



# ANNUAL REPORT & FINANCIAL STATEMENTS



Certified Public Accountants,  
Advisors & Tax Consultants

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***Metropolis Star Lab Kenya Limited***  
***Annual Report and Financial Statements***  
***For the year ended 31st December 2024***

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**CORPORATE INFORMATION**

<b>Directors</b>	(a) Dr. Sushil Khanubhai Shah (b) Ms. Ameera Shah (a) Dr. Sushant Sitaram Kamath (a) Mr. Iqbal Ahmed
<b>Secretaries</b>	Mutual Registrars Associates Certified Public Secretaries P. O. Box 45669 Code `00100 Nairobi
<b>Registered Office</b>	L R No. 209/15280 Mediplaza, 4th Floor 3rd Parklands Avenue P.O Box 39107 - 00623 Nairobi.
<b>Auditors</b>	Arun Bhatt & Company. Certified Public Accountants (CPA - K) P. O. Box 39831 Code `00623 Nairobi
<b>Bankers</b>	SBM Bank (Kenya) Limited Parklands Branch P. O. Box 39140 - 00623 Nairobi  Credit Bank Limited P.O. Box 61064-00200 Empress Office Suites Westlands  Diamond Trust Bank Limited P.O. Box 39694-00623 Aga Khan Hospital 3rd Avenue Parklands  Investment & Mortgage Bank Limited Ridge Court, Parklands P. O. Box 38949 - 00623 Nairobi  Standard Chartered Bank Limited Chiromo branch P. O. Box 30003 - 00100 Nairobi

## **DIRECTORS' REPORT**

The directors submit their report together with the audited financial statements for the year ended 31st December 2024 which disclose the state of affairs of the Company.

### **Incorporation**

The company is incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The address of the registered office is as set out on page 1.

### **Principal Activities**

The Company principal activities during the year continued to be carrying out various medical laboratory tests.

### **Review of financial results and activities**

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015. The accounting policies have been applied consistently compared to the prior year.

### **Results for the year**

The net profit for the year is Kshs 164,967,441 (2023: Kshs.118,711,815) has been added to retained earnings.

### **Share capital**

<b>Authorised</b>			<b>2024</b>	<b>2023</b>
Ordinary shares			Number of shares	
			1,000	1,000
<b>Issued</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Ordinary shares	1,000,000	1,000,000	1,000	1,000

### **Dividend**

The directors do not recommend the payment of a dividend on the ordinary shares.

### **Directors**

The directors who held office during the year and to the date of this report are set out on page 1.

### **Directors' interests in contracts**

During the financial year, no contracts were entered into which Directors or officers of the Company had an interest and which significantly affected the business of the Company.

### **Events after the reporting period**

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

**DIRECTORS' REPORT - Contd**

**Statement of disclosure to the company's auditors**

With respect to each person who is a Director on the day that this report is approved:

there is, so far as the person is aware, no relevant audit information of which the Company's auditors are unaware; and

the person has taken all the steps that he/she ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The Company's auditors, Arun Bhatt & Co., have expressed willingness to continue in office in accordance with Section 719 of the Kenyan Companies Act 2015.

**BY ORDER OF THE BOARD**

**DIRECTOR**

  
2025

**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 company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the 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 relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

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

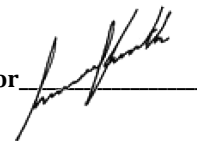
The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on \_\_\_\_\_ and signed on its behalf by:

Director



Director



## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Metropolis Star Lab Kenya Limited

### Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Metropolis Star Lab Kenya Limited (the company) set out on pages 8 to 24, which comprise the statement of financial position as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of 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 financial statements present fairly, in all material respects, the financial position of Metropolis Star Lab Kenya Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Kenyan Companies Act, 2015.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of Auditor's Responsibilities for the Audit of the Financial Statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Metropolis Star Lab Kenya Limited financial statements for the year ended 31 December 2024", which includes the Director's Report as required by the Kenyan Companies Act, 2015, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT**

### **Responsibilities of the Director for the Financial Statements**

The director is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the 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 International Standards on Auditing 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 International Standards on Auditing, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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.

