at a time when it was required the most.

To the Board, whose support and guidance is highly appreciated; and to our customers and all our stakeholders, your trust and commitment to the Group will always be valued.

Thank you

Orlando Lyomu
Group Chief Executive Officer

Date: 29 April 2021

Taarifa ya Afisa Mkuu Mtendaji

Mabadiliko ya Biashara, athari za Covid-19 na soko

Ni furaha yangu kuu kuwasilisha taarifa ya Afisa Mkuu Mtendaji kuhusu matokeo ya biashara kwa mwaka uliomalizika tarehe 31 Desemba 2020. Shukrani zangu ziwaendee washikadau wetu wote kwa mchango wao kwa ajili ya biashara katika kipindi cha janga la COVID-19.

Maono yetu, "Kuwahamasisha watu kupitia vyombo vya habari na burudani" yalikuwa dhahiri wakati tuliposhirikiana na serikali katika juhudi zao za kuhamasisha umma kuhusu njia za kujikinga dhidi ya COVID-19. Tuliweza kuendesha matangazo ya huduma za umma katika kipindi chote cha janga na hili ninaamini, lilichangia hali ya utulivu, na kusaidia kuelimisha umma kuhusu ya hatua zinazochukuliwa kukabili janga lenyewe.

Usimamizi wa Kampuni ulihakikisha kuwa hatua zilichukuliwa ili kuwalinda wafanyakazi wetu na wateja, katika wakati ambapo athari za janga zilikuwa zikiongezeka kadri muda ulivyozidi kusonga. Kwa machapisho yetu ya magazeti, wauzaji wetu walielimishwa kuhusu njia bora za kujilinda na waliwezeshwa vya kutosha ili kuhakikisha usalama wao na wa wateja wakati wa usambazaji. Gazeti la mtandaoni lilitolewa kama kibadala kwa wale waliopendelea njia ya kidijitali.

Mabadiliko ya Biashara

Kampuni ilianza mradi wa mabadiliko ya biashara, "Project Eagle" uliolenga kufikia upeo wa uanahabari kupitia muunganiko wa kibiashara na habari. Lengo ni kuboresha mchakato wa kukusanya habari na kutoa habari za hali ya juu katika habari na vipindi kwa wateja wetu.

Chumba cha pamoja cha habari kitabuni mazingira ya uvumbuzi kuendana na mahitaji makuu na yanayobadilika ya wateja wetu hivyo kuchochea biashara kuongoza katika soko. Muundo wa kibiashara na mfumo wa matangazo utahakikisha mjibizo bora kwa mahitaji ya kimatangazo na kimawasiliano miongoni mwa wateja wetu.

Mradi huo unakusudiwa kuifanya Standard Group kuwa kitovu cha kibiashara cha masuala ya kidijitali kuwa kipaumbele na nyumbufu kuendana na mabadiliko ya

AFISA MKUU MTENDAJI

Taarifa ya Afisa Mkuu Mtendaji (inaendelea)

mambo wanayopendelea wateja.

Matokeo

Kampuni iliendeleza uthabiti katika mazingira magumu ya kiuchumi, ambapo sekta ya habari ilishuhudia kushuka kwa kiasi cha fedha zilizotumiwa na watangazaji bidhaa na huduma kutokana na janga lililowafanya kuweka njia za kupunguza matumizi ya fedha. Mapato ya Kampuni yalipungua kwa 29% ambayo ni shilingi bilioni 2.9 mwaka 2020 kukilinganishwa na bilioni 4.1 mwaka 2019.

Gharama za Kampuni zimepunguzwa kwa 31% hali iliyochangiwa na kushuka kwa gharama za moja kwa moja na gharama za uendeshaji shughuli kwa asilimia 44% na 25% mtawaliwa. Kupunguzwa kwa gharama za moja kwa moja kulikuwa kwa sababu ya usimamizi na matumizi bora katika uzalishaji. Uokoaji wa gharama za juu za uendeshaji wa shughuli ulifanikishwa na hatua kali za kupunguza gharama ambazo ziliwekwa mwaka huo ili kukabili athari za kupungua kwa mapato.

Katika mwaka huo, Kampuni iliuza kimojawapo cha vitengo vyake, the Outdoor Media Services, na kujipatia shilingi milioni 51 fedha za mauzo. Uuuzaji huo uliendana na mkondo wa kimkakati uliochukuliwa na Kampuni ili kulenga maeneo ya uwezo wa kimsingi.

Mwaka wa 2020 Kampuni ilifunga kwa hasara ya shilingi 434 kabla ya ushuru dhidi ya shilingi milioni 684 mnamo 2019.

Changamoto na Fursa

Mwaka wa 2020 kulishuhudiwa changamoto tele zilizohusishwa zaidi na mabadiliko ya kimsingi katika mazingira ya biashara wakati kampuni zilijibidiisha kukabili athari ya janga la COVID-19. Lengo letu lilikuwa kupata matokeo bora kadri iwezekanavyo na athari chache zilizo hasi kwa Kampuni. Kufuatia hatua hii, Bodi na Usimamizi zilifanya mabadiliko makuu yaliyosababisha kuokolewa kwa gharama ili kujilinda dhidi ya athari za kupungua kwa njia mapato. Fursa ya matangazo ya serikali kupitia Mamlaka ya Matangazo ya Serikali (GAA) ilichangia zaidi kupungua kwa mapato.

Kupungua kwa kiwango cha fedha katika soko vilevile kupungua kwa shughuli za kiuchumi kumeendelea kuathiri biashara. Mamlaka ya Matangazo ya Serikali na mashirika mengine ya serikali kwa pamoja yanadaiwa na kampuni zaidi ya shilingi bilioni 1, hali ambayo imeathiri uwezo wa kampuni wa kuendesha shughuli zake ipasavyo na kusababisha kuongezeka utegemezi wa mikopo ya benki.

Ni matarajio yetu kwamba hali itaboreka kutokana kuongezeka kwa shughuli za kiuchumi katika vipindi vijavyo.

Ili kupunguza madhara ya mtikisiko wa kiuchumi, changamoto za sasa za kufanya biashara na serikali vilevile athari za teknolojia kwa vyombo vya habari, Kampuni inalenga kufanya mabadiliko ya dijitali kuwa kipaumbele. Hatua nyingine muhimu ni pamoja upanuzi wa shughuli za kibiashara, uvumbuzi wa haraka, uboreshaji wa habari na ushirikiano na washikadau mbalimbali.

Matokeo ya Vitendo

Jukwaa letu la kidijitali linaendelea kuwa kitengo kikuu cha ukuaji na uvumbuzi kadri mahitaji ya wateja yanavyozidi kubadilika. Utafiti wetu kuhusu wateja na wanayopendelea ilipigwa jeki ili kusaidia katika uboreshaji wa huduma zetu. Kampuni imeanzisha hudumba mbalimbali ili kupafuta njia tofauti tofauti za kujipatia mapato kama vile huduma ya jumbe kupitia simu, TutaSoma; jukwaa la masomo la mtandaoni; michezo ya kamari mitandaoni; podcast; video; habari za mitandao za kulipiwa na vipindi vya mitandaoni.

The Standard, gazeti letu kuu linaendelea kupenya katika soko, ikishikilia uongozi katika vitengo fulani vinavyohitajika zaidi na kwa ujumla, likiwa ni mojawapo la magazeti makuu kitaifa. Kwa kulifanyia mabadiliko gazeti la The Standard, tumetambua matokeo chanya ya usomaji wa nakala za gazeti na zile za mtandaoni, e-paper. Katika mwaka huo, mauzo ya magazeti yalipungua kuanzia 2019 kwa sababu ya janga na wasomaji kuhamia mitandaoni. Mauzo kutokana na usambazaji yanatarajiwa kuboreka katika mwaka ujao wakati uchumi unaendelea kurejelea hali ya kawaida kutokana na athari za janga hilo.

Redio inasalia kuwa chanzo cha habari kinachofikiwa na wengi, habari na burudani kote nchini na kwa hilo tunatarajia fursa zaidi za ukuaji. Redio zetu mbili, Spice FM na Vybez Radio zilifanya vyema mwaka 2020. Vituo hivyo vilishuhudia ongezeto la wasikilizaji na kudhihirisha ukuaji mkubwa wa wasikilizaji hadi karibu 90% tangu kuzinduliwa. Maoni ya wateja kuhusu vituo hivyo viwili yamekuwa chanya mno huku Radio Maisha ikiwa ya kwanza katika usikilizaji.

Kitengo cha hafla mbalimbali cha biashara kilivurugwa pakubwa na janga hili. Licha ya kupunguzwa kwa idadi ya wanaokusanyika katika mikutano ya kitaifa na kimataifa, Kampuni ilirekodi kipato cha shilingi milioni 16 kutoka idara ya hafla mbalimbali ikitokana pakubwa na uandaaji wa hafla za mitandaoni kama vile 47 Million Reasons na Spice Sunday Cruise.

Uwekezaji wetu katika kitengo cha utangazaji umechangia ukuaji wa watazamaji wa runinga. KTN Home na KTN News zinasalia thabiti katika soko huku KTN Farmers TV ikiwahudumia wale wanaopenda kilimo-biashara. Kituo kinalenga kujenga uelewa, kubadilishana habari kuhusu masoko, utendaji bora na teknolojia za kisasa. Kituo chetu cha BTV kinawalenga

Mwaka wa 2020 kulishuhudiwa changamoto tele zilizohusishwa zaidi na mabadiliko ya kimsingi katika mazingira ya biashara wakati kampuni zilijibidiisha kukabili athari ya janga la COVID-19

watazamaji vijana kwa kuzingatia Kiswahili kama lugha ya mawasiliano.

Usimamizi wa Watu na Vipaji

Tumejibainisha kama kituo cha habari kinachovutia, kulea na kubuni mazingira mazuri ambapo wafanyakazi wanaweza kuwa wabunifu na kutambua uwezo wao kamili. Tumeendelea kuwekeza katika kuwakuza wafanyakazi tukilenga mafunzo, ustawi wao, utambuzi wa wafanyakazi, mshahara wenye ushindani na ukuaji wa kikazi. Kufikia mwisho huo, programu kadhaa za ujifunzaji mtandaoni na vipindi vya kujiendeleza vilitolewa kwa makundi mbalimbali ya wafanyakazi. Hizi ni pamoja na Uanahabari katika Enzi ya Kidijitali; Takwimu za Uuzaji; Uchanganuzi wa Kimauzo; Uchanganuzi wa kiushindaji na Uainisho wa Masoko; Mikakati ya Ukuzaji wa Biashara; Kuanzisha Mazingira Salama na Safi ya Kufanyia kazi bila kukutana; Afya ya Akili; Kuongoza Makundi yenye Hali ya Juu ya Utendaji; Kuwajali wengine na Ustahimilivu wa mafadhaiko Kazini; miongoni mwa nyingine .

Ili kutekeleza mkakati wetu tuna wafanyakazi zaidi 800 wanaohusika moja kwa moja, wanaohudumu katika vitengo vyetu vyote kutoka asili mbalimbali. Mipango yetu ya Usalama na mwendelezo wa shughuli za biashara ilithibitisha kufanya kazi wakati nchi ilipokabiliwa na janga la COVID - 19 . Kupitia juhudi maksudi za usimamizi na mpangilio bainifu wa kazi, idadi ya maambukizi mwaka huu ilikuwa ndogo.

Matarajio

Bodi na usimamizi unaendelea kuwekeza katika ukuaji wa majukwaa ya kidijitali, bidhaa na mapato huku ukiimarisha majukwaa ya gazeti na matangazo. Kuelekea mwisho huu, Kampuni ilizindua chumba cha kwanza cha habari cha muunganiko nchini ambacho kinakusudia kuzingatia ubora wa matangazo na jukwaa la dijitali kuwa kipaumbele. Kwa hivyo tuna imani kuwa tutatoa huduma bora kwa wateja wetu, wasomaji wetu, wasikilizaji wetu na watazamaji wetu, tunapojitahidi kupata faida.

Shukrani

Shukrani zangu zinawaendea wafanyakazi kwa kujitolea na utendakazi mzuri nyakati hizi za hali kutotabirika. Pia ningependa kuupongeza usimamizi wetu kwa kuonyesha uongozi wakati ulipohitajika zaidi.

Kwa Bodi, ambayo msaada na mwongozo wake unathaminiwa sana; na kwa wateja wetu na washikadau wetu wote, imani yanu na kujitolea kwenu kwa Kampuni kutathaminiwa kila siku zote.

Asante

Orlando Lyomu

Afisa Mkuu Mtendaji wa Kampini

Tarehe: 29 Aprili 2021

Corporate Governance Report

The Standard Group PLC ("the Group or Company") Board of Directors embrace 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. In the financial year under review, the Group reviewed its corporate governance structure and practices to ensure that the same reflects regulatory requirements, best practice and stakeholder's expectation.

BOARD OF DIRECTORS

The Board is collectively responsible for the overall 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 Board is responsible for recommending directors for election by shareholders at the Annual General Meeting (AGM). Nominated directors undergo screening by the Board's 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. At every AGM, at least one third of the directors, except the Group Chief Executive Officer, retire by rotation and are eligible for re-election.

At the Company's AGM to be held on 22 June 2021, the Company will submit the following eligible Directors for re-election: Mr. Robin Sewell, Dr. James Boyd Mcfie, and Mr. Christopher Kulei. The Nominations 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 commitment of the necessary time for Board and committee meetings and other duties.

