ECHO NETWORK AFRICA FOUNDATION LIMITED

(A COMPANY LIMITED BY GUARANTEE)

(FORMERLY ECHO NETWORK AFRICA LIMITED)

ANNUAL FINANCIAL STATEMENTS AND REPORTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

CONTENTS

Board of directors	Dr Jennifer Riria	Group CEO
	Dr. Nyambura Koigi	Chairperson
	Oliver Waindi	
	Joyner Okonjo	
	Verity Nyagah	
	Ursula Lwosi Sore	
	Ibrahim Lande (Appointed 23/08/2024)	
	Fatuma Mohamed (Appointed 23/08/2024)	
	Elizabeth Achola Mang'eni (Retired 23/08/2024)	
	Jennifer Nyambura Kamande (Retired 23/08/2024)	

Company secretary

Winniefred Jumba
Stanford Corporate Services LLP
P.O. Box 10643 - 00100
Nairobi, Kenya.

Registered office

L.R. No. 209/7713
Golf Course, Mucai Drive
Ngong Road
P.O. Box 55919 - 00200
Nairobi, Kenya.

Independent auditor

RSM Eastern Africa LLP
Certified Public Accountants
1st Floor, Pacis Centre
Slip Road, off Waiyaki Way, Westlands
P.O. Box 349 - 00606
Nairobi, Kenya.

Principal bankers

Kenya Women Microfinance Bank Limited
Upper Hill Branch
P.O. Box 4179 - 00506
Nairobi, Kenya.

KCB Bank Limited
Moi Avenue Branch
P.O. Box 48400 - 00100
Nairobi, Kenya.

The Co-operative Bank of Kenya Limited
Nairobi Business Centre
P.O. Box 19555 - 00202
Nairobi, Kenya.

Absa Bank Kenya PLC
Sarit Centre
P.O. Box 30120 - 00100
Nairobi, Kenya.

Legal Advisor

Ogola, Okello & Company LLP
Greenhouse, Next to Adams Arcade
1st Floor, Office Suite 14 , Ngong Road
P.O. Box 62550 - 00200
Nairobi, Kenya.

The directors submit their report together with the audited financial statements of Echo Network Africa Foundation Limited for the year ended 31st December 2024.

Directorate

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

Principal activities

The principal activity of the company is to empower women through non-financial services.

Business review

Operating Environment:

The Kenyan economy was projected to grow at 4.7% in 2024, a slowdown from the 5.7% growth in 2023, primarily due to a weaker agricultural sector and tighter credit conditions. The global economies struggled to survive amidst wretched conditions -Wars, surging inflation and financial stress, trade fragmentation/restrictions, climate change, China's economic slowdown and rising geopolitical tensions. These risks were the most challenging risks confronting the global economy as they hurt investment and economic growth. Institutions equally were world widely impacted adversely due to financial vulnerabilities resulting to redundancies and minimized financial resources being the order of the day. Economic outlook realities necessitated the formulation of diverse strategies to cushion Institutions against economic slowdowns as they continued fostering their missions and visions.

Echo Network Africa Foundation (ENAF) operated within these global economic premises, and the general performance of the Institution was impacted by this global outlook. During the reporting period there was an increase in internally generated revenue in the year compared to the prior year (21%). The fundraising resources remarkably increased (by 161%) than in the prior year. Fundraising efforts were enhanced during the year to reach out to new Development Partners etc. to support the Institutional expansion agenda in 2025.

Rental income increased by approximately 67% from an occupancy rate of 31% in 2023 to 37% in the reporting year. This is expected to increase to around 45% before mid-2025, as the Jennifer Riria Hub continues to attract new tenants through aggressive marketing strategies on going at the Hub.

The performance of the KWFT Bank (The Associate company) has been wanting for quite some time now. Drastic measures are being addressed to turn around the Bank performance to generate returns to Investors in the Bank. Two strategic Investors have submitted their offers for consideration by the KWFT Bank Directors and current Investors. Response is being awaited as the Bank is expected to get a fresh start and begin a new phase of turning around.