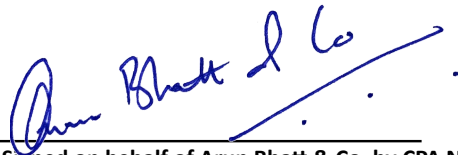
## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

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

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- the Company's Statement of Financial Position and Statement of Profit or loss and other Comprehensive Income are in agreement with the books of account; and
- the information in the Directors' Report is consistent with the Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Neekita Arunkumar Bhatt Practicing Certificate No.: P/1337



Signed on behalf of Arun Bhatt & Co. by CPA Neekita Arunkumar Bhatt  
Engagement partner responsible for the independent audit  
Practicing certificate number: P/1337

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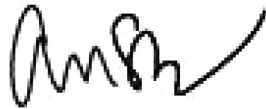
**STATEMENT OF COMPREHENSIVE INCOME**

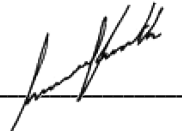
	<b>Notes</b>	<b>2024 Kshs</b>	<b>2023 Kshs</b>
Revenue	5	1,036,837,995	767,944,610
Cost of Sales	6	(385,902,303)	(311,335,991)
Gross profit		<u>650,935,691</u>	<u>456,608,619</u>
Other income	7	32,939,390	22,662,619
Employment expenses	8	(177,027,256)	(144,673,323)
Administrative expenses	9	(145,937,932)	(86,853,902)
Establishment expenses	10	(79,519,501)	(62,388,235)
Operating profit		<u>281,390,392</u>	<u>185,355,778</u>
Finance costs	11	(45,722,617)	(9,856,940)
<b>Profit before taxation</b>		<u>235,667,774</u>	<u>175,498,838</u>
Taxation	12 (i)	(70,700,333)	(56,787,023)
<b>Profit after taxation</b>		<u>164,967,441</u>	<u>118,711,815</u>

**STATEMENT OF FINANCIAL POSITION**

	Notes	2024 Kshs	2023 Kshs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	23	92,159,365	50,383,091
Intangible assets: Computer software	24 (ii)	-	1,255,801
Intangible assets: Goodwill	24 (i)	-	2,918,325
Deferred tax	13	13,552,989	-
Loans to related party	20	415,299,394	205,665,234
		<u>521,011,747</u>	<u>260,222,450</u>
<b>Current assets</b>			
Inventories	14	29,642,247	24,386,451
Trade and other receivables	15	218,780,992	121,114,689
Tax recoverable	12 (ii)	40,120,586	33,760,138
Cash and bank balance	16	80,788,544	299,719,915
		<u>369,332,369</u>	<u>478,981,190</u>
<b>TOTAL ASSETS</b>		<b><u>890,344,116</u></b>	<b><u>739,203,640</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	17	1,000,000	1,000,000
Retained earnings		807,678,069	642,710,627
		<u>808,678,069</u>	<u>643,710,627</u>
<b>Non-Current liabilities</b>			
Deferred tax	13	-	2,691,125
		<u>-</u>	<u>2,691,125</u>
<b>Current liabilities</b>			
Tax payable	12 (ii)	-	-
Trade and other payables	18	81,666,047	92,801,887
		<u>81,666,047</u>	<u>92,801,887</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>890,344,115</u></b>	<b><u>739,203,640</u></b>

The financial statements set out on pages 8 to 25 were approved by the Board of Directors on \_\_\_\_\_ 2025 and signed on its behalf by:

Director 

Director 

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital Kshs</b>	<b>Retained earnings Kshs</b>	<b>Total Kshs</b>
<b>Year Ended 31st December 2024</b>			
As at 1st January 2024	1,000,000	642,710,627	643,710,627
Net profit for the year		164,967,441	164,967,441
<b>As at 31st December 2024</b>	<b>1,000,000</b>	<b>807,678,069</b>	<b>808,678,069</b>
<b>Year Ended 31st December 2023</b>			
As at 1st January 2023	1,000,000	523,998,813	524,998,813
Net profit for the year	-	118,711,815	118,711,815
<b>As at 31st December 2023</b>	<b>1,000,000</b>	<b>642,710,627</b>	<b>643,710,627</b>