BOARD OPERATIONS

The Board has in place an annual programme that sets out the Board activities for the year. This enables the Board to have a detailed review of the Group's operations 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.

In view of the ongoing Covid-19 pandemic and the related Public Health Regulations and directives passed by the Government of Kenya precluding inter alia public gatherings and restrictions on inter-county movement from time to time, the Board transitioned to virtual board meetings effective March 2020, allowing it to maintain close oversight of the unfolding impact of the pandemic on the business operations.

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. 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.

As provided in the Board Charter, the Board is also entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of its responsibilities.

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 and the applicable Laws and Regulation The Charter sets out the:

- 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.

Any amendments to the Board Charter require the approval of the Board. A copy of the Board 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 behaviour.
- 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) and the Executive Directors.
- 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 2020, a total of six (6) Board Meetings were held.

Board meetings and members' attendance for 2020

Member:	Position:	03.04.	24.05.	28.08.	30.09.*	04.11.*	28.11.
Robin Sewell	Chairman	√	√	√	√	√	√
Dr. Julius Kipngetich	Independent	√	√	√	√	√	√
Orlando Lyomu	Executive	√	√	√	√	√	√
Dr. James Mcfie	Non-Executive	√	√	√	√	√	√
Zehrabanu Janmohamed	Non-Executive	√	√	√	√	√	√
Samuel L. Tiampati**	Non-Executive	√	N/A	N/A	N/A	N/A	N/A
Shaun Zambuni	Non-Executive	√	√	√	√	√	√
Juliana Rotich	Independent	√	√	√	√	√	√
Dr. Githinji Gitahi	Independent	√	√	√	√	√	√
Christopher Kulei***	Non-Executive	N/A	N/A	√	√	√	√

* *Special meeting*
** *Resigned effective 03.04.2020*
*** *Appointed effective 14.07.2020*

BOARD SKILLS AND DIVERSITY

The Standard Group PLC seeks to have a Board that has a diverse mix of individuals with synergistic range of attribute skills, knowledge, experience, professional and industry knowledge. The Board 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.

The areas of expertise of the current Board are general management, finance, marketing, media, IT and legal. Women constitute 20% of our 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. These initiatives are also reflected in the Group's employment. 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 as well as keep them abreast 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. The newly appointed director, Christopher Kulei, who was appointed effective 14 July 2020, was inducted in Q3 of 2020.

The Board members undergo regular training and education to enable them continuously develop knowledge and skills required to discharge their responsibilities effectively. Members receive regular briefings from the executive management on developments in the media industry both locally and globally. The Board is also appraised 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. The Board was also sensitized on the provisions of the Companies (Beneficial Ownership Information), Regulations, 2020.

BOARD EVALUATION

In line with the provisions of the Code, the Board reviews its performance and that of its Committees, the Executive and Non-Executive Directors, the Chairman and Company Secretary, on an annual basis. The evaluation in respect of the financial year 2020 was conducted internally by the Chairman through the coordination of the Company Secretary. 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. Results were collated confidentially by the Company Secretary and reviewed by the Chairman. The evaluation concluded that the Board continues to be effective. The evaluation also found that Board members have a good understanding of the business and receive the information they need to inform decisions.

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 of 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 2020, the following three (3) directors of the Company were considered independent: Dr. Julius Kipngetich, Dr. Gitahi Githinji and Juliana Rotich. 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, Nomination Committee, Human Resource & Remuneration Committee and Editorial Committee. The Committees execute their functions in accordance with the terms of reference which defines its mandate, roles and responsibilities. The Charters for the respective Committees 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.

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 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 of 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. PwC was appointed with effect from 1 March 2021 to fill a casual vacancy following the resignation of KPMG Kenya. PwC Kenya was appointed following a competitive recruitment process by the Committee to undertake the Audit for 2020. Their appointment shall be subject to evaluation by the Committee and confirmation at the next AGM.

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 2020. 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 current members of the Committee are:

Dr. Githinji Gitahi - Chairman
Shaun Zambuni
Juliana Rotich
Dr. Julius Kipngetich
Dr. James Mcfie

Finance and Audit Committee meetings and members' attendance for 2020

Member	Position:	27.03	02.04*	15.05	18.06*	28.07	14.08	23.09*	26.10*	20.11
Dr. Githinji Gitahi	Chairman/ Indep.	√	√	√	√	√	×	√	√	√
Shaun Zambuni	Non-Executive	√	√	√	√	√	√	√	√	√
Juliana Rotich	Independent	√	√	√	√	√	√	√	√	√
Dr. Julius Kipngetich	Independent	√	√	√	√	√	√	√	√	√
Dr. James Mcfie	Non-Executive	√	√	√	√	√	√	√	√	√

**Special meeting*

Human Resource 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 resource and employee 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 their terms of service 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 five (5) times during the year.

The current members of the Committee are:

Zehrabanu Janmohamed - Chairperson
Dr. James Mcfie
Shaun Zambuni
Christopher Kulei

Human Resource and Remuneration Committee meetings and members' attendance for 2020

Member:	Position:	26.02*	27.03	15.05	14.08	20.11.
Zehrabanu Janmohamed	Chairman	√	√	√	√	√
Shaun Zambuni	Non-Executive	√	√	√	√	√
Dr. James Mcfie	Non-Executive	√	√	√	√	√
Samuel L. Tiampati**	Non-Executive	√	√	N/A	N/A	N/A
Christopher Kulei***	Non-Executive	N/A	N/A	N/A	N/A	√

**Special meeting*
***Resigned effective 03.04.2020*
****Appointed effective 14.07.2020*

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 to the committees meetings. 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:

Dr. Julius Kipngetich- Chairman
Zehrabanu Janmohamed
Shaun Zambuni
Christopher Kulei
Juliana Rotich
Dr. Githinji Gitahi

Editorial Committee meetings and members' attendance for 2020

Member:	Position:	26.03.	22.05.	07.08.	13.11.	25.11.*
Dr. Julius Kipngetich	Chairman	√	√	√	√	√
Zehrabanu Janmohamed	Non-Executive	√	√	√	√	√
Shaun Zambuni	Non-Executive	√	√	√	√	√
Samuel L. Tiampati**	Non-Executive	√	N/A	N/A	N/A	N/A
Juliana Rotich	Independent	√	√	√	√	√
Dr. Githinji Gitahi	Independent	√	√	√	√	√
Christopher Kulei***	Non-Executive	N/A	N/A	N/A	√	√

**Special meeting*
***Resigned effective 03.04.2020*
****Appointed effective 14.07.2020*

Nomination Committee

The 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.

Key activities undertaken by the Committee during the financial year ended 31 December 2020 include:

- Directors' annual appointment and re-election at the AGM including renewal of the appointment of Dr. James Mcfie, Dr. Julius Kipngetich and Mr. Shaun Zambuni and the re-election of the members of the Finance & Audit Committee. The Committee also assessed, interviewed and recommended to the Board the appointment of Mr. Christopher Kulei.
- 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 the year ended 31 December 2019.
- 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 Committee met once (1) during the year.

Member:	Position:	22.04.
Dr. Julius Kipngetich	Chairman/Independent	√
Dr. James Mcfie	Non-Executive	√
Juliana Rotich	Independent Director	√
Dr. Githinji Gitahi	Independent Director	√

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 and regulatory compliance. The Company Secretary is responsible for monitoring compliance with board procedures and facilitating good flow of information with the Board, its Committees and Executive management. The Company Secretary is a member in good standing with the Institute of Certified Secretaries (ICS).

Role of the Company Secretary

- Providing a central source of guidance and advice to the Board, and within the Company, on matters of statutory and regulatory compliance and governance.
- Providing guidance to the Board on how responsibilities can be discharged in the best interest of the Company.
- Facilitating induction training for new directors and the Boards' professional development.
- In consultation with the Chairman and Group Chief Executive Officer, ensure effective flow of information within the Board and its Committees and between Executive Management and Non-Executive Directors. This includes timely compilation and distribution of Board papers and minutes, as well as communication of resolutions from Board meetings.
- Assist the Board with the Board Evaluation exercise and coordinate the Governance Audit process.
- Facilitate effective communication between the organization and shareholders, customers and other stakeholders.
- Keeping formal records of Board discussions and following up on the timely execution of agreed actions.

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 reporting mechanisms. The Company has adopted zero tolerance approach to corruption, bribery and unethical business practices.

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 two (2) newspapers with nationwide circulation. The Group additionally posts all material information on its website 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 2020 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 Floor, Absa Towers (formerly Barclays Plaza), Loita Street, P. O. Box 9287 - 00100, Nairobi or through the email address info@image.co.ke and also through the telephone numbers 0709170000, 0724699667, 0735565666.
- 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 2020.

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. 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.

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 the Group's Executive Management is fully aware of Code requirements and that the same are implemented in all spheres of the business.

In line with the Capital Markets Authority (CMA) Circular No. 1 of 2020 reviewing the Governance Audit cycle from one (1) year to two (2) years, the Group did not undertake an audit in respect of the year ended 31 December 2020. This was on the background that the Company had undertaken two (2) Governance Audits for the year ended 31 December 2018 and 31 December 2019.

LEGAL AUDIT

The Group in compliance with the CMA Code conducted an internal Legal Audit for the year ended 31 December 2020. The Audit confirmed that during the year under review, the Group was generally in compliance with applicable laws and regulations.

GOING CONCERN

The Board confirms that the financial statements are prepared on a going concern basis and is satisfied that the Group has adequate resources to continue in business for the foreseeable future.

SIGNIFICANT CHANGE IN SHAREHOLDERS

The Company through its Registrars, files monthly and quarterly investor returns in line with the requirements of the Capital Markets Authority and the Nairobi Securities Exchange.

TOP 10 GLOBAL INVESTORS AS AT THURSDAY DECEMBER 31 2020

The ten largest shareholders of the Company as at 31 December 2020 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	2,189,800	2.68%
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	4,263,389	5.22%
		81,731,808	**100.00%**

Shares Distribution Schedule as at 31 December 2020

	Range	Number of Shareholders	Number of Shares held	Percentage
1	1 to 500	2,560	319,791	0.39 %
2	501 to 1000	394	286,538	0.35 %
3	1001 to 5000	556	1,098,649	1.34 %
4	5001 to 10000	105	717,307	0.88 %
5	10001 to 50000	74	1,433,458	1.75 %
6	50001 to 100000	2	145,000	0.18 %
7	100001 to 500000	8	1,603,929	1.96 %
8	500001 to 1000000	-	-	- %
9	1000001 to 2000000000	4	76,127,136	93.14 %
	Total	**3,703**	**81,731,808**	**100.00%**

Our journey has been one that you couldn't be written from the start.
A journey from the East African Standard that embodies a 100-year-old decorated history.
A journey that has seen us through the challenging and the momentous milestones.

INSIDE TODAY

Offices market hangs on amid pandemic

Home & Away

It is a deal: Dock workers get 10 per cent pay raise

Salary pact. In an agreement likely to send ripples in the Dock Workers Union that had sought a 45 per cent increase, KPA awards its employees a 10 per cent pay hike. Page 6

The Standard
Kenya's Bold Newspaper

THURSDAY, MARCH 18, 2021 No. 401185 KSh60/00 TSh1,700/00 USh2,700/00 standardmedia.co.ke @StandardKenya

Exposed: Coast Shaabab links

Somalia case. Mombasa Muslim Youth Centre and Al Hijra mentioned in papers filed at the International Court of Justice in The Hague, as Nairobi cites operations of the terror group as among reasons Mogadishu's prayers on maritime boundary dispute should be rejected. Pages 12&13

National, P.3

Virus not a joke, says grieving nurse

Covid-19. She spent months sensitising wananchi on measures to curb the spread of the viral disease, only to lose her mother to it.

National, P.19

SRC abolishes civil servants' allowances

In a move to tame the rising wage bill, new employees will not be entitled to retreat, responsibility, local travel and entertainment allowances.

And now, as we march through an ever-evolving digital landscape,
we reaffirm our commitment in serving you.
Because as you change, we change with you.
We reveal a whole new chapter.

WE ARE PROUD OF
TURNING OVER A NEW PAGE WITH YOU...

A WHOLE NEW STANDARD IN DELIVERING FACTS!


KENYA'S BOLD NEWSPAPER

FRIDAY, FEBRUARY 26, 2021 No. 40171 KSh60/00 TSh1,700/00 USh2,700/00

The Standard

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Elders advise youth on tribal culture
NATIONAL PAGE 26

Fight against Ebola
WORLD PAGE 39

EU bans Kenyan produce
BUSINESS PAGE 42

Sport injuries survey
SPORT PAGE 48

It's hooray for teachers and pupils

NEW CURRICULUM

It is a double win for schools as new system offers children playtime that serves them mental food >>> Teachers on the other hand get flexi time and control of child's development. P.6

OPINION

"The commission of inquiry into terror is by far the best idea for months. It only has to be set up in theright way"

BY KIPKOECH TANUI
PAGE 12

NATIONAL

Lobby claims govt hacked its website

A civil society group has accused the government of hacking into its website. The Centre for Law and Research International (Clarion) said it realised on Thursday that its website had been society group has accused. The Centre for Law a government of hacking nd Research International (Clarion) government of hday that its website had been into. "We take this to be part and parcel of of civil the current polit into. PAGE 7

SPORT

Gor Mahia beat Thika United 2-1

They built their reputation with wild music videos featuring a flying animated turtle and a campy urban hero often considered Kenya's first Internet sensation. But when it came time to choose the subject for their video of the song "Matatizo" last year, when it came ring a flying animated turtle and a campy urban hero. But when it came time choose the subject for their video of the song "Matatizo" last year. Often considered. PAGE 43

Inside Today

20 hot places in town
• KEYTRICK EXCLUSIVE

Become an active member of our Twitter community and go onli
@Standardmedia

Modern Aesthetic
An updated and striking new-look.