To support future growth, ENAF has developed a comprehensive five-year Strategy Plan for the period 2023-2027.The Institution has articulated its vision which includes expanding and replicating its initiatives to the rest of Africa while simultaneously scaling successful models in other parts in Kenya. This growth and achievement have occurred at a time when global economies as well as social fabric have been severely strained especially by the global pandemic occasioned by the COVID-19 pandemic. ENAF articulates a retention, growth and expansion strategy aimed at replicating and scaling program initiatives from Kenya to other countries in Africa. There is need to scale up efforts in order to leverage partnerships at national, regional and global levels to build a bigger pool of resources to support the anticipated institutional growth while simultaneously protecting the existing internally generated resources. The Strategic Plan for years 2023-2027 is expected to drive the Institution's regional expansion plan as it grows ENAF's Mission.

RISK ASSESSMENT AND MITIGATION STRATEGIES

ENAF faced a range of risks, most of which were manageable with current mitigating controls. However, strategic actions were required to address critical and high-level risks proactively. Continuous monitoring and adaptive planning are essential to maintain resilience and operational stability.

Business review (continued)

RISK ASSESSMENT AND MITIGATION STRATEGIES (CONTINUED)

During the Audit year the Institution had to cope with some key risks such as;

- Economic conditions impacting negatively on Business growth
- Political risk- There were political dispensation around the country. This has been mitigated by maintenance of a non-partisan and inclusive approach throughout the program activities.
- Revolving Loan fund for Aquaculture farming - inherent risks in the industry and the economic conditions.
- Adverse performance of the Associate Company impacting on the overall financial sustainability of ENAF. Efforts are
- Internal Controls that are not adequate resulting from economic,social and technology changes - continuously evaluated and enhanced.
- Low occupancy rate at the Jennifer Riria Hub ,Tenancy retention risk and rent default risk
- Institutional Reputation- Negative publicity and members' dissatisfaction due to the non performance of the Associate Company. There has been publication of Monthly Newsletters which were shared with internal users, Board members and external stakeholders articulating the program activities being undertaken. Further, social media platforms have been monitored to defuse any negative publicity.
- Funding risk- The funds were beneficial in undertaking the planned programme activities. The year 2024 saw continued partners engagements from development partners ie MasterCard, UN Women and FCDO. To assure sustainability of programme activities, there is need to pursue more funding streams.

The Board and staff commitment to continuous risk evaluation drives us to regularly refine our risk management strategies, ensuring that they remain effective and aligned to our organizational objectives. By fostering a culture of risk awareness and accountability, we empower our teams to identify and address risks real-time, thereby minimizing potential disruptions and maximizing opportunities for growth.

As we navigate the complexities of an ever-changing environment, we remain steadfast in our dedication to proactive risk management and transparent communication with our stakeholders. Through collaboration, innovation, and unwavering commitment to our core values, we are confident in our ability to navigate uncertainty and emerge stronger than ever before.

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 company's auditor is unaware; and
(b) the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of the auditor

The directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 715,000 has been charged to profit or loss in the year.

By order of the board

WNdumba
....
Director/ Company secretary

STAMFORD CORPORATE SERVICES LLP
P. O. Box 10643 - 00100
NAIROBI

Nairobi ....11th June........................... **2025**

The Companies Act 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 keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) selecting suitable accounting policies and applying them consistently; 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 ......11th June...................................... 2025 and signed on its behalf by:

....
Director

....
Director

RSM

RSM Eastern Africa LLP
Certified Public Accountants

1st Floor, Pacis Centre, Slip Road
Off Waiyaki Way, Westlands
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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ECHO NETWORK AFRICA FOUNDATION LIMITED (FORMERLY ECHO NETWORK AFRICA LIMITED)

Qualified Opinion

We have audited the accompanying financial statements of Echo Network Africa Foundation Limited (the "company"), set out on pages 7 to 28, which comprise the balance sheet as at 31st December 2024, the statement of profit and loss and other comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes, including a summary of material accounting policies.

In our opinion, except for the possible effects of the matter referred to in basis for qualified opinion, the accompanying separate financial statements give a true and fair view of the state of financial affairs of the company as at 31st December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act.

Basis for qualified opinion

We draw attention to Note 18 to the financial statements which discloses that the Company has interest of 25% (2023: 25%) in the equity and voting rights of Kenya Women Microfinance Bank Limited (KWFT). The equity method of accounting in International Accounting Standard (IAS) 28, "Investments in Associates and Joint Ventures", requires Echo Network Africa Foundation Limited to adjust the carrying value of its investment in KWFT with its share of profit or loss for the reporting period.