**STATEMENT OF CASH FLOWS**

	<b>Notes</b>	<b>2024 Kshs</b>	<b>2023 Kshs</b>
<b>Cash flows from operating activities</b>			
Cash generated / (used) from operations	21	142,134,974	127,208,385
Tax paid during the year	12	(93,304,895)	(74,846,619)
Net cash generated / (used) from operations		<u>48,830,079</u>	<u>52,361,766</u>
<b>Cash flows from investing activities</b>			
Payment to acquire tangible fixed assets	23	(58,127,291)	(8,194,742)
Loan advanced to related party		(209,634,160)	(205,665,234)
Net cash used in investing activities		<u>(267,761,451)</u>	<u>(213,859,976)</u>
<b>Net increase in cash and cash equivalents</b>		<b><u>(218,931,371)</u></b>	<b><u>(161,498,210)</u></b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning	16	299,719,915	461,218,125
Net increase in cash and cash equivalents		(218,931,371)	(161,498,210)
<b>Cash and cash equivalents at the end</b>	16	<b><u>80,788,544</u></b>	<b><u>299,719,915</u></b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1 General information**

Metropolis Star Lab Kenya Limited is a limited company incorporated in Kenya. The address of its registered office and principal place of business is P.O. Box 39107 - 00623, Nairobi, Kenya.

**2 Basis of preparation and accounting policies**

The financial statements have been prepared in accordance with the International Financial Reporting Standards and Kenyan Companies Act 2015. The annual report and financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. The financial statements are presented in Kenya Shillings (Kshs).

**a) Revenue Recognition**

Sales are recognised upon delivery of products and acceptance by customers or performance of services and are stated net of VAT and discounts.

**b) New and revised standards**

**i) Adoption**

The following new and revised standards and interpretations have also become effective for the first time in the financial year beginning 1st January 2016 and have been adopted by the company where relevant to its operations:

» Amendments to IAS 16 and IAS 38 titled Clarification of Acceptable Methods of Depreciation and Amortization (issued in May 2014) — The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate

» Amendments to IAS 1 titled Disclosure Initiative (issued in December 2014) — The amendments, applicable to annual periods beginning on or after 1 January 2018, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

» IFRS 9 - Financial Instruments which has replaced IAS 39 Financial Instruments, Recognition and Measurement. The new standard will be effective for annual periods beginning on or after 1st January 2021. The chapters published to date cover recognition, DE recognition, classification and measurement of financial assets and financial liabilities. Most gains or losses on financial assets measured at fair value will then be recognized in profit or loss, but the company will be able to make an irrevocable election to present changes in fair value of investments in equity instruments in other comprehensive income.

» IFRS 16 Leases (issued in January 2016) - The new standard, effective for annual periods beginning on or after 1 January 2019, introduces a new lessee accounting model, and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

» Amendments to IAS 12 titled Recognition of Deferred Tax Assets (issued in January 2016) — The amendments, applicable to annual periods beginning on or after 1 January 2018, provide additional guidance on the estimation of future taxable profits when considering the recoverability of deferred tax assets.

**ii) New and revised standards and interpretations which have been issued but are not effective**

The following revised standards and interpretations have been published but are not yet effective for the year beginning 1 January

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2025	Unlikely there will be an impact
Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024.	Unlikely there will be an impact
Amendment to IAS 1 – Non-current liabilities with covenants	January 1, 2024	Unlikely there will be an impact
Amendment to IAS 7 and IFRS 7 – Supplier finance	January 1, 2024	Unlikely there will be an impact
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025	Unlikely there will be an impact
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	1 January 2024.	Unlikely there will be an impact
IFRS S2, 'Climate-related disclosures'	1 January 2024.	Unlikely there will be an impact

The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2023.