Striking Infographics
A whole new visual way to take the facts home.

In-depth Analysis
Dissecting every story down to the bare bone.

Bolder, hard hitting opinions
Impactful expert opinions on issues affecting you.

New Magazine Pull-Outs
Serving every demographic with day-to-day issues that speak to them.

#SettingTheStandard

Standard Digital
ePAPER

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The Standard
KENYA'S BOLD NEWSPAPER

www.standardmedia.co.ke

Food donation at St John Community center Majengo, Nairobi by The Standard Group Plc and partners.

The Standard Group's Corporate Social Investment (CSI) agenda in 2020 focused on addressing issues that impact the business, the community and our stakeholders in four key areas: Education, Health, Environment, and the Vulnerable, especially People Living with Disability, during the Covid-19 pandemic.

In the year under review, the Group engaged in the following CSI activities that are not only sustainability issues but are also: Fundamental business and social obligations that the Company has been focusing on and are ultimately key elements of the economy. They ensure we have an ongoing focus on matters that have the most relevance to our stakeholders and consequently to the future of the business.

VIRTUAL FORUMS: Transform Kenya Forum and Front Row Shows on KTN/KTN News

The Group held virtual thought leadership forums in the year under review under the Transform Kenya Forum (TKF) banner and Front Row Shows on KTN/KTN News. The forums provided a platform to stakeholders in key sectors to engage and seek solutions to the ravages of the COVID-19 pandemic on the country, specifically targeting the health sector, industry, food security and education.

Ogenya Primary School students, Kisumu, use their sanitation station donated by Roto Tanks and Davis & Shirtliff in partnership with The Standard Group.

STAND WITH KENYA CAMPAIGN

The Group was at the forefront of supporting Government efforts in the fight against the Covid-19 pandemic by carrying a variety of public messages on all media platforms – TV, Radio, Newspapers and Online.

In addition, the Group launched StandWithKenya Campaign – which aimed at rallying corporates and other well-wishers to help those affected by the Covid-19 pandemic. Through this campaign, foodstuff, sanitizers, masks, and other Personal Protective Equipment (PPEs) were donated to people in poor urban settlements and those living with disabilities.

EDUCATION

KCDF Foundation Charity Golf: In the year under review, the Group sponsored the Kenya Community Development Foundation's Charity Golf tournament whose aim is to raise funds towards educating children from less privileged backgrounds throughout Kenya. The tournament was successfully held on March 20th, 2020, at the Karen Country Club.

HEALTH

The Group's health agenda was advanced editorially through the flagship Health Digest program on KTN News and MyHealth Magazine in The Standard, as well as through partnership support to the following projects:

Cancer Awareness: Using the Group's media platforms, we partnered with two organisations - Kenya Cancer Association (KENCANSA) and Women4Cancer, to raise awareness on early detection and general prevention of cancer. The campaigns involved cancer walks, golf tournaments and screening.

Beyond Zero Campaign: The Group sponsored the Beyond Zero Half Marathon, whose aim is to raise funds to support maternal health and reduce child deaths. This also involved creating awareness around these causes through the Group's media platforms.

DISABILITY

True to our mission to provide a voice to society, we supported publicity, advocacy and fundraising activities for the following projects that champion causes for People Living with Disability:

Cheque presentation in support of Beyond Zero Campaign.

Step In Campaign: The Group sponsored Cure International's Step In Campaign to raise funds for corrective surgery for children with clubfoot, cleft lip and other conditions. This campaign is undertaken across the country through mobile clinics. The Standard Group is the long-term media partner, providing advertising, media coverage and PR support.

Night to Shine:

The Group partnered with Cure International Hospital in Kijabe to celebrate differently-abled children from across the country with an event dubbed "A Night to Shine" to show love and appreciation to children with various kinds of disabilities. The event also created awareness and advocacy on the challenges faced by children with special needs, such as learning difficulties and acceptance by the community.

Autism Awareness: The Group partnered with Andy Speaks Foundation to create awareness on autism and raise funds to provide medication for children who cannot access medicine due to the disruptions caused by the Covid-19 pandemic.

ENVIRONMENT

Eldoret City Marathon Tree Planting Campaign

The Standard Group is committed to promoting sustainable development through collaborative programmes that mitigate the impact of climate change. During the year under review, we took part in the following initiative:

As the Official Media Partner of the Marathon, the Group joined athletes and other sponsors in environmental conservation activities which included the planting of more than 10,000 tree seedlings at Kapseret Forest in Uasin Gishu County. Following the postponement of the marathon in 2020 due to the Covid-19 pandemic, focus shifted to building awareness on the marathon's goal of climate action through athletics, with a target of planting one million tree seedlings.

Eldoret City Marathon.

Partnerships and Engagements

Israel Ambassador Visits Spice Fm

Israel's Ambasador to Kenya, Oded Joseph and Group CEO, Orlando Lyomu tours Spice Fm Studio.

Safaricom

Safaricom CEO, Peter Ndegwa visits Radio Maisha.

Book Donation-Kisumu

Standard Group's Kisumu Bureau Chief, Lucas Barasa, TSG'S Brand Executive Mercy Wanjiku, and David Ayieko National sales Manager Longhorn Publishers donating books to Ogenya Primary School, Kisumu.

Eldoret City Marathon

Eldoret City Marathon Launch.

UNDP Partnership

UNDP Resident Representative, Walid Badawi and the Standard Group CEO, Orlando Lyomu, after signing an MOU to support development agenda in Kenya.

Cabinet Secretary Visits

CS Ministry of Lands, Farida Karoney pays a courtesy call on the Group CEO, Orlando Lyomu.

Business Transformation

The Standard Group's New newsroom ground breaking, construction and completion.

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: Robin 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.

Mr. Shaun Zambuni

Non –Executive Director

Nationality: British

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

Skills and experience: Shaun has a BSc 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. Shaun is currently the CEO of a private investment group.

Other Directorships: He 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.

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: Julius is the Regional Chief Executive Officer of Jubilee Holdings. Previously, he served as the Chief Executive Officer of Uchumi Supermarket and Chief Operating Officer of Equity Group Holdings Limited. He had an illustrious career as Director and CEO of Kenya Wildlife Service between December 2004 and September 2012. Julius holds a Masters degree in Business Administration and a Bachelor of Commerce degree from The University of Nairobi.

Other Directorships: Julius is also a member of the Board of Jubilee Holdings. 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: Group Chief Executive Officer & Managing Director since 25 May 2018. Executive director since 13 March 2013

Skills and experience: 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. He 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 a number of senior roles having worked in the petroleum sector with Total Kenya and Gulf Energy Limited in downstream operations across Kenya, Uganda, Rwanda and Tanzania. He is the Honarary 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.
Other Directorships: Orlando is also the Secretary of the Media Owners Association (MOA) and 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 Editorial Committee.

Skills and experience: 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.
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: Janmohamed is also 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: James 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.

James also previously served as a Director of the Capital Markets Authority and a member of the Value Added Tax Tribunal of Kenya.

Other Directorships: James also 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 *(an NMG subsidiary in Uganda)* as well as General Manager for Marketing and Circulation in East Africa for Nation Media Group. 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: He also holds directorships in AMREF Flying Doctors, Amref Health Africa in Kenya, Amref Enterprises Limited, and Director, 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 Centre's 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: Juliana Rotich is a tech entrepreneur and strategic advisor based in Nairobi, Kenya.

Juliana is a venture partner at Atlantica Ventures, a venture capital firm that invests in African startups. She is

Co-founder of Boya, a FinTech company based in Nairobi.

Juliana 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.

Juliana 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: Juliana is a World Economic Forum Young Global Leader, TED Senior Fellow and serves on the Boards of Safaricom Money Transfer Service Ltd, Mookh Africa, Blue Consulting, Girl Effect, 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 and Editorial Committees.

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. Chris 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.


Pioneer


vybez
RADIO

Executive Management Team

Orlando Lyomu
Group CEO

Joseph Kiruri
Chief Finance Officer

Joe Munene
MD Broadcast

Ochieng Rapuro
Editor-in-Chief

Irene Kimani
Commercial Director

Millicent Ng'etich
Head of Legal & Company Secretary

Nicholas Siwatom
Chief Talent Officer

Robert Toroitich
Chief Technical Officer

Benedict Omollo
Chief Officer Operations and Strategy

Charles Kimathi
Head of Corporate Affairs

Ken Muoki
Head of Internal Audit

Nancy Kihenia
Head of Events

Sam Koskei
Head of Security

"Culture does not change because we desire to change it. Culture changes when the organization is transformed – the culture reflects the realities of people working together everyday."

Directors' Report for the Year Ended 31 December 2020

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of the Company and the Group.

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, The Nairobian, Pulser, Travelog, Pambazuko and Mount Kenya Star. Radio products include Radio Maisha, Spice FM and Vybez radio. Television products include KTN Home, KTN News, Burudani TV and KTN Farmers TV. Digital offerings include the E-paper, Standardmedia.co.ke website, Digger Classified, Premium Rate Service Providers and Value Added Services. Outdoor Media Services (OMS) was disposed in the year.

2. GROUP RESULTS

	2020 KShs'000	2019 KShs'000
Loss before taxation for continuing operation	(434,430)	(683,963)
Income tax credit	82,238	222,508
Profit/(loss) from discontinued operations	50,560	(22,612)
Loss for the year	(301,632)	(484,067)
Attributable to:		
Non-controlling interests	(42,298)	(54,589)
Owners of the Company	(259,334)	(429,478)
	(301,632)	(484,067)

3. DIVIDEND

The directors do not recommend a dividend payment for the year ended 31 December 2020 (2019 – Nil).

4. DIRECTORS

The directors who held office during the year and up to the date of this report are set out on page 4.

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 Kenyan 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 continues to monitor its array of media products which were introduced with the aim of high quality journalistic content. The products are; Burudani TV, KTN Farmers TV, Spice FM and Vybez radio, and Digger Classifieds section in The Standard Newspaper.

The Group incurred a loss before tax of Kshs 435 million compared to a loss before tax of KShs 684 million in 2019. The loss was as a result of reduced revenue streams after slowed economic activity in 2020 affected by the Covid-19 pandemic which also affected the liquidity position of many of our clients as many businesses were keen to preserve their cash reserves.

The Group revenue decreased by 29% to KShs 2.9 billion from KShs 4.1 billion in the prior year largely driven by the factors mentioned above.

Annual direct costs have decreased by 44% compared to 2019 attributable to reduced consumption of materials and programmes. Overhead costs also reduced by 25% mainly from reduced staff costs resulting from pay cuts within the year, suspension of pension contribution and reduced rent costs from the closure and merging of some of our circulation offices.

The Group operates on various platforms which includes;

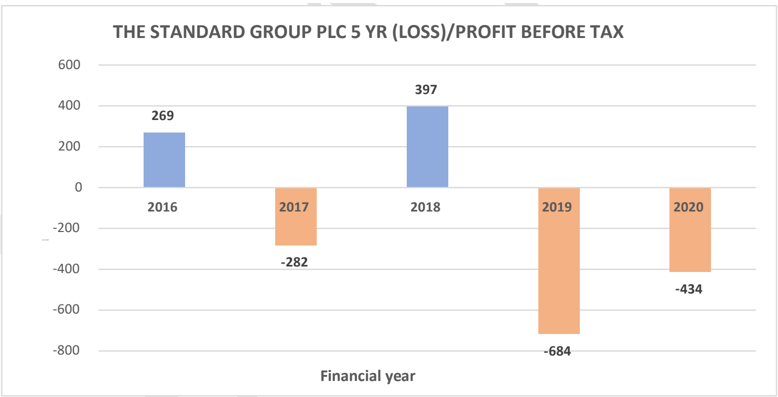
(a) **Print** includes newspaper copy sales and print advertising. Print has 4 main publications; The Standard, The Nairobian, Pambazuko and Mount Kenya Star.

(b) **Broadcast** includes TV and Radio. TV has 4 stations; KTN-Home, KTN-News, Burudani TV 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. Burudani TV is a Swahili station catering for the entertainment needs of the youth and Swahili speaking population. KTN Farmers TV was rolled out as part of the Groups Farm Kenya Initiative and aims to connect all stakeholders in the agribusiness sector.

(c) **Broadcast Radio** includes 3 radio stations which are Radio Maisha; Spice FM and Vybez radio.