As at 31 December 2024, this investment in associate was valued at KSh 916,352,000. However, by the time of concluding the audit for the year ended 31 December 2024 for Echo Network Africa Foundation Limited, the audit of the financial statements of KWFT had not yet been completed. Consequently, Echo Network Africa Foundation Limited has been unable to determine its share of profit or loss in KWFT for the financial year ended 31 December 2023 to determine the adjusted carrying value of this investment. Given this limitation, we were unable to perform sufficient alternative audit procedures to obtain reasonable assurance about the carrying value of the investment in KWFT and the related share of profit or loss for the financial year ended 31 December 2024 that would impact the company's retained earnings.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Companies Act as set out below.

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.

Registration number: LLP-3A1VXM, a limited liability partnership under the Limited Liability Partnership Act, 2011.
Partners: Ashif Kassam, Lina Ratansi, Nihla Mazrui, Elvis Ogeto, George Mutua

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RSM

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ECHO NETWORK AFRICA FOUNDATION LIMITED (FORMERLY ECHO NETWORK AFRICA LIMITED) (CONTINUED)

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act 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 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 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Companies Act

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Elvis Ogeto**, Practising Certificate No. 2303

RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

11 JUNE 2025
327/2025

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 KSh'000	2023 KSh'000
Revenue	4	132,295	109,625
Other income	5	5,604	2,104
Grant income	6	73,835	28,265
Fair value gain on revaluation of assets	7	1,876	17,746
Administrative expenses		(277,595)	(222,010)
Establishment expenses		(8,892)	(9,107)
Rental expenses		(20,651)	(17,656)
Project expenses		(92,299)	(32,012)
Share of (loss)/profit in associate	18	-	-
Loss before tax	8	(185,827)	(123,045)
Tax expense	9	(23,973)	(25,909)
Loss for the year attributable to members		(209,800)	(148,954)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of property and equipment	11	1,224	1,224
Deferred income tax relating to items that will not be reclassified	11	(367)	(367)
Other comprehensive income for the year, net of tax		857	857
Total comprehensive loss for the year attributable to members		(208,943)	(148,097)

BALANCE SHEET AT 31ST DECEMBER 2024

	Note	2024 KSh'000	2023 KSh'000
EQUITY			
Fund balance	10	1,586,102	1,586,102
Revaluation surplus	11	145,945	145,088
Revolving fund reseve	12	159,378	15,830
Retained earnings		1,158,773	1,368,573
Total equity		3,050,198	3,115,593
Non-current liabilities			
Deferred tax	13	97,617	97,250
		3,147,815	3,212,843
REPRESENTED BY			
Non-current assets			
Property and equipment	14	229,287	223,054
Investment property	15	1,278,000	1,278,000
Intangible assets	16	80	4
Financial assets	17	27,548	24,809
Investment in associate	18	916,352	916,352
Revolving fund advances	19	136,057	13,616
		2,587,324	2,455,835
Current assets			
Other receivables	20	96,408	110,165
Current tax recoverable		22,374	14,968
Short-term bank deposits	21	334,631	655,034
Cash at bank and in hand	22	237,465	67,449
		690,878	847,616
Current liabilities			
Other payables	23	130,387	90,608
Net current asset		560,491	757,008
		3,147,815	3,212,843

The financial statements on pages 7 to 28 were authorised for issue by the board of directors on ....11th June.................. 2025 and were signed on its behalf by:

....
Director

....
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2024

	Fund balance KSh'000	Revolving fund reserve KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
At 1st January 2023	1,586,102	15,480	144,231	1,517,527	3,263,340
Loss and comprehensive income for the year	-	-	-	(148,954)	(148,954)
Contribution during the year	-	350	-	-	350
Surplus on revaluation of property and equipment	-	-	1,224	-	1,224
Deferred income tax relating to items that will not be reclassified	-	-	(367)	-	(367)
At 31st December 2023	1,586,102	15,830	145,088	1,368,573	3,115,593
At 1st January 2024	1,586,102	15,830	145,088	1,368,573	3,115,593
Loss and comprehensive income for the year	-	-	-	(209,800)	(209,800)
Contribution during the year	-	143,548	-	-	143,548
Surplus on revaluation of property and equipment	-	-	1,224	-	1,224
Deferred income tax relating to items that will not be reclassified	-	-	(367)	-	(367)
At 31st December 2024	1,586,102	159,378	145,945	1,158,773	3,050,198