**iii) Application of IFRS 16 Leases**

In the current year, the company has not adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 January 2023. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

**Leases where company is lessee**

**Leases previously classified as operating leases**

The company undertook the following at the date of initial application for leases which were previously recognised as operating leases:

recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate at the date of initial application.

recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

As an exception to the above, no adjustments were made on initial application of IFRS 16 for leases previously classified as operating leases:

for which the underlying asset is of low value. From the date of initial application, these leases are accounted for in accordance with paragraph 6 of IFRS 16 by recognising the lease payments on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;

which were previously accounted for as investment property on the fair value model in IAS 40 Investment Property. IAS 40 has been applied to these leases from the date of initial application.

**c) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the statement of comprehensive income in the year to which it relates.

Depreciation is charged using the reducing balance basis. The following annual rates are used for the depreciation of property, plant and equipment:

	Rate %
IT Equipment	30
Motor vehicles	25
Furniture & fixtures	12.5
Machinery & Equipment	12.5

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profits and losses.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

**d) Right-of-use assets**

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:  
the initial amount of the corresponding lease liability;  
any lease payments made at or before the commencement date;  
any initial direct costs incurred;  
any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and  
less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

**e) Intangible Assets**

The software are stated at historical costs less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of the software to its residual value over the estimated useful life using annual rate of 33.33%

**f) Translation of foreign currencies**

Translation of foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities at the balance sheet that are denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing at that date. The resulting gains and losses from the settlement of such transactions are recognised on the net basis in the Statement of Comprehensive income in the year in which they arise.

**g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises the cost of purchase and all other costs attributed to bring the goods to that particular condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

**h) Employment benefits**

The company contributes to the National Social Security Fund, a statutory defined contribution scheme. The company's obligation under the scheme are limited to specific contributions as legislated from time to time. The company's contribution are charged to the statement of comprehensive income in the year to which they relate.

**i) Trade receivables**

Most sales are made on the basis of normal credit terms, and do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the Statement of Comprehensive income.

**j) Borrowings**

Borrowings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs. Borrowing costs are recognised as an expense in the year in which they are incurred.

**k) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, term and call deposits and other short term highly liquid investment that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value held with financial institutions net of bank overdrafts. These are initially and subsequently recorded at fair value. In Statement of Financial position, Bank overdrafts are shown under current liabilities

**l) Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

**m) Trade payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest applicable. Trade payables denominated in a foreign currency are translated into Kenyan Shillings, using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

**n) Loans to (from) group companies**

These include loans to and from holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs

Loans to group companies are classified as loans and receivables

Loans from group companies are classified as financial liabilities measured at amortised cost.

**o) Share capital**

Ordinary shares are classified as equity.

**p) Impairment**

At each statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at revalue amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the amounts of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in a revaluation reserve.

**q) Translation of foreign currencies**

**Foreign currency transactions**

A foreign currency transaction is recorded on initial recognition in Kenyan Shillings by applying to the foreign currency amount the spot exchange rate obtained from the Kenya Revenue Authority between the functional currency and the foreign currency at the date of the transaction.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

At the end of the reporting period:

- i)** foreign currency monetary items are translated using the closing rate;
- ii)** non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- iii)** non monetary items that are measured in at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in Statement of comprehensive income in the period in which they arise.

**r) Provisions and contingencies**

Provision are recognised when:

- i)** the company has a present obligation as a result of a past event;
- ii)** it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii)** a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**s) Goodwill**

Goodwill represents the excess of the purchase price of the business acquired over the fair value of the underlying net tangible and intangible assets at the date of acquisition. Goodwill is amortised on a straight line basis over a period of ten years.

**t) Comparatives**

Where necessary, comparative figures have been restated to conform with current year presentation.

**3 Critical accounting estimates and judgements**

In the process of applying the company's accounting policies, management has made judgements that affect the reported amount of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors including experience of future events that are believed to be reasonable under the circumstances.

**i) Property, plant and equipment**

Critical estimates are required in determining the depreciation rates of property, plant and equipment. The management determines these rates based on their assessment of the useful lives of the various items of property, plant and equipment.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

**ii) Income taxes**

Significant estimates are required in determining the provision of income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome 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.

**iii) Impairment losses on receivables**

The company regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the statement of income and retained earnings, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of any receivables.