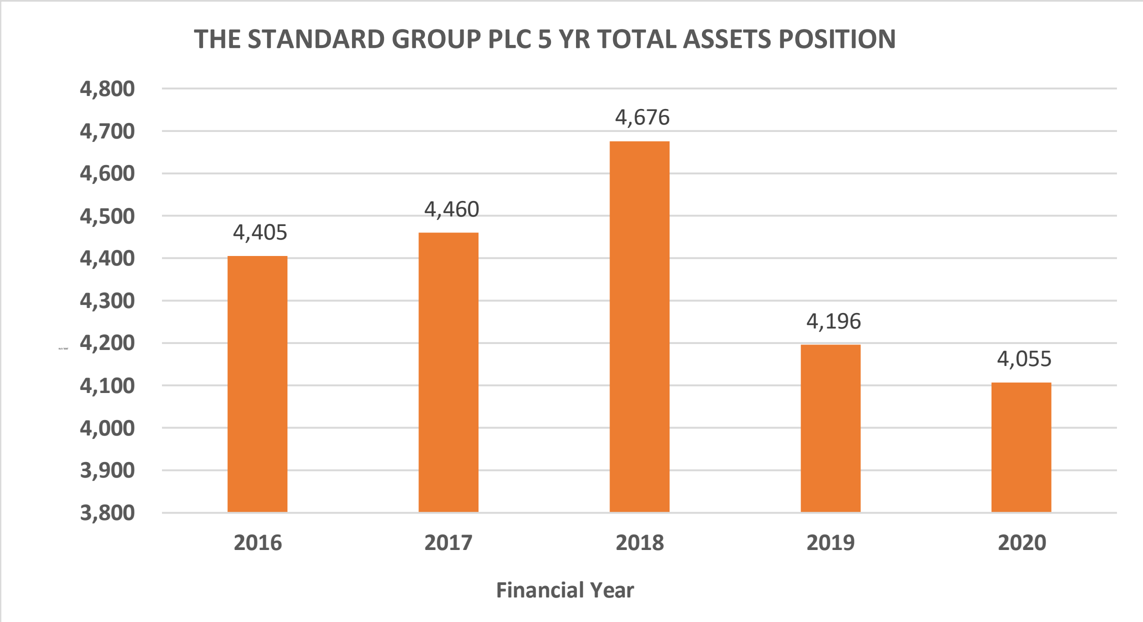
(d) **Outdoor Media Services** provides billboard advertising across the country but was disposed off in the year.

(e) **Digital advertising** platforms include the standard digital, social media pages as well as sale of the digital copy of the daily newspaper.



Financial position

The Group's total assets have declined to Kshs 4.1 billion as a result of the loss incurred in the year as well as lower collections (2019: Ksh 4.2 billion).



Principal risk:

The principal risk facing the business in the current year has been the risk of loss of income from the current COVID-19 pandemic. The pandemic has resulted to a slowdown of the economy which has negatively impacted the company's income for the year. In combating this, management has incorporated cost cutting measures in a bid to mitigate the effect of the lost revenues on the company's bottom line.

8 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue at a meeting of the directors held on 29 April 2021.

BY ORDER OF THE BOARD

Millicent Ng'etich

Certified Public Secretary (Kenya)

Company Secretary

Date: 29 April 2021

Directors' Remuneration Report

The Standard Group PLC is pleased to present the Director's Remuneration report for the year ended 31 December 2020. 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
Robin Sewell*	Chairman (Non-Executive Director)
Dr. Julius Kipngetich	Deputy Chairman (Independent/Non-Executive Director)
Orlando Lyomu	Group Chief Executive Officer
Zehrabanu Janmohamed	Non-Executive Director
Samuel L. Tiampati	Independent Non-Executive Director (resigned effective 3 April 2020)
Dr.James Mcfie	Non-Executive Director
Shaun Zambuni *	Non-Executive Director
Juliana Rotich	Independent/Non-Executive Director
Dr.Evanson Gitahi	Independent/Non-Executive Director
Christopher Kulei	Non-Executive Director (appointed effective 14 July 2020)

**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:

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

The Nomination's Committee of the Board is responsible for setting and administering the directors Remuneration Policy. The Nomination Committee continuously reviews the entitlements under the policy to ensure these are competetive and 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 re-appointments are subject to annual performance review by the Human Resource 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 Board 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 and the Board Appointment Guidelines.

Changes to Directors' remuneration

During the year the Non-Executive Directors received a 50% salary cut effective April 2020 in cognizance of changes in the operating environment of the Group. (2019: None).

Directors' Shareholding

Directors can purchase or sell shares of the Company in the open market subject to the regulations in The Companies Act, 2015 Laws of Kenya. 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	15 months	6 months	15,300

	2020 KShs'000				2019 KShs'000			
Name	**Basic pay**	**Insurance**	**Gratuity**	**Total**	**Basic pay**	**Insurance**	**Gratuity**	**Total**
Orlando Lyomu	21,938	510	3,600	26,048	33,762	1,104	3,600	38,466

Non-Executive Directors

Fees and sitting allowance	2020 KShs’000	2019 KShs’000
Robin Sewell**	720	1,440
Samuel L. Tiampati***	403	1,850
Dr.James Mcfie*	982	1,820
Zehrabanu Janmohamed	845	1,445
Shaun Zambuni**	1,092	2,040
Dr. Julius Kipngetich	1,137	2,145
Juliana Rotich	983	1,710
Dr. Evanson Gitahi	955	1,430
Christopher Kulei****	458	-
Total	7,575	13,880

** Funds are donated to charity*
*** British*
**** Resigned effective 3 April 2020*
*****Appointed 14 July 2020*

Approval of the Directors’ remuneration report

The Directors confirm that this report is in compliance with the provisions of the Companies Act, 2015 on Director’s Remuneration.

By order of the board

Dr Evanson Gitahi

Date: 29 April 2021

Statement of Directors' Responsibilities

The Kenyan 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 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 Kenyan 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 29 April 2021 and signed on its behalf by:

Dr. Evanson 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 107, which comprise the consolidated statement of financial position at 31 December 2020 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 2020, 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 2020 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Credit risk and estimation of expected credit losses on trade receivables. The Group is exposed to credit risk arising, mainly, from credit sales of goods and services to customers. The credit risk was heightened in the year by the increased emerging competition and tougher economic environment driven by the Covid-19 pandemic. The recognition of credit loss allowances on financial assets, as required by IFRS 9, involves the use of significant judgements and estimates by management. Management apply significant judgements and estimates in the following areas as described in note 6 of the financial statements: (i) The determination and application of IFRS 9 risk parameters i.e. probably of default (PD), forward looking information, loss given at default (LGD) and exposure at default (EAD) to trade receivables; and (ii) The definition of default and determination of probability of default. (iii) Determination of expected timing for settlement of government trading debt. The disclosures on the application of IFRS 9 in the determination of expected credit losses are in note 5(b) of the financial statements.	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 the 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

Key audit matter	How our audit addressed the key audit matter
Adequacy and completeness of the libel provision 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. The Directors apply significant judgement when considering whether, and how much, to provide for the potential exposure of each litigation. The disclosures on the determination of expected provisions and contingent liabilities are in note 3(d),29 and 34 of the financial statements.	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. 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 We sought further input from the Finance and Audit Committee on the provisions for the year as submitted by management; and We evaluated the adequacy of disclosures in the financial statements in accordance with the requirements of the International Financial Reporting Standards.

Other information

The other information comprises the Corporate information, the Corporate governance report, 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 are 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.

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.

Report On Other Matters Prescribed By The Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on pages 40 to 42 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 43 to 45 has been properly prepared in accordance with the Companies Act, 2015.

Richard Njoroge

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

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

29 April 2021

Print Products


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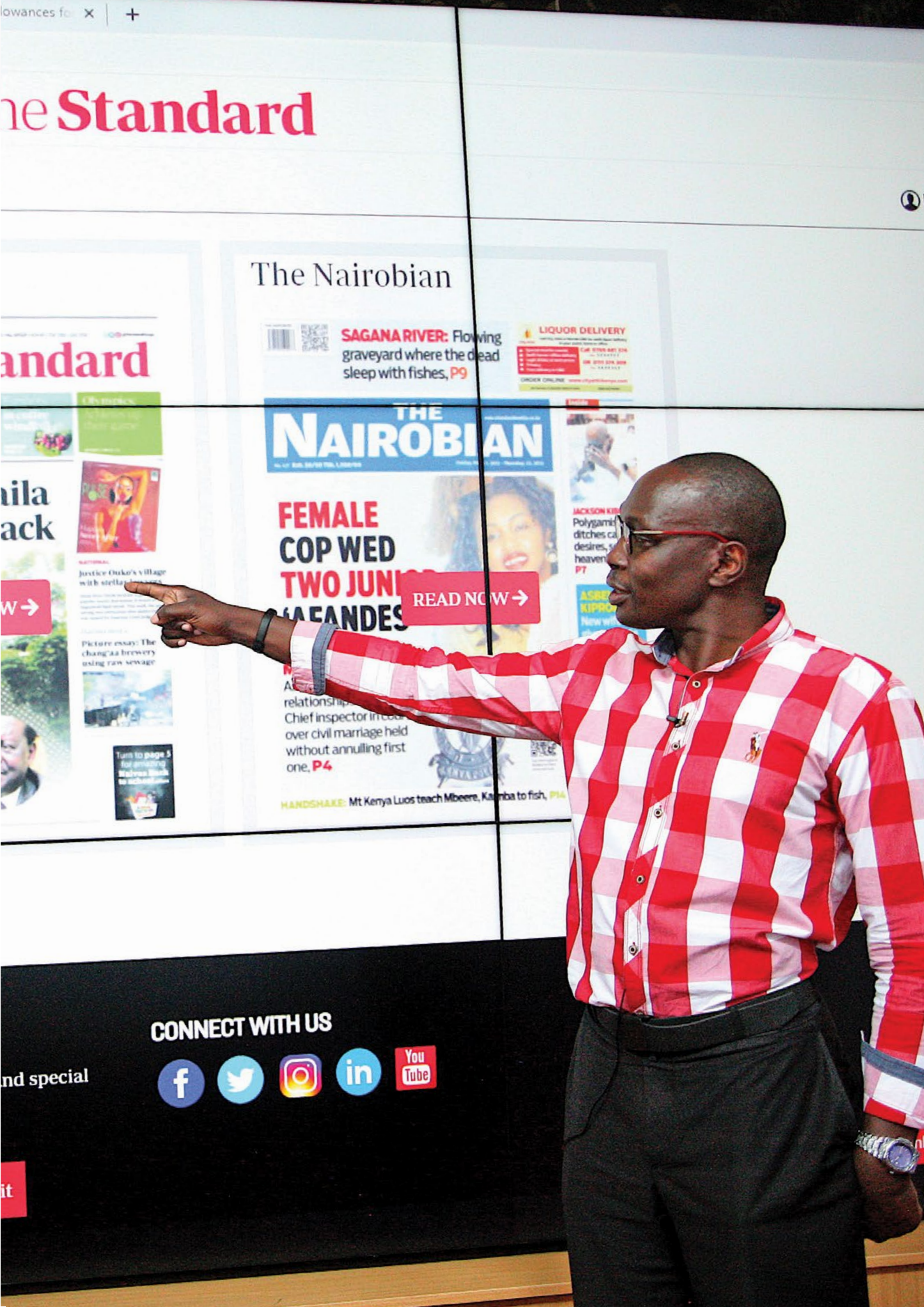
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Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

Continuing operations	Notes	2020 KShs'000	2019 KShs'000
Revenue	8	2,893,929	4,051,870
Direct costs	9	(760,015)	(1,350,213)
Other gains	10	89,377	140,650
Selling and distribution costs	11	(306,061)	(536,002)
Administrative expenses	12(a)	(2,112,697)	(2,758,242)
Provision for expected credit losses	12(b)	(74,601)	(42,874)
Finance costs	13	(164,362)	(189,152)
Loss before taxation	14	(434,430)	(683,963)
Income tax credit	15	82,238	222,508
Loss from continuing operations		(352,192)	(461,455)
Profit/(loss) from discontinued operations	32	50,560	(22,612)
Total loss after tax for the year		(301,632)	(484,067)
Other comprehensive income		-	-
Total comprehensive loss for the year		(301,632)	(484,067)
Attributable to:			
Non-controlling interests	25	(42,298)	(54,589)
Owners of the parent		(259,334)	(429,478)
		(301,632)	(484,067)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company	16	(3.79)	(4.98)
Earnings per share – discontinued operations - Basic (KShs)	16	0.62	(0.28)

Company statement of profit or loss and other comprehensive income for the year ended 31 December 2020

Continuing operations	Notes	2020 KShs'000	2019 KShs'000
Revenue	8	2,101,097	2,957,119
Direct costs	9	(514,837)	(957,482)
Other gains	10	88,859	126,439
Selling and distribution costs	11	(227,779)	(408,434)
Administrative expenses	12(a)	(1,593,760)	(2,115,125)
Provision for expected credit losses	12(b)	(49,205)	6,696
Finance costs	13	(126,394)	(137,928)
Loss before taxation	14	(322,019)	(528,715)
Income tax credit	15	56,149	178,666
Loss from continuing operations		(265,870)	(350,049)
Profit/(loss) from discontinued operations	32	50,560	(22,612)
Total loss after tax for the year		(215,310)	(372,661)
Other comprehensive income		-	-
Total comprehensive loss for the year		(215,310)	(372,661)

Consolidated statement of financial position as at 31 December 2020

ASSETS	Notes	2020 KShs'000	2019 KShs'000
Non-current assets			
Property, plant and equipment	17(a)	1,556,593	1,632,745
Right of use assets	18	155,981	210,058
Intangible assets	19(a)	568,191	578,810
Other non current asset	20(b)	42,250	42,250
Deferred income tax	27(a)	431,839	346,804
		2,754,854	2,810,667
Current assets			
Inventories	21(a)	224,199	217,457
Trade and other receivables	22(a)	1,043,367	1,060,710
Current income tax	15(c)	18,075	14,310
Cash and bank balances	31(i)(b)	14,345	92,802
		1,299,986	1,385,279
TOTAL ASSETS		4,054,840	4,195,946
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23(a)	408,654	408,654
Share premium	23(b)	39,380	39,380
Capital redemption reserve	24(a)	102	102
Retained earnings	24(b)	474,631	733,965
Attributable to owners of the company		922,767	1,182,101
Non-controlling interests	25	196,811	239,109
		1,119,578	1,421,210
Non-current liabilities			
Borrowings	28(a)	345,832	405,637
Lease liabilities	18(b)	26,465	48,439
		372,297	454,076
Current liabilities			
Borrowings	28(a)	567,178	579,731
Trade and other payables	29(a)	1,889,343	1,604,329
Lease liabilities	18(b)	29,179	59,795
Due to related parties	26(a)	77,265	76,805
		2,562,965	2,320,660
TOTAL EQUITY AND LIABILITIES		4,054,840	4,195,946

The financial statements on pages 54 to 107 were approved and authorised for issue by the Board of Directors on 29 April 2021.