STATEMENT CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 KSh'000	2023 KSh'000
Cash flows from operating activities			
Loss for the year		(209,800)	(148,954)
Adjustments for:			
Tax expense	9	23,973	25,909
Depreciation of property and equipment	14	3,555	4,036
Amortisation of intangible assets	16	21	7
Fair value gain on revaluation of assets	7	(1,876)	(17,746)
Operating loss before working capital changes		(184,127)	(136,748)
Decrease/(increase) in other receivables		13,757	(498)
Increase in other payables		39,779	18,981
Cash used in operations		(130,591)	(118,265)
Income tax paid		(31,379)	(16,641)
Net cash used in operating activities		(161,970)	(134,906)
Cash flows from investing activities			
Decrease/(increase) in short-term bank deposits	21	320,403	(655,034)
Investment in treasury bonds		(863)	-
Purchase of property and equipment	14	(8,564)	(11,952)
Purchase of intangible assets	16	(97)	-
Net movement in revolving fund advances		(122,441)	254
Net cash generated from/(used in) from investing activities		188,438	(666,732)
Cash flows from financing activities			
Addition to revolving funds		143,548	350
Net cash generated from financing activities		143,548	350
Net increase/(decrease) in cash and cash equivalents		170,016	(801,288)
Cash and cash equivalents at start of year		67,449	868,737
Cash and cash equivalents at end of year	22	237,465	67,449

NOTES

1. Material accounting policy information

The accounting policy information considered material in the preparation of these financial statements is set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency (see (c) below), rounded to the nearest thousand (KSh'000).

The financial statements comprise a profit or loss account and other comprehensive income (income statement), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of other comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the material accounting policy information summarised below.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

b) New and revised standards

i) Adoption of new and revised standards

Four Amendments to Standards became effective for the first time in the financial year beginning 1st January 2024 and have been adopted by the Company.

None of the amendments have had a material impact on the Company's financial statements.

NOTES (CONTINUED)

1. **Material accounting policy information (continued)**

b) New and revised standards (continued)

ii) New and revised standards that have been issued but are not yet effective

The Company has not applied any of the new or revised Standards that have been published but are not yet effective for the year beginning 1st January 2024, and the Directors do not plan to apply any of them until they become effective. Note 25 lists all such new or revised standards and interpretations, with their effective dates and expected impact.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary assets measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

d) Revenue recognition

The Company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Interest income is recognised on a time proportion basis using the effective interest method.

Grant income is recognised upon receipt.

Registration fees income is recognised at the time of effecting the transaction.

Dividend income is recognised once the right to receive the payment is established.

Rental income is recognised on an accrual basis, based on operating lease contracts with customers.

e) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

<u>Current tax</u>

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

NOTES (CONTINUED)

1. Material accounting policy information (continued)

e) Income tax (continued)

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

f) Financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Company commits itself to the purchase or sale.

Classification

The company classifies its financial instruments into the following categories:

i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income;

iii) All other financial assets are classified and measured at fair value through profit or loss;

iv) Notwithstanding the above, the Company may:

a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.

b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency; and

vi) All other financial liabilities are classified and measured at amortised cost.

NOTES (CONTINUED)

1. Material accounting policy information (continued)

f) Financial instruments (continued)

Initial measurement

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortised cost; and

- Investments in quoted shares were classified by irrevocable election on initial recognition as at fair value through profit or loss statement.

On initial recognition:

i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.

ii) Trade receivables are measured at their transaction price.

iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss. Fair value is determined as set out in Note 1(a), Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

NOTES (CONTINUED)

1. Material accounting policy information (continued)

f) Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) Leases

Leases under which the company is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit and loss account on a straight-line basis over the lease term. The Company has not entered into any finance leases.

h) Property and equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. Land and buildings are subsequently carried at a revalued amount, based on annual valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other items of property and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account.

Depreciation is calculated using the reducing balance method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

NOTES (CONTINUED)

1. Material accounting policy information (continued)

i) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the balance sheet date determined by annual valuations carried out by external registered valuers (Level 2). Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

j) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the company are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life.

k) Investment in associate

An associate is an entity over which the group has significant influence, but which it does not control.