**4 Financial risk management objectives and policies**

The company risk limits are regularly assessed to ensure alignment with the company's objectives and prevalent market conditions. The directors are closely involved in ensuring that a variety of techniques are used to assess and manage the risks.

**(i) Currency risks**

The company is exposed to risk through transactions in foreign currencies. The company's exposures give rise to foreign currency gains and losses that are recognised in the Statement of Comprehensive Income. The company ensures that its net exposure is kept to an acceptable level by careful monitoring of exchange rates and currency hedging.

**(ii) Credit risk**

Credit risk is the risk that one party to a financial instruments will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company wide basis. The company does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institutions.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

<b>5 Revenue</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Laboratory testing fees income	1,036,837,995	767,944,610
	<u>1,036,837,995</u>	<u>767,944,610</u>
	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>6 Cost of Sales</b>		
Opening inventories	24,386,451	16,843,716
Outsourced test services	211,266,888	193,405,652
Laboratory consumables	179,891,212	125,473,073
Closing inventories	<u>(29,642,247)</u>	<u>(24,386,451)</u>
	<b><u>385,902,303</u></b>	<b><u>311,335,991</u></b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

<b>7 Other income</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest received from Fixed deposit	7,156,243	22,662,619
Interest received from loan to related party	25,752,856	-
Interest on staff loans	30,290	-
	<b>32,939,390</b>	<b>22,662,619</b>
	-	-
<b>8 Employment expenses</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	173,141,077	142,405,848
Staff welfare	3,148,497	1,605,045
Uniforms	529,990	206,051
Training	-	306,880
Work permit	207,692	149,499
	<b>177,027,256</b>	<b>144,673,323</b>
	-	-
<b>9 Administrative expenses</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Printing and stationery	4,661,693	4,436,161
Telephone and postage	5,130,053	3,334,589
Auditors remuneration	2,000,000	1,983,701
Security expenses	1,775,206	-
Sales promotion and advertisement	56,156,702	46,162,782
General expenses	3,093,903	3,319,080
Internet & IT consumables expenses	1,712,771	1,658,290
Transport and freight	7,773,534	5,802,857
Subscriptions and periodicals	47,438,916	14,088,077
Legal and Professional fees	15,139,023	3,821,867
Bad debts provision	1,056,131	2,246,497
	<b>145,937,932</b>	<b>86,853,902</b>
	-	-
<b>10 Establishment expenses</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Depreciation	16,351,017	4,645,740
Amortisation	1,255,801	2,116,029
Amortisation of goodwill	2,918,325	2,918,328
Rent & rates	39,886,544	37,919,336
Electricity and water	5,611,604	4,505,043
Insurance	7,922,945	6,932,727
Repairs and maintenance	2,124,404	1,818,216
Licence and permits	3,448,861	1,532,816
	<b>79,519,501</b>	<b>62,388,235</b>
	-	-
<b>11 Finance costs</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank charges	3,589,081	2,978,436
Realised exchange (gain)/loss	(4,229,355)	6,747,817
Unrealised exchange (gain)/loss	46,362,891	130,688
	<b>45,722,617</b>	<b>9,856,940</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

<b>12 Taxation</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Current tax	86,944,447	53,676,776
Deferred tax	(16,244,114)	3,110,247
<b>Tax charge</b>	<b>70,700,333</b>	<b>56,787,023</b>

The tax on the company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

<b>Profit / (Loss) before taxation</b>	<b>235,667,774</b>	<b>175,498,838</b>
Tax at the applicable rate of 30%	70,700,333	52,649,651
<b>Tax effect of ;</b>		
Expenses not deductible for tax purposes	-	3,617,184
Originating and reversing temporary differences	-	3,110,247
Tax effect of income not subject to tax	-	(2,590,060)
<b>Tax charge</b>	<b>70,700,333</b>	<b>56,787,023</b>

<b>ii) Tax payable/(Recoverable)</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	(33,760,138)	(12,590,295)
Charge for the year	86,944,447	53,676,776
Paid during the year	(93,304,895)	(74,846,619)
At the end of the year	<b>(40,120,586)</b>	<b>(33,760,138)</b>