Dr. Evanson Gitahi
Director

Orlando Lyomu
Director

Company statement of financial position as at 31 December 2020

ASSETS	Notes	2020 KShs'000	2019 KShs'000
Non-current assets			
Property, plant and equipment	17(b)	1,382,850	1,410,681
Right of use assets	18	155,981	210,058
Intangible assets	19(b)	468,218	470,671
Deferred income tax	27(b)	313,791	254,845
Investment in subsidiaries	20(a)	70,367	70,367
Other non current assets	20(b)	42,250	42,250
		2,433,457	2,458,872
Current assets			
Inventories	21(b)	215,205	213,083
Trade and other receivables	22(b)	840,608	789,816
Current Income tax	15(c)	12,318	8,805
Cash and bank balances	31(ii)(b)	14,143	92,514
		1,082,274	1,104,218
TOTAL ASSETS		3,515,731	3,563,090
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23(a)	408,654	408,654
Share premium	23(b)	39,380	39,380
Capital redemption reserve	24(a)	102	102
Retained earnings	24(b)	262,685	477,995
		710,821	926,131
Non-current liabilities			
Borrowings	28(b)	345,832	405,637
Lease liabilities	18(b)	26,465	48,439
		372,297	454,076
Current liabilities			
Borrowings	28(b)	540,525	564,583
Trade and other payables	29(b)	1,534,668	1,328,703
Lease liabilities	18(b)	29,179	59,795
Due to related parties	26(b)	328,241	229,802
		2,432,613	2,182,883
TOTAL EQUITY AND LIABILITIES		3,515,731	3,563,090

The financial statements on pages 54 to 107 were approved and authorised for issue by the Board of Directors on 29 April 2021.

Dr. Evanson Gitahi
Director

Orlando Lyomu
Director

Consolidated statement of changes in equity for the year ended 31 December 2020

	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
Year ended 31 December 2019							
At start of year	408,654	39,380	102	1,212,482	1,660,618	293,698	1,954,316
Total comprehensive loss							
Loss for the year	-	-	-	(429,478)	(429,478)	(54,589)	(484,067)
Transaction with owners in their capacity as shareholders:							
Dividends declared	-	-	-	(49,039)	(49,039)	-	(49,039)
At end of year	408,654	39,380	102	733,965	1,182,101	239,109	1,421,210
Year ended 31 December 2020							
At start of year	408,654	39,380	102	733,965	1,182,101	239,109	1,421,210
Total comprehensive loss							
Loss for the year	-	-	-	(259,334)	(259,334)	(42,298)	(301,632)
At end of year	408,654	39,380	102	474,631	922,767	196,811	1,119,578

Company statement of changes in equity for the year ended 31 December 2020

	Share capital KShs'000	Share premium KShs'000	Capital redemption reserve KShs'000	Retained earnings KShs'000	Total KShs'000
Year ended 31 December 2019					
At start of year	408,654	39,380	102	899,695	1,347,831
Total comprehensive loss					
Loss for the year	-	-	-	(372,661)	(372,661)
Transaction with owners in their capacity as shareholders:					
Dividends declared	-	-	-	(49,039)	(49,039)
At end of year	408,654	39,380	102	477,995	926,131
Year ended 31 December 2020					
At start of year	408,654	39,380	102	477,995	926,131
Total comprehensive loss					
	-	-	-	(215,310)	(215,310)
Loss for the year					
At end of year	408,654	39,380	102	262,685	710,821

Consolidated Statement Of Cash Flows For The Year Ended 31 December 2020

	Notes	2020 KShs'000	2019 KShs'000
Cash flows from operating activities			
Cash generated from operations	31(i) (a)	330,762	837,328
Interest expense on other loans	13	(150,319)	(169,241)
Interest expense on lease liability	18(b)	(14,043)	(19,911)
Tax paid	15(c)	(3,765)	(140,453)
Net cash flows from operating activities		162,635	507,723
Cash flows from investing activities			
Purchase of intangible assets	19(a)	(15,691)	(45,302)
Purchase of property, plant and equipment	17(a)	(175,822)	(91,169)
Proceeds from disposal of property, plant and equipment		6,121	11,552
Proceeds from disposal of discontinued operation		55,000	-
Net cash flows from investing activities		(130,392)	(124,616)
Cash flows from financing activities			
Dividends paid	18(c)	-	(3,073)
Principal elements of lease payments		(38,343)	(44,929)
Proceeds from borrowings	28(a)	804,341	918,318
Loan repayment	28(a)	(885,869)	(1,173,683)
Net cash flows from financing activities		(119,871)	(303,367)
Net (decrease)/increase in cash and cash equivalents		(87,628)	79,740
Cash and cash equivalents at start of the year		(71,937)	(151,677)
Cash and cash equivalents at end of year	31(i)(b)	(159,565)	(71,937)

Company Statement Of Cash Flows For The Year Ended 31 December 2020

	Notes	2020 KShs'000	2019 KShs'000
Cash flows from operating activities			
Cash generated from operations	31(ii) (a)	303,270	684,104
Interest expense on other loans	13	(112,351)	(118,017)
Interest expense on lease liability	18(b)	(14,043)	(19,911)
Tax paid	15(c)	(3,513)	(106,338)
Net cash flows from operating activities		173,363	439,838
Cash flows from investing activities			
Purchase of intangible assets	19(b)	(15,691)	(45,302)
Purchase of property, plant and equipment	17(b)	(174,962)	(34,780)
Proceeds from disposal of property, plant and equipment		6,124	11,552
Proceeds from disposal of discontinued operation		55,000	-
Net cash flows from investing activities		(129,529)	(68,530)
Cash flows from financing activities			
Principal elements of lease payments	18(c)	(38,343)	(44,929)
Dividend paid		-	(3,073)
Proceeds from borrowings	28(b)	804,341	918,318
Loan repayment	28(a)	(885,869)	(1,173,682)
Net cash flows from financing activities		(119,871)	(303,366)
Net (decrease)/increase in cash and cash equivalents		(76,037)	67,942
Cash and cash equivalents at start of year		(57,077)	(125,019)
Cash and cash equivalents at end of year	31(ii) (b)	(133,114)	(57,077)

1. REPORTING ENTITY

The Standard Group PLC ("the Company") is a limited liability Company incorporated in Kenya under the Kenyan 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 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries are presented on Note 20. 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, The Nairobian, Pulser, Travelog, Pambazuko and Mount Kenya Star; Radio Maisha, Spice FM and Vybez radio; KTN Home, KTN News, Burudani TV and Farmers TV. Digital offering include the E-paper, Standardmedia.co.ke website and, digger classified. Outdoor advertising through the Outdoor Media Services was disposed in the year.

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

The Standard Group Centre

Mombasa Road

PO 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.

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.

(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 and broadcast content.

(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 Group and 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 %**

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

(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.

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.

(l) 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.

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 in the following categories; amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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).

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 paramount, 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 at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These 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 or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. 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.

(iii) 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.

(iv) Impairment of financial assets

The Group recognises a loss allowance for expectedptr 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.

(v) 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.

(vi) 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 by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

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.

4. CHANGES IN ACCOUNTING POLICY

New standards, amendments and interpretations

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

New standard or amendments	Effective for annual periods beginning on or after
Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020
Definition of a Business – Amendments to IFRS 3	1 January 2020
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2020
COVID-19-related Rent Concessions – Amendments to IFRS 16	1 June 2020
Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020

The adoption of the above standards or amendments had no material impact on the Group or Company financial statements.

(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	I January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	I January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	I January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Not Determined

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 statetements.

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

Group and Company 2020:	USD KShs'000	EURO KShs'000	GBP KShs'000	Total KShs'000
Financial assets				
Cash at bank	1,575	746	12	2,333
Foreign debtors	16,669	-	-	16,669
Financial liabilities				
Trade payables	(129,641)	(51,844)	9,040	(172,445)
Net foreign currency liability	(111,397)	(51,098)	9,052	(153,443)

2019:	USD KShs'000	EURO KShs'000	GBP KShs'000	Total KShs'000
Financial assets				
Cash at bank	(107)	4,810	475	5,178
Foreign debtors	18,118			18,118
Financial liabilities				
Trade payables	(78,821)	(63,193)	(10,653)	(152,667)
Net foreign currency liability	(60,810)	(58,383)	(10,178)	(129,371)

At 31 December 2020, 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 1,343,040 (2019: KShs 1,293,743).

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

	Average		Closing	
	2020	2019	2020	2019
USD	110.6	101.3	109.2	101.3
EURO	133.1	113.4	133.9	113.6
GBP	147.7	133.9	148.4	132.9

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 (2019: KShs 185 million) at rates determined by prevailing market conditions.

As at 31 December 2020, an increase/decrease of 1% on average borrowing rates would have resulted in an increase/ decrease in profit before taxation for Group by KShs 1,643,630 (2019: Kshs 1,690,640).

(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 2020

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 following table provides information about the maximum exposure to credit risk and ECLs for trade receivables as at 31 December 2020 and 2019.The amounts on the table represent the maximum exposure to credit risk.

(i) Trade receivables

Group
Year ended 31 December 2020

Aging bucket	Loss rate	Gross amount KShs' 000	Loss allowance KShs' 000	Credit impaired
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	68%	1,251,768	924,890	Yes
		2,081,232	1,161,426	

Year ended 31 December 2019

Aging bucket	Loss rate	Gross amount KShs' 000	Loss allowance KShs' 000	Credit impaired
0-30 days past due	27%	683,257	187,210	No
31-60 days past due	80%	57,214	45,933	No
61-90 days past due	89%	54,831	48,761	No
More than 90 days past due	67%	1,197,632	804,773	Yes
		1,992,934	1,086,677	

Company
Year ended 31 December 2020

Aging bucket	Loss rate	Gross amount KShs' 000	Loss allowance KShs' 000	Credit impaired
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	63%	1,027,724	714,135	Yes
		1,615,015	887,522	

Year ended 31 December 2019

Aging bucket	Loss rate	Gross amount KShs' 000	Loss allowance KShs' 000	Credit impaired
0-30 days past due	28%	400,610	113,661	No
31-60 days past due	75%	37,889	28,466	No
61-90 days past due	88%	44,499	39,353	No
More than 90 days past due	65%	1,005,051	655,687	Yes
		1,488,049	838,167	

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 14,345,000 and KShs 14,143,000 respectively (2019: Group and Company – KShs 92,820,000 and 92,514,000 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:	**2020 KShs '000**	**2019 KShs '000**
At start of year	1,086,677	1,043,617
Charge for the year	74,601	42,874
Bad debt write offs and credit notes	148	186
At end of year	1,161,426	1,086,677
Company:		
At start of year	838,167	844,678
Charge /(credit) for the year	49,205	(6,696)
Bad debt write offs and credit notes	150	185
At end of year	887,522	838,167

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

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:	**2020 KShs '000**	**2019 KShs '000**
Bank and cash balances (Note 31(i)(b))	14,345	92,802
Other receivables (Note 22(a))	48,234	72,938
	62,579	165,740
Company:		
Bank and cash balances (Note 31(ii)(b))	14,143	92,514
Other receivables (Note 22(b))	39,034	65,851
	53,177	158,365

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 (2019: 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 2020	Within 1 year KShs'000	Over 1 year KShs'000	Total KShs'000
Related party loans	77,265	-	77,265
Bank borrowings	550,723	486,888	1,037,611
Overdraft facility	173,910	-	173,910
Lease liabilities	31,126	30,992	62,118
Trade and other payables	1,889,343	-	1,889,343
	2,722,367	517,880	3,240,247
At 31 December 2019			
Related party loans	76,805	-	76,805
Bank borrowings	414,992	405,637	820,629
Overdraft facility	164,739	-	164,739
Lease liabilities	59,795	131,250	191,045
Trade and other payables	1,604,329	-	1,604,329
	2,320,660	536,887	2,857,547

Company

At 31 December 2020	Within 1 year KShs'000	Over 1 year KShs'000	Total KShs'000
Related party loans	328,241	-	328,241
Bank borrowings	550,723	486,888	1,037,611
Overdraft facility	147,257	-	147,257
Lease liabilities	31,126	30,992	62,118
Trade and other payables	1,534,668	-	1,534,668
	2,592,015	517,880	3,109,895
At 31 December 2019			
Related party loans	229,802	-	229,802
Bank borrowings	414,992	405,637	820,629
Lease liabilities	59,795	131,250	191,045
Overdraft facility	149,591	-	149,591
Trade and other payables	1,328,703	-	1,328,703
	2,182,883	536,887	2,528,725

(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	Valuation models using significant non-market observable inputs

The Group and Company did not have any assets or liabilities that are stated at fair value.