Investment in associate is accounted for by the equity method of accounting. Under the equity method, investment in associate is carried in the balance sheet at cost plus share of subsequent profits less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

l) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

m) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

n) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

o) Post-employment benefit obligations

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

The company also operates a gratuity scheme for its employees. The service cost of the scheme is included in the profit or loss account.

NOTES (CONTINUED)

2. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the company, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

a) Significant judgements made in applying the company's accounting policies

The judgements made by the directors in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

(i) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) *Impairment losses*
Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.

3. Risk management objectives and policies

a) Financial risk management

The company's activities expose it to a variety of financial risks including credit, liquidity and market risks. The company's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument 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 institution. The Company carries out its own assessment of credit risk before investing in treasury bonds and fixed deposits, and updates such assessments at each reporting date.

Credit risk on other receivables is managed by ensuring that credit is extended to entities 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 entity. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk (continued)

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

	12-month expected credit losses	Lifetime expected credit losses (see note below)			
		(a)	(b)	(c)	Total
	KSh'000	KSh'000	KSh'000	KSh'000	KSh'000
31st December 2024					
Financial assets	27,548	-	-	-	27,548
Other receivables	93,760	-	-	-	93,760
Revolving fund advances	136,057	-	-	-	136,057
Short-term bank deposits	334,631	-	-	-	334,631
Cash at bank	237,465	-	-	-	237,465
Gross carrying amount	829,461	-	-	-	829,461
Loss allowance	-	-	-	-	-
Exposure to credit risk	829,461	-	-	-	829,461

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk (continued)

	12-month expected credit losses KSh'000	Lifetime expected credit losses (see note below) (a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
31st December 2023					
Financial assets	24,809	-	-	-	24,809
Other receivables	107,344	-	-	-	107,344
Revolving fund advances	13,616	-	-	-	13,616
Short-term bank deposits	655,034	-	-	-	655,034
Cash at bank	67,449	-	-	-	67,449
Gross carrying amount	868,252	-	-	-	868,252
Loss allowance	-	-	-	-	-
Exposure to credit risk	868,252	-	-	-	868,252

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

(a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;

(b) financial assets that are credit impaired at the balance sheet date; and

(c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

31st December 2024	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000
Other payables	37,807	-	45,300	-

31st December 2023	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000
Other payables	28,979	-	59,494	-

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from deposits with banking institutions. This exposes the company to cash flow interest rate risk. Management consider that a change in interest rates of 1 basis points in the year ending 31st December 2025 is reasonably possible. If the interest rates on the company's deposit with financial institution at the year-end were to increase/decrease by this number of percentage points, with all other factors remaining constant, the post tax profit and equity would be higher/lower by KSh 767,000 (2024: KSh 416,000) respectively.

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The company is exposed to other price risk on its investment in quoted shares. Management consider that a change in the market prices of its quoted shares of 10% either way in the year ending 31st December 2025 is reasonably possible. If the price of fair value through profit and loss financial assets decreased/increased by the said percentage, with other factors remaining constant, profit and loss and equity would decrease/increase by KSh 510,100 (2024: KSh 322,500).

Currency risk

The company is not exposed to currency risk.

b) Capital management

The company's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The company is not subject to any external capital requirements.

	2024 KSh'000	2023 KSh'000
4. Revenue		
Interest income on fixed deposits	82,309	79,760
Rental income	49,986	29,865
	132,295	109,625
5. Other income		
Registration fees	37	95
Dividends received from investments in quoted shares	416	362
Other income	5,151	1,647
	5,604	2,104

NOTES (CONTINUED)

	2024 KSh'000	2023 KSh'000
6. Grant income		
Mastercard Foundation	33,190	-
FCDO	22,364	-
Jitegemee trust	3,170	-
UN Women	6,661	10,769
Open Society Foundation (OSF) - Aquaculture	-	7,487
Grand Challenges Canada (GCC)	-	4,562
Hanns Seidel Foundation	3,452	2,757
Mennonite Economic Development Associates of Canada (MEDA)	3,582	1,469
Uraia Trust	750	-
New Zealand High Commission	666	-
AMREF	-	1,221
	73,835	28,265
7. Changes in fair value		
These comprise changes in fair value of:		
Investment property	-	18,000
Financial assets measured at fair value through profit and loss	1,876	(254)
	1,876	17,746
8. Loss before tax		
(a) Items charged		
The following items have been charged in arriving at loss before tax:		
Employee benefits expense (Note 8(b))	209,016	179,953
Depreciation of property and equipment	3,555	4,036
Amortisation of intangible assets	21	7
(b) Employee benefits expense		
The following items are included in employee benefits expense:		
Salaries and wages	172,789	147,902
Retirement benefit costs:		
- National Social Security Fund	382	382
- Housing Levy	2,082	986
- Increase in provision for staff gratuity	33,763	30,683
	209,016	179,953