**13 Deferred tax**

Deferred tax is calculated on all temporal differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:-

	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
At start of year	(2,691,125)	419,122
Transfer to statement of comprehensive income	16,244,114	(3,110,247)
At end of year	<b>13,552,989</b>	<b>(2,691,125)</b>

Deferred tax assets and liabilities and deferred tax charge/(credit) in the statement of comprehensive income are attributable to the following items:

<b>14 Inventories</b>	<b>2024</b>	<b>2023</b>
		<b>Kshs</b>
Lab consumables and Molecular Stock	29,642,247	24,386,451

**15 Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade receivables	194,670,258	121,738,237
ECL Provisions	(6,183,969)	(5,127,838)
	188,486,289	116,610,399
Prepayments	5,909,625	3,357,614
Loans and Advances	2,715,358	1,146,677
Advance payments	15,385,962	-
Other receivables	6,283,758	-
	<b>218,780,992</b>	<b>121,114,689</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

<b>16 Cash and cash equivalents</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents are comprised of the following:	<b>Kshs</b>	<b>Kshs</b>
Bank Balances	61,065,035	198,727,645
Fixed Deposits	17,169,946	93,634,904
Cash in hand	1,059,143	1,983,071
Mobile Money	1,494,419	5,374,295
	<u>80,788,544</u>	<u>299,719,915</u>

<b>17 Share capital</b>	<b>2024</b>	<b>2023</b>
Authorised:	<b>Kshs</b>	<b>Kshs</b>
1,000 ordinary shares of Kshs 1,000/- each	<u>1,000,000</u>	<u>1,000,000</u>
Issued, called up and fully paid:		
1,000 ordinary shares of Kshs 1,000/- each	<u>1,000,000</u>	<u>1,000,000</u>

<b>18 Trade and other payables</b>	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	9,980,399	29,487,406
Accruals	27,010,580	11,963,531
Other payables	2,543,920	4,686,951
Related party payables (Note 22(i))	42,131,148	46,664,000
	<u>81,666,047</u>	<u>92,801,887</u>

**19 Risk Management**

**i) Capital risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

**ii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

**As at 31 December 2024**

	<b>Less than 1 year</b>	<b>Over 3 years</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade and other payables	39,534,899	-
Amounts due to related parties	42,131,148	-

**As at 31 December 2023**

Trade and other payables	46,137,888	-
Amounts due to related parties	46,664,000	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

**iii) Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter - party.

Financial assets exposed to credit risk at year end were as follows:

	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade and other receivables	218,780,992	121,114,689

**iv) Foreign exchange risk**

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign currency exposure at the end of the reporting period were as follows:

	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Liabilities - In USD</b>		
Trade and other payables		297,204

**20 Related Party Balances**

	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Loan to Metropolis Healthcare Ltd.(Mauritius)	246,055,734	199,285,000
Loan to Metropolis Healthcare Ltd.(Ghana)	158,233,250	-
Interest due and unpaid	11,010,410	6,380,234
	<u>415,299,394</u>	<u>205,665,234</u>

**21 Cash generated from operations**

Profit before taxation	235,667,774	175,498,838
Adjustments for:		
Depreciation	16,351,017	4,645,740
Amortisation	4,174,126	5,034,357
<b>Changes in working capital</b>		
Inventories	(5,255,796)	(7,450,832)
Receivables and prepayments	(97,666,302)	(23,801,190)
Trade and other payables	(11,135,840)	(26,718,527)
<b>Cash generated from operations</b>	<u>142,134,974</u>	<u>127,208,385</u>

**22 Related party transactions**

**Relationships**

Ultimate holding company - Metropolis Healthcare Limited (India)

Holding company - Metropolis Healthcare (Mauritius) Limited

The following transactions were carried out with related parties:-

	<b>2024</b>	<b>2023</b>
	<b>Kshs</b>	<b>Kshs</b>
i) Payables		
Metropolis Healthcare Limited - India	42,131,148	46,664,000
	<u>42,131,148</u>	<u>46,664,000</u>