(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

2020	Financial liabilities at amortised cost KShs'000	Financial assets at amortised cost KShs'000	Total carrying value KShs'000	Fair value KShs'000
Financial assets				
Trade and other receivables	-	1,043,367	1,043,367	1,043,367
Cash and bank balances	-	14,345	14,345	14,345
	-	1,057,712	1,057,712	1,057,712
Financial liabilities				
Borrowings	913,010	-	913,010	913,010
Trade and other payables	1,889,343	-	1,889,343	1,889,343
Lease liabilities	55,644	-	55,644	55,644
Amount due to related parties	77,265	-	77,265	77,265
	2,935,262	-	2,935,262	2,935,262

2019	Financial liabilities at amortised cost KShs'000	Financial assets at amortised cost KShs'000	Total carrying value KShs'000	Fair value KShs'000
Financial assets				
Trade and other receivables	-	1,060,710	1,060,710	1,060,710
Cash and bank balances	-	92,802	92,802	92,802
	-	1,153,512	1,153,512	1,153,512
Financial liabilities				
Borrowings	985,368	-	985,368	985,368
Amounts due to related parties	76,805	-	76,805	76,805
Trade and other payables	1,604,329	-	1,604,329	1,604,329
Lease liabilities	108,234	-	108,234	108,234
	2,774,736	-	2,774,736	2,774,736

Company

2020	Financial liabilities at amortised cost KShs'000	Financial assets at amortised cost KShs'000	Total carrying value KShs'000	Fair value KShs'000
Financial assets				
Trade and other receivables	-	840,608	840,608	840,608
Cash and bank balances	-	14,143	14,143	14,143
	-	854,751	854,751	854,751
Financial liabilities				
Borrowings	886,357	-	886,357	886,357
Lease liabilities	55,644	-	55,644	55,644
Amount due to related parties	328,214	-	328,214	328,214
Trade and other payables	1,534,668		1,534,668	1,534,668
	2,804,883	-	2,804,883	2,804,883

2019	Financial liabilities at amortised cost KShs'000	Financial assets at amortised cost KShs'000	Total carrying value KShs'000	Fair value KShs'000
Trade and other receivables	-	789,816	789,816	789,816
Cash and bank balances	-	92,514	92,514	92,514
	-	882,330	882,330	882,330
Financial liabilities				
Borrowings	970,220	-	970,220	970,220
Trade and other payables	1,328,703	-	1,328,703	1,328,703
Lease liabilities	108,234	-	108,234	108,234
Amount due to related parties	229,802	-	229,802	229,802
	2,636,959	-	2,636,959	2,636,959

(f) 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	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Equity	1,119,578	1,421,210	710,821	926,131
Total borrowings	913,010	985,368	886,357	970,220
Less: cash balances	(14,345)	(92,802)	(14,143)	(92,514)
Net debt	898,665	892,566	898,665	892,566
Gearing	80%	63%	123%	95%

The Group has a target gearing ratio of about 50 %

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 crystalise.

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.
- Determination of expected future payment pattern for government advertising debt.

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.

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.

7. OPERATING SEGMENTS (continued)

(b) Segment revenues and results (continued)

	2020				2019			
	Print	Broadcasting KShs'000	Elimination KShs'000	Total KShs'000	Print KShs'000	Broadcasting KShs'000	Elimination KShs'000	Total KShs'000
Revenue	1,772,460	1,121,469	-	2,893,929	2,496,806	1,555,064	-	4,051,870
Direct Costs	(471,354)	(288,661)		(760,015)	(914,295)	(435,918)		(1,350,213)
Other gains and losses	87,053	2,324	-	89,377	119,504	21,146	-	140,650
Selling and distribution	(194,021)	(112,040)		(306,061)	(351,886)	(184,116)		(536,002)
Administrative expenses	(1,192,751)	(668,738)		(1,861,489)	(1,929,166)	(871,950)	-	(2,801,116)
Depreciation and amortisation expense	(190,248)	(135,561)	-	(325,809)	316,446	64,066	-	380,512
Finance costs	(113,648)	(50,714)	-	(164,362)	(111,402)	(77,750)	-	(189,152)
Segment (loss)/profit before tax	(302,509)	(131,921)	-	(434,430)	(690,439)	6,476	-	(683,963)
							-	
Income tax credit/ (expense)	54,639	27,599	-	82,238	227,183	(4,675)	-	222,508
(Loss)/profit from continuing operations	(247,870)	(104,322)	-	(352,192)	(463,256)	1,801		(461,455)
Elimination of discontinued operations	50,560	-	-	50,560	(22,612)	-	-	(22,612)
Total comprehensive loss for the year	(197,310)	(104,322)	-	(301,632)	(485,868)	(1,801)	-	(484,067)

c) Segment assets and liabilities

	Print	Broadcasting KShs'000	Elimination KShs'000	Total KShs'000	Print KShs'000	Broadcasting KShs'000	Elimination KShs'000	Total KShs'000
Segment assets	3,515,642	539,198	-	4,054,840	3,329,906	519,236	-	4,195,946
Segment liabilities	2,304,504	630,758	-	2,935,262	2,476,326	298,410	-	2,774,736
Capital expenditure	174,962	860	-	175,822	34,780	56,389	-	91,169

8. REVENUE

Revenue recognised at a point in time	GROUP 2020 KShs'000	GROUP 2019 KShs'000	COMPANY 2020 KShs'000	COMPANY 2019 KShs'000
Print	1,772,460	2,496,806	1,772,460	2,496,806
Broadcasting	1,121,469	1,555,064	328,637	460,313
	2,893,929	4,051,870	2,101,097	2,957,119

9. DIRECT COSTS

	GROUP 2020 KShs'000	GROUP 2019 KShs'000	COMPANY 2020 KShs'000	COMPANY 2019 KShs'000
Material cost	264,726	596,629	264,726	596,629
Programmes	171,411	291,284	31,346	34,291
Depreciation	86,712	80,258	86,712	80,258
News contribution costs	71,179	117,398	63,756	110,018
News service	7,026	27,340	2,065	6,758
Operating lease	25,102	38,578	25,102	38,578
TV licenses	92,569	106,154	-	-
Maintenance	20,364	43,127	20,364	43,127
Production salaries	9,019	19,144	9,019	19,143
Events	11,712	30,301	11,553	28,680
Other costs	195	-	194	-
	760,015	1,350,213	514,837	957,482

10. OTHER GAINS/(LOSSES)

	GROUP 2020 KShs'000	GROUP 2019 KShs'000	COMPANY 2020 KShs'000	COMPANY 2019 KShs'000
Miscellaneous income *	70,291	91,729	64,961	77,109
Sale of newspaper returns, production waste and other income	31,116	49,886	31,116	49,886
Printing services	1,772	2,877	1,771	2,877
Gain on disposal of property and equipment	5,576	5,957	5,576	5,957
Net foreign exchange loss	(19,378)	(9,799)	(14,565)	(9,390)
	89,377	140,650	88,859	126,439

** Miscellaneous income relate to the write back of bad customer debt that had been written off.*

11. SELLING AND DISTRIBUTION

	GROUP 2020 KShs'000	GROUP 2019 KShs'000	COMPANY 2020 KShs'000	COMPANY 2019 KShs'000
Commission on bad debt	24,364	72,198	24,364	72,198
Marketing and promotion	18,565	89,787	10,945	67,642
Advertising commission	191,414	276,197	122,652	170,774
Transport and distribution costs	71,718	97,820	69,818	97,820
	306,061	536,002	227,779	408,434

12.(a) ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Staff costs	1,317,769	1,545,742	998,629	1,160,457
Rent	80,239	128,587	59,617	68,568
Property operations	47,192	46,249	35,593	42,060
Depreciation charge	139,641	207,582	90,460	150,730
Depreciation recharge	-	-	(45,443)	(49,519)
Amortisation of intangible assets	40,638	92,235	32,472	85,043
Right of Use ammortization	58,483	-	58,483	-
Professional fees	51,476	188,322	46,874	186,248
Repairs and maintenance	92,454	96,655	73,537	76,076
Vehicle expenses	34,495	45,774	28,809	34,728
Communication expense	57,863	72,544	51,025	56,121
Travel and accommodation	1,890	29,658	1,416	25,293
General insurance	46,854	49,031	33,330	40,025
Licences	18,718	61,671	18,718	61,671
Bank charges	40,507	46,798	39,870	45,615
Electricity and water	49,078	52,952	41,898	48,540
Training	5,558	27,745	5,558	27,745
Subscription and donation	4,757	7,770	4,279	7,256
Printing and stationery	8,015	10,631	6,377	6,374
Directors' fees	7,345	13,880	4,245	12,673
AGM and board meeting	5,308	10,072	2,819	9,387
Entertainment	356	3,779	356	3,525
Others	4,061	20,565	4,838	16,509
	2,112,697	2,758,242	1,593,760	2,115,125
Staff costs include:				
Salaries and wages	1,152,901	1,274,446	878,316	959,815
Staff welfare	142,635	208,703	103,674	153,585
Pension contributions	19,819	58,487	14,897	44,768
Others	2,414	4,106	1,742	2,289
	1,317,769	1,545,742	998,629	1,160,457

Average number of employees

Management	41	43	37	39
Others	795	880	583	641
	836	923	620	680

12. (b) PROVISION FOR EXPECTED CREDIT LOSSES

	GROUP		COMPANY	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Provision for expected credit losses	74,601	42,874	49,205	(6,696)

13. FINANCE COSTS

Interest on term loans	120,337	133,512	85,555	86,224
Interest on overdrafts	21,390	23,357	18,670	20,331
Interest on shareholder loans	4,994	5,190	4,995	5,190
Interest on asset financing	3,598	7,182	3,131	6,272
Interest on lease liabilities	14,043	19,911	14,043	19,911
	164,362	189,152	126,394	137,928

14. LOSS BEFORE INCOME TAX

Group	2020 KShs'000	2019 KShs'000
The loss before taxation is arrived at after charging/(crediting) the following items:		
Depreciation for continuing operations – property, plant and equipment	226,623	230,102
Right of use asset depreciation	58,483	59,387
Amortisation - intangible assets	40,638	90,607
Directors' emoluments:		
- Fees - non-executive	7,575	13,880
- Executive directors	26,048	38,466
Auditors' remuneration - current year	4,558	5,875
Gain on disposal of plant and equipment	5,576	(5,957)

Company		
The loss before taxation is arrived at after charging/(crediting) the following items:		
Depreciation for continuing operations – property, plant and equipment	177,442	173,233
Right of use asset depreciation	58,483	59,387
Amortisation - Intangible assets	32,472	83,410
Directors' emoluments:		
- Fees - non-executive	4,475	11,256
- Executive directors	26,048	38,466
Auditors' remuneration - current year	3,890	5,875
Gain on disposal of plant and equipment	5,576	(5,957)

15. INCOME TAX

(a) Income tax credit

Group	2020 KShs'000	2019 KShs'000
Current tax expense		
Current year	-	-
	-	-
Deferred tax credit (Note 29(a))		
Origination and reversal of temporary differences	(85,035)	(197,503)
Prior year adjustment	-	(34,696)
Tax effects on discontinued operation	2,797	-
Total income tax credit	(82,238)	(222,508)

Company		
Current taxation expense		
Current year	-	-
	-	-
Deferred tax credit (Note 29(a))		
Origination and reversal of temporary differences	(58,946)	(153,661)
Prior year adjustment	-	(34,696)
Tax effects on discontinued operation	2,797	9,691
	(56,149)	(178,666)
Total income tax credit	(56,149)	(178,666)

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

Group		
Loss before tax	(434,430)	(683,963)
Tax at the applicable rate of 25% (2019;30%)	(108,608)	(205,189)
Tax effect of non-deductible costs	29,615	17,377
Income not subject to tax	(2,538)	
Prior year deferred tax adjustment	-	(34,696)
Effect of changes in tax rate on deferred tax	(15,445)	
Tax effects on discontinued operation	14,738	-
	(82,238)	(222,508)

15. INCOME TAX (continued)

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

Company	2020 KShs'000	2019 KShs'000
Loss before tax	(322,019)	(528,715)
Tax at the applicable rate of 25% (2019;30%)	(80,505)	(158,614)
Tax effect of non-deductible costs	21,980	14,644
Prior year deferred tax adjustment	-	(34,696)
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	-
	(56,149)	(178,666)

(c) Current income tax recoverable

Group		
At beginning of the year	(14,310)	126,143
Current tax charge	-	-
Tax paid in the year	(3,765)	(140,453)
At 31 December	(18,075)	(14,310)
Comprising:		
Tax payable	-	-
Tax recoverable	(18,075)	(14,310)
	(18,075)	(14,310)

Company		
At beginning of the year	(8,805)	97,533
Current tax - charge for the year	-	-
- tax paid in the year	(3,513)	(106,338)
At 31 December	(12,318)	(8,805)

16. BASIC AND DILUTED EARNINGS PER SHARE

Loss attributable to owners of the Company – KShs'000	Notes	2020 KShs'000	2019 KShs'000
- Continuing operations		(309,894)	(406,866)
- Discontinued operations		50,560	(22,612)
Total loss attributable to owners		(259,334)	(429,478)
Number of shares during the year		81,731,808	81,731,808
Earnings per share – continuing operations – Basic and diluted (KShs)	16	(3.79)	(4.98)
Earnings per share – discontinued operations - Basic (KShs)	16	0.62	(0.28)

17. PROPERTY, PLANT AND EQUIPMENT

(a) Group

2020 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	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

2019 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	679,660	2,546,544	183,668	661,335	216,647	4,287,854
Additions	-	40,853	5,944	13,609	30,763	91,169
Disposals	-	(21,655)	(1,303)	(13,506)	(2,801)	(39,265)
Transfer to intangible assets	-	20,933	-	204	(48,841)	(27,704)
Transfer to from CWIP*	81,131	87,366	-	9,582	(178,079)	-
Write off	-	-	-	-	(9,292)	(9,292)
At year end	760,791	2,674,041	188,309	671,224	8,397	4,302,762
Depreciation						
At start of year	115,314	1,584,194	119,834	649,633	-	2,468,975
Charge for the year-continuing operations	15,137	181,850	27,161	5,954	-	230,102
Charge for the year-discontinued operations	-	4,307	-	-	-	4,307
Eliminated on disposal	-	(18,725)	(1,258)	(13,384)	-	(33,367)
At year end	130,451	1,751,626	145,737	642,203	-	2,670,017
Carrying amount						
Net book value	630,340	922,415	42,572	29,021	8,397	1,632,745

At 31 December 2020, property, plant and equipment with cost of KShs 1,409,024,935 (2019: KShs 1,531,730,082) were fully depreciated. The notional depreciation charge on these assets would have been KShs 310,261,667 (2019: KShs 327,592,385).