NOTES (CONTINUED)

8. Loss before tax (continued)

(b) Employee benefits expense (continued)

The average number of persons employed during the year, by category, were:

	2024 Number	2023 Number
Finance	9	6
Programmes	27	7
Information, Communication and Technology	2	2
Corporate	7	9
Talent and administration	9	6
Total	54	30

9. Tax expense

	2024 KSh'000	2023 KSh'000
Current tax	23,973	23,209
Deferred tax (Note 13)	-	2,700
Income tax expense	23,973	25,909

The tax expense for the year differs from the theoretical amount that would result from applying the statutory tax rate of 30% to loss before tax as follows:

	2024 KSh'000	2023 KSh'000
Loss before tax	(185,827)	(123,045)
Tax calculated at the statutory rate of 30%	(55,748)	(36,914)
Tax effect of:		
Expenses not deductible for tax purposes	119,831	84,236
Income not subject to tax	(40,110)	(21,413)
Income tax expense	23,973	25,909

10. Fund balance

	2024 KSh'000	2023 KSh'000
At start and end of year	1,586,102	1,586,102

The fund balance represents capital fund received from various donors. The fund balance is not distributable.

11. Revaluation surplus

	2024 KSh'000	2023 KSh'000
At start of year	145,088	144,231
Surplus on revaluation of property and equipment	1,224	1,224
Deferred income tax relating to items that will not be reclassified	(367)	(367)
At end of year	145,945	145,088

The revaluation surplus represent increase in the fair value of land and building, net of deferred tax, carried at revalued amounts.

NOTES (CONTINUED)

12. Revolving fund reserve

	2024 KSh'000	2023 KSh'000
At start of year	15,830	15,480
Contribution during the year	143,548	350
At end of year	159,378	15,830

The fund balance represents 50% contribution by donors and 50% contribution by the company towards the revolving fund for the Aquaculture Project . In line with the donors agreement, these funds are set aside and can be only be utilised as advances to women groups undertaking aquaculture activities.

13. Deferred income tax

Deferred tax is calculated using the enacted rate of 30% (2023: 30%).

Deferred tax assets and liabilities, deferred tax charge/(credit) in the profit and loss account are attributable to the following items:

Year ended 31st December 2024 **Deferred income tax liability**	At 1st January KSh'000	Charged to other comprehensive KSh'000	Charged to profit & loss KSh'000	At 31st December KSh'000
Revaluation of property and equipment	56,905	367	-	57,272
Revaluation of investment property	40,345	-	-	40,345
Net deferred tax liability	97,250	367	-	97,617
Year ended 31st December 2023				
Deferred income tax liability				
Revaluation of property and equipment	56,538	367	-	56,905
Revaluation of investment property	37,645	-	2,700	40,345
Net deferred tax liability	94,183	367	2,700	97,250

NOTES (CONTINUED)