**23 Contingent assets / liabilities**

There is probability of contingent liabilities in relation to a civil case involving Metropolis Star Lab Kenya Limited vs Nyaku Limited & Ors. Through this case the plaintiff is claiming the property on which our office is located. The premises have been taken on rent by us. They are also claiming unquantified damages through this present suit. There is ongoing legal dispute between management of Nyaku Limited wherein we were dragged into. No orders against us or costs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D

## Property, plant and equipment

Current year	Laboratory Equipment Kshs	Furniture and Fixtures Kshs	Motor vehicles Kshs	IT Equipment Kshs	Total Kshs
<b>Cost</b>					
At 1st January 2024	52,298,524	35,903,934	2,039,084	16,737,589	106,979,131
Additions	11,463,102	36,824,770	-	9,839,419	58,127,291
At 31st December 2024	<u>63,761,626</u>	<u>72,728,704</u>	<u>2,039,084</u>	<u>26,577,008</u>	<u>165,106,422</u>
<b>Depreciation</b>					
At 1st January 2024	27,641,672	16,478,048	1,294,274	11,182,047	56,596,041
Charge for the year	4,514,994	7,031,332	186,203	4,618,488	16,351,017
At 31st December 2024	<u>32,156,666</u>	<u>23,509,380</u>	<u>1,480,476</u>	<u>15,800,536</u>	<u>72,947,058</u>
<b>Net Book Value</b>					
At 31st December 2024	<u><b>31,604,960</b></u>	<u><b>49,219,324</b></u>	<u><b>558,608</b></u>	<u><b>10,776,472</b></u>	<u><b>92,159,365</b></u>

Property, plant and equipment - Cont'd

Prior year	Laboratory Equipment Kshs	Furniture and Fixtures Kshs	Motor vehicles Kshs	IT Equipment Kshs	Total Kshs
<b>Cost</b>					
At 1st January 2023	45,210,629	35,832,014	2,039,084	15,702,662	98,784,388
Additions	7,087,895	71,920	-	1,034,927	8,194,742
At 31st December 2023	<u>52,298,524</u>	<u>35,903,934</u>	<u>2,039,084</u>	<u>16,737,589</u>	<u>106,979,130</u>
<b>Depreciation</b>					
At 1st January 2023	24,713,504	15,326,624	922,010	10,988,163	51,950,301
Charge for the year	2,928,168	1,151,424	372,264	193,884	4,645,740
At 31st December 2023	<u>27,641,672</u>	<u>16,478,048</u>	<u>1,294,274</u>	<u>11,182,047</u>	<u>56,596,041</u>
<b>Net Book Value</b>					
At 31st December 2023	<u><b>24,656,853</b></u>	<u><b>19,425,886</b></u>	<u><b>744,810</b></u>	<u><b>5,555,542</b></u>	<u><b>50,383,091</b></u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS - CONT'D**

<b>## Intangible asset</b>	<b>2024</b>	<b>2023</b>
<b>(i) Goodwill</b>		<b>Kshs</b>
<b>Cost</b>		
As at 1 January	29,183,250	29,183,250
As at 31 December	<u>29,183,250</u>	<u>29,183,250</u>
<b>Amortisation</b>		
As at 1 January	26,264,925	23,346,600
Charge for the year	<u>2,918,325</u>	<u>2,918,325</u>
As at 31 December	<u>29,183,250</u>	<u>26,264,925</u>
Net Book Value	<u>-</u>	<u><b>2,918,325</b></u>
<b>Intangible asset</b>	<b>2024</b>	<b>2023</b>
<b>(ii) Computer Software</b>		<b>Kshs</b>
<b>Cost</b>		
As at 1 January	7,053,429	7,053,429
As at 31 December	<u>7,053,429</u>	<u>7,053,429</u>
<b>Amortisation</b>		
As at 1 January	5,797,628	3,681,600
Charge for the year	<u>1,255,801</u>	<u>2,116,029</u>
As at 31 December	<u>7,053,429</u>	<u>5,797,628</u>
Net Book Value	<u>-</u>	<u><b>1,255,801</b></u>

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