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

Assets pledged as security for liabilities are dislosed under Note 28.

(b) Company

2020: 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	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*	-	70,843	-	-	(70,843)	-
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	-	(204,411)	(5,331)	(6,667)	-	(216,409)
Reallocation to asset classes	-	70,881	-	(70,881)	-	-
At end of year	130,805	1,154,177	163,177	458,987	-	1,907,146
Net book value	548,264	615,247	19,741	110,241	89,357	1,382,850
2019: Cost						
At start of year	599,055	1,808,680	182,156	561,835	201,647	3,353,373
Additions	-	15,904	5,944	12,932	-	34,780
Disposals	-	(8,332)	(1,303)	(8,804)	(2,801)	(21,240)
Transfer to intangible assets	-	-	-	-	(3,078)	(3,078)
Transfer from CWIP*	81,131	87,366	-	9,582	(178,079)	-
Write offs	-	-	-	-	(9,292)	(9,292)
At year end	680,186	1,903,618	186,797	575,545	8,397	3,354,543
Depreciation						
At start of year	101,083	1,070,292	118,656	491,936	-	1,781,967
Charge for the year- continuing operations	13,525	101,760	26,783	31,165	-	173,233
Charge for the year- discontinued operations	-	4,307	-	-	-	4,307
Eliminated on disposals	-	(5,687)	(1,258)	(8,700)	-	(15,645)
At year end	114,608	1,170,672	144,181	514,401	-	1,943,862
Net book value	565,578	732,946	42,616	61,144	8,397	1,410,681

At 31 December 2020, property, plant and equipment with cost of KShs 904,340,613 (2019: KShs 1,065,951) were fully depreciated. The notional depreciation charge on these assets would have been KShs 235,077,983 (2019: KShs 257,006,856).

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

Assets pledged as security for liabilities are dislosed under Note 28

18. 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

2020	Land* KShs' 000	Rental leases KShs' 000	Printers KShs' 000	Vehicles KShs' 000	Total KShs' 000
At 1 January	110,759	77,906	-	21,393	210,058
Additions	-	-	4,406	-	4,406
Charge for the year	(1,632)	(35,272)	(186)	(21,393)	(58,483)
At end of year	109,127	42,634	4,220	-	155,981
2019					
At 1 January	112,391	114,268	-	42,786	269,445
Charge for the year	(1,632)	(36,362)	-	(21,393)	(59,387)
At end of year	110,759	77,906	-	21,393	210,058

*The land lease relates to leasehold land where The Standard Group Centre is located.

(b) Lease liabilities

Group and Company

2020	Rental leases KShs' 000	Vehicles KShs' 000	Printers KShs' 000	Total KShs' 000
Less than one year	27,931	-	1,248	29,179
Greater than one year	23,480	-	2,985	26,465
At end of year	51,411	-	4,233	55,644
2019				
Less than one year	35,723	24,072	-	59,795
Greater than one year	48,439	-	-	48,439
At end of year	84,162	24,072	-	108,234

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

Lease liabilities under IFRS 16	2020 KShs'000	2019 KShs'000
Interest on lease liability	14,043	19,911
Principal on lease liability	38,343	44,929
Total cash flows for lease liabilities	52,386	64,840

Movement in lease liabilities is as follows - Group and Company

2020	Rental leases KShs' 000	Vehicles KShs' 000	Printers KShs' 000	Total KShs' 000
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	51,506	-	4,138	55,644
2019				
At start of year	110,087	43,076	-	153,163
Repayment of interest on lease liability	(14,311)	(5,600)	-	(19,911)
Repayment of principal on lease liability	(25,926)	(19,003)	-	(44,929)
Interest expense	14,311	5,600	-	19,911
At end of year	84,161	24,073	-	108,234

19. INTANGIBLE ASSETS

a) Group

2020: Cost	Trademark KShs'000	Software KShs'000	Broadcasting licenses KShs'000	Total KShs'000
At 1 January	39,531	651,980	451,238	1,142,749
Additions	-	8,191	7,500	15,691
Transfer from CWIP*	-	14,328	-	14,328
At 31 December	39,531	674,499	458,738	1,172,768
Amortisation				
At 1 January	-	(563,939)	-	(563,939)
Charge for the year	-	(40,638)	-	(40,638)
At 31 December	-	(604,577)	-	(604,577)
Carrying amount				
At 31 December	39,531	69,922	458,738	568,191

19. INTANGIBLE ASSETS (continued)

2019: Cost	Trademark KShs'000	Software KShs'000	Broadcasting licenses KShs'000	Total KShs'000
At 1 January	6,000	627,505	436,238	1,069,743
Additions	17,250	13,052	15,000	45,302
Transfer from CWIP*	16,281	11,423	-	27,704
At 31 December	39,531	651,980	451,238	1,142,749
Amortisation				
At 1 January	-	(473,332)	-	(473,332)
Charge for the year		(90,607)	-	(90,607)
At 31 December	-	(563,939)	-	(563,939)
Carrying amount				
At 31 December	39,531	88,041	451,238	578,810

b) Company

2020: Cost	Trademark KShs'000	Software KShs'000	Broadcasting licenses KShs'000	Tota KShs'000
At 1 January	23,250	611,145	384,363	1,018,758
Additions	-	8,191	7,500	15,691
Transfer PPE**	-	14,328	-	14,328
At 31 December	23,250	633,664	391,863	1,048,777
Amortisation				
At 1 January	-	(548,087)	-	(548,087)
Charge for the year	-	(32,472)	-	(32,472)
At 31 December	-	(580,559)	-	(580,559)
Carrying amount				
At 31 December	23,250	53,105	391,863	468,218
2019: Cost				
At 1 January	6,000	595,018	369,363	970,381
Additions	17,250	13,049	15,000	45,299
Transfer PPE**	-	3,078	-	3,078
At 31 December	23,250	611,145	384,363	1,018,758
Amortisation				
At 1 January	-	(464,677)	-	(464,677)
Charge for the year	-	(83,410)	-	(83,410)
At 31 December	-	(548,087)	-	(548,087)
Carrying amount				
At 31 December	23,250	63,058	384,363	470,671

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 carring 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 in 2019 relate to Pambazuko and Mount Kenya Star publications. The trademark transfers from CWIP at the Group level relate to Farmers TV.

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 them as not impaired. For trademarks, the assumption made was that they will continue to accrue commercial benefits in the foreseeable future. No impairment losses have therefore been recognized in these financial statements.

20. INVESTMENTS

(a) Investment in subsidiaries (unquoted)

	Principal activity	Shareholding %	2020 KShs'000	2019 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
			70,367	70,367

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.

(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.

21. INVENTORIES

(a) Group	2020 KShs'000	2019 KShs'000
Raw materials	131,614	130,321
Consumables	84,669	83,745
Broadcast programmes	7,916	3,391
	224,199	217,457

Inventories expensed during the year amounted to KShs 471,171,776 (2019; KShs 857,437,750).

(b) Company	2020 KShs'000	2019 KShs'000
Raw materials	131,614	130,321
Consumables	83,591	82,762
	215,205	213,083

Inventories expensed during the year amounted to KShs 295,723,019 (2019: KShs 605,384,004). Raw materials mainly comprise newsprint, inks and plates used in the print business.

22. TRADE AND OTHER RECEIVABLES

(a) Group	2020 KShs'000	2019 KShs'000
Trade receivables	2,081,232	1,992,934
Provision for expected credit losses	(1,161,426)	(1,086,677)
	919,806	906,257
Other receivables	48,324	72,938
Prepayments	75,237	81,515
	1,043,367	1,060,710

(b) Company		
Trade receivables	1,615,015	1,488,049
Provision for expected credit losses	(887,522)	(838,167)
	727,493	649,882
Other receivables	39,034	65,851
Prepayments	74,081	74,083
	840,608	789,816

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

23. SHARE CAPITAL

(a) Ordinary shares	2020 KShs'000	2019 KShs'000
Authorised:		
103,979,600 ordinary shares of KShs 5 each	519,898	519,898
Issued and fully paid:		
81,731,808 Ordinary shares of KShs 5 each	408,654	408,654

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	2020 KShs'000	2019 KShs'000
Share premium comprises:		
Ordinary shares at 31 December	39,380	39,380

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 2020	81,731,808	408,654	39,380	448,034
At 31 December 2019	81,731,808	408,654	39,380	448,034

24. 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

25. NON-CONTROLLING INTERESTS

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

The Standard Group Centre
Mombasa Road
PO 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%

	2020 KShs'000	2019 KShs'000
At 1 January	239,109	293,698
Share of results for the year	(42,298)	(54,589)
At 31 December	196,811	239,109

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

	2020 KShs'000	2019 KShs'000
Non-controlling interest	**49%**	**49%**
Assets	782,982	778,753
Liabilities	(381,327)	(290,777)
Net assets	401,655	487,976
Net assets attributable to NCI	196,811	239,109
Revenue	793,349	1,108,962
Expenses	(879,671)	(1,220,368)
Profit for the year	(86,322)	(111,406)
Total comprehensive income	(86,322)	(111,406)
Total comprehensive income attributable to non-controlling interest	(42,298)	(54,589)
Net cash inflow from operating activities	(10,731)	67,884
Net cash outflow from investing activities	(860)	(56,086)
Net cash outflow	(11,591)	11,798

26. RELATED PARTY BALANCES

(a) Transactions with related parties.

Group	**2020 KShs'000**	**2019 KShs'000**
Interest expense	460	4,412
Company		
Administrative expense recharge to subsidiary	94,229	(99,837)
Interest Expense	4,211	4,412
	98,439	(95,425)

(b) Due to related parties

Balances due to related parties are repayable as follows:

Group		
Within 1 year	77,265	76,805
Company		
Within 1 year	328,241	229,802

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

	Effective Interest rate %	2020 KShs'000	2019 KShs'000
The Standard Media Group Holdings Limited (common shareholding)	-	14,887	14,887
Trade World (K) Limited (shareholders)	8.0	7,895	7,392
Miller Trustees (shareholders)	8.0	54,483	54,526
		77,265	76,805
Company			
Standard Media Group Holdings Limited	-	14,887	14,887
Trade World (K) Limited	8.0	7,895	7,392
Miller Trustees Limited	8.0	58,236	54,526
Baraza Limited		236,633	142,407
The Standard Limited	-	10,590	10,590
		328,241	229,802

The balances due to related parties are all denominated in Kenya shillings and are due within the next twelve months.

The loan from The Standard Media Group Holdings Limited is repayable within the next one year and is interest free. The loans from Miller Trustees Limited and Trade World (K) Limited are repayable within the next one year and attract interest at a rate of 8%. All loans are unsecured. The loan from The Standard Limited is unsecured and is due within the next twelve months.

