

# BUSINESS

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**Bindra** The tricky challenge of evolving the family business **P.29**

Proposed pay as you earn for 1 earning at least Sh500,000 per

## Kenya Meat Commission showcases products at expo



The Kenya Meat Commission team led by Col M. O. Rajab (third left), the chief operations officer, and Mrs Lydia Mandia (third right), the manager, sales and marketing, during the second Kenya Meat Expo and KICC, Nairobi, where KMC meat and meat products were sampled, showcased and sold to the public. The event ended on Friday. PHOTO IPOOL

## Dispute Four former business partners in Blue Bird Aviation in court

# Win for airline founder as court quashes report

Valuation report set Adan Abid Yusuf's shares at Sh320 million but was unsigned

**BY SAM KIPLAGAT**

**A** former founder of Blue Bird Aviation Ltd has succeeded in quashing a report that was tabled in court last year valuing his shares in the company at Sh320 million, after a bitter fallout.

Mr Adan Abid Yusuf, a former miraa trader who founded the airline in 1992, successfully argued that the report prepared by RSM (East Africa) Consulting Ltd, a firm that was picked in consultation with his former partners, did not present a true picture of the value of his shares in the company.

Justice Njoki Mwangi agreed with Mr Yusuf saying there was no transparency and independence in the preparation of the business valuation report, which was integral especially when a valuer is appointed by rivaling parties.

## 1992

The year four partners came together to form Blue Bird Aviation Ltd

the court, directed his partners to buy him out.

The report was to value the aircraft, land, and buildings owned by the company, review the balance sheet and prepare a financial model incorporating historical performance over the preceding three years.

Upon conclusion, the report was prepared and shared with the parties, and the money was wired to the judiciary account and Mr Yusuf shares were transferred to Mr Abdikadir.

Mr Yusuf challenged the report arguing that the Sh320 million as his shareholding was a speculative figure as the financial state-

## PARTNERSHIP

ments relied upon were not provided in support of the amount.

He said he made requests to be supplied with the audited financial statements but his appeal was ignored.

Mr Yusuf said he was supplied with the report on December 6, 2021, but noticed that the audited financial reports for the financial years from 2017 to 2021 were not availed.

According to the businessman, the financial statements were deliberately excluded from the business valuation report to compel him to accept the shareholding as presented in the report.

He said the consulting firm refused to consider crucial facts integral to the valuation exercise such as the aviation firm having subsidiaries or associates.

Mr Yusuf said the report should communicate the methods considered and approaches used along with the reasoning for using a particular approach, as well as present the supporting documentation simply and concisely.

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## More pain as targets middle

**BY PETER MBURU**

Kenya's middle class is at risk under President William Ruto's new government plans that have burdened them with costs as their pay slips grow slimmer. In the Finance Bill, 2023, released Thursday, the National Treasury proposes a 3 percent deduction on the basic salary towards housing development.

"An employer shall pay to the National Housing Development Fund in respect of each employee, the employer's contribution at 3 percent of the employee's monthly basic salary and the employee's contribution at 3 percent of the employee's monthly basic salary," the Bill proposes. Both the employer and the employee's contributions are, however, capped at a collective Sh5,000 per month.

This is the latest proposed deduction to be introduced to the pay slip this year, after the raise of pension contributions from Sh200 to 6 percent of an employee's basic salary, following the passing of National Social Security Fund (NSSF), 2013.

The President, during Labour Day celebrations this week, also indicated that effective July, contributions to the National Health Insurance Fund (NHIF) will be pegged at 2.7 per cent of an employee's salary, which leaves all workers earning above Sh55,555 monthly paying beyond Sh1,500 for the medical cover.

Kenyans earning at least Sh500,000 monthly will also pay 35 percent Pay as you earn (Paye) tax, up from the 30 per cent they have been paying. This category of workers will now fork Sh175,000 income tax, up from Sh150,000 currently.

The actions and proposed actions have left the middle class, a population already burdened by demands such as school fees, needs, mortgage and other self-growth but cash-demanding needs, coupled with a high cost of living that is punishing households across class divides, even more vulnerable.

Economists fault the government's move to continue hitting the working class with more financial burdens despite the re-

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