(c) Key management compensation

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

	2020 KShs'000	2019 KShs'000
Fees for services as a director		
Non-executive director	7,575	13,880
Other emoluments		
Salaries and other short-term employment benefits:		
Executive director / key management		
Basic pay	21,938	33,762
Insurance	510	1,104
Gratuity	3,600	3,600
	26,048	38,466
Total	33,263	52,346

(d) Interest expense

Interest on shareholder loan	4,995	5,190

27. DEFERRED INCOME TAX (ASSET)/LIABILITY

(a) Group

Movement on the deferred income tax asset:

	2020 KShs'000	2019 KShs'000
At 1 January	(346,804)	(114,605)
Deferred income tax credit - current year	(85,636)	-
Accounting policy change (IFRS 9)	-	(197,503)
Prior year adjustments	-	(34,696)
At 31 December	(432,440)	(346,804)

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

Property, plant and equipment	148,754	170,139
Other temporary differences	(361,913)	(334,544)
Unrealised exchange gain	(2,738)	(279)
Lease liabilities	(16,693)	(32,470)
Right-of-use asset	14,057	29,790
Tax losses carried foward	(213,907)	(179,440)
At 31 December	(432,440)	(346,804)

(b) Company

The movement on the deferred income tax asset:

At 1 January	(254,845)	(66,488)
Deferred income tax credit - current year	(56,149)	(153,661)
Effect of discontinued operations	(2,797)	-
Prior year adjustments	-	(34,696)
At 31 December	(313,791)	(254,845)

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

Property, plant and equipment	155,007	160,063
Other temporary differences	(12,757)	(6,603)
Unrealised exchange loss	(2,148)	(195)
Provisions	(266,257)	(251,450)
Lease liabilities	(16,693)	(32,470)
Right-of-use-assets	14,057	29,790
Tax losses carried foward	(185,000)	(153,980)
Net deferred income tax asset	(313,791)	(254,845)

28. BORROWINGS

(a) Group

	Asset financing KShs'000	*Term loans KShs'000*	*Overdrafts KShs'000*	*2020 Total KShs'000*	*2019 Total KShs'000*
On demand and within one year	17,514	375,754	173,910	567,178	579,731
Amount due after one year	6,930	338,902	-	345,832	405,637
	24,444	714,656	173,910	913,010	985,368
Movement in the year:					
Start of year	42,820	777,809	164,739	985,368	1,249,306
Additions	-	804,341	-	804,341	918,319
Interest expense	3,598	120,337	21,390	145,325	164,051
Movement in overdrafts	-	-	9,171	9,171	(8,574)
Repayments	(21,974)	(987,831)	(21,390)	(1,031,195)	(1,337,734)
At 31 December	24,444	714,656	173,910	913,010	985,368

Loan Category per Financial Institution

At 31 December 2020:				
Stanbic Bank Kenya Limited	4,040	188,185	87,507	279,732
Stanbic Bank Kenya Limited (Short term raw materials)	-	83,210	-	83,210
NCBA Bank Plc (Short term raw materials)	-	64,474	-	64,474
NCBA Bank Plc	20,404	378,787	86,403	485,594
	24,444	714,656	173,910	913,010
At 31 December 2019:				
Stanbic Bank Kenya Limited	6,023	251,619	83,292	340,934
Stanbic Bank Kenya Limited (Short term raw materials)	-	81,444	-	81,444
NCBA Bank Plc (Short term raw materials)	-	77,300	-	77,300
NCBA Bank Plc	36,797	367,446	81,447	485,690
	42,820	777,809	164,739	985,368

28. BORROWINGS (continued)

(b) Company

	Asset financing KShs'000	Term loans KShs'000	Overdrafts KShs'000	2020 Total KShs'000	2019 Total KShs'000
On demand and within one year	17,514	375,754	147,257	540,525	564,583
Amount due after 1 year	6,930	338,902	-	345,832	405,637
	24,444	714,656	147,257	886,357	970,220
Movement in the year					
Beginning of the year	42,820	777,809	149,591	970,220	1,222,409
Additions	-	804,341	-	804,341	918,318
Interest expense	3,131	85,555	18,670	107,356	112,827
Movement in overdrafts	-	-	35,006	35,006	3,175
Repayments	(21,507)	(953,049)	(56,010)	(1,030,566)	(1,286,509)
At 31 December	24,444	714,656	147,257	886,357	970,220

Loan Category per Financial Institution

At 31 December 2020:	Asset financing KShs'000	Term loans 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 raw materials)		83,210		83,210
NCBA Bank Plc (Short term raw materials)		64,474		64,474
NCBA Bank Plc	20,404	378,787	79,059	478,250
	24,444	714,656	147,257	886,357
At 31 December 2019:				
Stanbic Bank Kenya Limited	6,023	251,619	68,821	326,463
Stanbic Bank Kenya Limited (Short term raw materials)	-	81,444	-	81,444
NCBA Bank Plc (Short term raw materials)	-	77,300	-	77,300
NCBA Bank Plc	36,797	367,446	80,770	485,013
	42,820	777,809	149,591	970,220

(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 utilized as follows;

Year ended December 2020

	NCBA Bank Plc KShs'000	Stanbic Bank KShs'000	Total KShs'000
Total facility	1,174,287	490,000	1,573,962
Utilization	(582,580)	(368,286)	(950,866)
Available room	591,707	121,714	623,096
% Utilisation	50%	75%	60%

Year ended December 2019

Total facility	692,287	585,277	1,277,564
Utilization	(562,990)	(422,378)	(985,368)
Available room	129,297	162,899	292,196
% Utilisation	81%	72%	77%

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:

Group	2020 NCBA Bank KShs '000	2019 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	490,000

Company

	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

28. BORROWINGS (continued)

(c) Facilities and securities (Continued)

Corporate guarantees

	NCBA Bank Plc KShs'000	NCBA Bank Plc 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 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%

Year ended 31 December 2019

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

29. TRADE AND OTHER PAYABLES

(a) Group	2020 KShs'000	2019 KShs'000
Trade payables	1,139,450	595,801
Other payables and accrued expenses	464,507	682,380
Provisions for liabilities	240,103	251,976
Value Added Tax payable	45,283	74,172
	1,889,343	1,604,329
Movement of provision		
At start of year	251,976	234,246
Charge to profit or loss	360,854	618,738
Utilised in the year	(372,727)	(601,008)
At end of year	240,103	251,976

(b) Company

	2020 KShs'000	2019 KShs'000
Trade payables	903,434	573,213
Other payables and accrued expenses	399,926	496,646
Provisions liabilities	205,123	219,751
Value Added Tax payable	26,185	39,093
	1,534,668	1,328,703
Movement of provision		
As at 1 January	219,751	218,236
Charge to profit or loss	264,260	499,158
Utilised in the year	(278,888)	(497,643)
At end of year	205,123	219,751

30. EMPLOYEE BENEFIT

(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 expensed KShs 19,866,636 (2019; KShs 58,769,694) in contributions payable

(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.

31. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of (loss)/profit before tax to cash generated from operations

(i) Group	Notes	2020 KShs'000	2019 KShs'000
(Loss)/profit before tax			
Continuing Operations		(434,430)	(683,963)
Discontinuing Operations		47,763	(32,303)
Adjustments for:			
Depreciation – property, plant and equipment	17(a)	228,874	234,409
Right of use asset depreciation	18(a)	58,483	55,496
Amortisation - intangible assets	19(a)	40,638	90,607
Gain on sale of plant and equipment		(53,469)	(5,957)
Loss on write off of plant and equipment		1,117	9,292
Interest paid	13	164,362	189,152
Operating profit before tax before working capital changes		53,340	(143,267)

Changes in working capital

Inventories	21(a)	(6,742)	144,385
Trade and other receivables	22(a)	17,343	547,409
Trade and other payables	29(a)	285,014	284,387
Transfer of lease to trade payables		(18,653)	-
Related party balances		460	4,414
Cash generated from operations		330,762	837,328

(b) Cash and cash equivalents

Bank and cash balances	14,345	92,802
Bank overdraft	(173,910)	(164,739)
	(159,565)	(71,937)

(c) Net debt reconciliation

Cash and cash equivalents	14,345	92,802
Liquid Investments		
Borrowings (including overdraft)	(913,010)	(985,368)
Lease liabilities	(55,644)	(108,234)
Net debt	(954,309)	(1,000,800)

(ii) Company

(a) Reconciliation of (loss)/profit before tax to cash generated from operations

	Notes	2020 KShs'000	2019 KShs'000
Loss before tax			
Continuing Operations		(322,019)	(528,715)
Discontinuing Operations		47,763	(22,612)
Adjustments for:			
Depreciation – property, plant and equipment	17(b)	179,693	177,540
Right of use asset depreciation	18(a)	58,483	59,387
Amortisation - intangible assets	19(b)	32,472	83,410
Gain on sale of plant and equipment		(53,469)	(5,957)
Loss on write off of plant and equipment		1,117	9,292
Interest paid		126,394	137,928
Operating profit/(loss) before tax before			
working capital changes		70,434	(89,727)
Changes in working capital			
Inventories	21(b)	(2,122)	144,675
Transfer of lease to trade payables		(18,653)	-
Trade and other receivables	22(b)	(50,792)	534,498
Trade and other payables	29(b)	207,122	216,043
Employee benefit		(1,158)	(25,960)
Related party balances		98,439	(95,425)
Cash generated from operations		303,270	684,104

(b) Cash and cash equivalents

Bank and cash balances	14,143	92,514
Bank overdraft	(147,257)	(149,591)
	(133,114)	(57,077)

(c) Net debt reconciliation

Cash and cash equivalents	14,143	92,514
Liquid Investments		
Borrowings (including overdraft)	(913,010)	(985,368)
Lease liabilities	(55,644)	(108,234)
Net debt	(954,511)	(1,001,088)

32. DISCONTINUED OPERATION

(a) Description

The group sold its investment Outdoor Media Services, it's billboard advertising outfit operating under our print business segment. Outdoor Media Services was acquired in 2011 afterwhich 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 is 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 and year ended 31 December 2019

	2020 KShs'000	2019 KShs'000
Revenue	7,918	22,172
Expenses	(19,107)	(54,475)
Loss before income tax	(11,189)	(32,303)
Income tax credit	2,797	9,691
Loss after income tax of discontinued operation	(8,392)	(22,612)
Gain on disposal of assets (net income tax) (See ((c))below	58,952	-
Net Gain from discontinued operations	50,560	(22,612)
Net cash inflow from operating activities	4,672	7,946
Net cash inflow from investing activities	55,000	-
Net cash inflow from financing activities	-	-
Net increase in cash generated by the Subsidiary	59,672	7,946

(c) Details of the Sale of Subsidiary

Total disposal cash consideration	55,000	-
Carrying amount of net liabilities sold	3,952	-
Gain on sale before income tax	58,952	-
Income tax expense on gain	-	-
Gain on disposal of assets (net income tax)	58,952	-
The carrying amount of asset and liabilities as at the date of sale (31 October 2020)		
Property, plant and equipment	7,095	-
Trade creditors	(11,047)	-
Net liability	(3,952)	-

33. CAPITAL COMMITMENTS

	2020 KShs'000	2019 KShs'000
Authorised and contracted for	87,599	341,322
Authorised but not contracted for	234,366	47,736
	321,965	389,058

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

34. CONTINGENT LIABILITIES

As at 31 December 2020, the Group had outstanding contingent liabilities amounting to KShs 524,150,000 (2019 ; KShs 565,850,000) in respect of on-going litigation mainly relating to libel charges arising in the normal course of business. A total of KShs 187,881,999 (2019 ; KShs 157,637,858) have been provided for by the Group to cover both the balance and the cost of professional legal services. Thia provision is included in Note 29.

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

NOTICE is hereby given that the One Hundredth and Third (103) Annual General Meeting of the shareholders of The Standard Group PLC ("the Company") shall be held via electronic communication on **Tuesday, 22 June 2021** 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 2020 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 2020.

(c) Election of Directors:

(i) In accordance with Article 102 of the Company's Articles of Association

Mr. Christopher Kulei who was appointed to fill a casual vacancy retires by rotation, and being eligible, offer himself for re-election as Director of the Company.

(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 2020.

(e) To appoint Messrs PwC Kenya as the Company's External Auditor pursuant to the provisions of Section 721 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: 29 May 2021

NOTES:

1. In view of the on-going Coronavirus 2019 (COVID-19) pandemic and the related Public Health Regulations and directives passed by the Government of Kenya precluding inter alia public gatherings, The Standard Group PLC has convened and is conducting this virtual annual general meeting in line with article 56 of the Company's Articles of Association.
1. Any Shareholders wishing to participate in the meeting should register for the AGM by dialing *483*813# on all mobile networks and follow the various prompts on the registration process. Shareholders will not incur any cost for such registration.
2. 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 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.
3. Registration for the AGM opens on Saturday, 29 May 2021 at 9:00 am and will close on Sunday, 20 June 2021 at 5.00 pm. Shareholders will not be able to register after this time.
4. 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 2020.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so on or before Sunday, 20 June 2021 at 5.00 p.m. by:
   (a) sending their written questions by email to 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 5th 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, 5th 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 or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 - 00100 GPO, Nairobi, so as to be received not later than Sunday, 20 June 2021 at 11:00 a.m. Any person appointed as a proxy should submit their mobile telephone number to the Company no later than Sunday, 20 June 2021 at 11:00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Monday, 21 June 2021, 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.

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, 22 June 2021** 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 2021

....
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 2020 together with the reports of the Chairman, the Group Chief Executive Officer and the Auditors' thereon.			
	Election of Directors:			
2.	In accordance with Article 102 of the Company's Articles of Association, **Mr. Christopher Kulei** who was appointed to fill a casual vacancy retires by rotation, and being eligible, offer himself for re-election as Director of the Company.			
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 2020.			
6.	To appoint Messrs PwC Kenya as the Company's External Auditor pursuant to the provisions of Section 721 of the Companies Act, 2015 and to authorize the Directors to fix their remuneration.			

Electronic Communications Preference Form

Please complete in BLOCK CAPITALS

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 5th 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, 22 June 2021. ☐

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, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street and address P.O. Box 9287-00100, Nairobi,** or emailed to 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.

Achievements, Radio Maisha wins Kuza Awards

The Standard newspaper redesign launch by Cabinet Secretary for ICT, Mr Joe Mucheru.


The Standard

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