14. Property and equipment

	Land and buildings KSh'000	Capital work in progress KSh'000	Computer equipment KSh'000	Motor vehicles KSh'000	Furniture, fitting and office equipments KSh'000	Total KSh'000
At 1st January 2023						
Cost or valuation	206,156	-	10,528	27,299	15,472	259,455
Accumulated depreciation	(1,796)	-	(8,568)	(21,443)	(13,734)	(45,541)
Net carrying value	204,360	-	1,960	5,856	1,738	213,914
Year ended 31st December 2023						
Opening carrying value	204,360	-	1,960	5,856	1,738	213,914
Additions	1,376	7,425	1,660	-	1,491	11,952
Revaluation	1,224	-	-	-	-	1,224
Depreciation charge	(1,224)	-	(1,168)	(1,030)	(614)	(4,036)
Closing carrying value	205,736	7,425	2,452	4,826	2,615	223,054
At 31st December 2023						
Cost or valuation	205,736	7,425	12,188	27,299	16,963	269,611
Accumulated depreciation	-	-	(9,736)	(22,473)	(14,348)	(46,557)
Net carrying value	205,736	7,425	2,452	4,826	2,615	223,054
Year ended 31st December 2024						
Opening carrying value	205,736	7,425	2,452	4,826	2,615	223,054
Additions	-	3,715	3,839	-	1,010	8,564
Revaluation	1,224	-	-	-	-	1,224
Depreciation charge	-	-	(1,822)	(1,030)	(703)	(3,555)
Closing carrying value	206,960	11,140	4,469	3,796	2,922	229,287
At 31st December 2024						
Cost or valuation	206,960	11,140	16,027	27,299	17,973	279,399
Accumulated depreciation	-	-	(11,558)	(23,503)	(15,051)	(50,112)
Net carrying value	206,960	11,140	4,469	3,796	2,922	229,287

Leasehold land and buildings were valued (Level 2) on 31st December 2024 by Crystal Valuers Limited, independent valuers, on the basis of open market value.

The annual depreciation rates used are as follows:

	Rate - %
Leasehold land	Over lease period
Buildings	10 years
Computer equipment	30%
Motor vehicles	25%
Furniture, fitting and office equipment	12.5%

NOTES (CONTINUED)

15. Investment property

	Leasehold land KSh'000	Buildings KSh'000	Total KSh'000
Year ended 31st December 2024			
At 1st January	249,000	1,029,000	1,278,000
Fair value gain	(1,000)	1,000	-
At 31st December 2024	248,000	1,030,000	1,278,000
Year ended 31st December 2023			
At 1st January	240,000	1,020,000	1,260,000
Fair value gain	9,000	9,000	18,000
At 31st December 2023	249,000	1,029,000	1,278,000

The fair value of the investment property is based on the valuation carried out by Crystal Valuers Limited independent valuers, on the basis of open market value (Level 2). The valuer is a registered valuer and has experience in the location and the category of the investment property being valued. The investment property was valued as at 31st December 2024.

16. Intangible assets

	2024 KSh'000	2023 KSh'000
Cost		
At 1st January	8,625	8,625
Additions	97	-
At 31st December	8,722	8,625
Amortisation		
At 1st January	8,621	8,614
Charge for the year	21	7
At 31st December	8,642	8,621
Net book value		
At 31st December	80	4

The annual amortisation rate used is 20%.

17. Financial assets

Non- Current	2024 KSh'000	2023 KSh'000
Treasury bonds	21,584	21,584
Accrued interest receivable	863	-
	22,447	21,584
Equity instruments	5,101	3,225
	27,548	24,809

NOTES (CONTINUED)

17. Financial assets (continued)

The fair values of government securities are based on prices published by brokers (Level 2).

The categorisation of assets carried at fair value by the levels defined in Note 1(a) is as follows:

Financial instruments measured at fair value through profit or loss	2024 KSh'000	2023 KSh'000
Equity instruments	5,101	3,225

The movement in the fair value of those assets measured at fair value based on Level 1 were as follows:

At start of year	3,225	3,479
Gain on revaluation recognised in the profit or loss	1,876	(254)
At end of year	5,101	3,225

18. Investment in associate

At start and end of the year	916,352	916,352

The company's has an interest of 25% (2023: 25%) in the equity and voting rights of Kenya Women Microfinance Bank Limited. Kenya Women Microfinance Bank Limited is incorporated in Kenya and is not a listed entity. The principal place of business is along Kiambere Road, Upperhill, Nairobi.

19. Revolving fund advances	2024 KSh'000	2023 KSh'000
At 1st January	13,616	13,870
Advances during the year	124,162	2,999
Repayments	(1,721)	(3,253)
At 31st December	136,057	13,616

20. Other receivables	2024 KSh'000	2023 KSh'000
Prepayments	2,648	2,821
Other receivables	93,760	107,344
	96,408	110,165

21. Short-term bank deposits

Deposits with banking institutions (maturity > 90 days)	334,631	655,034

NOTES (CONTINUED)

22. Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following:

	2024 KSh'000	2023 KSh'000
Cash and current account balances	127,933	8,084
Deposits with financial institutions	109,532	59,365
	237,465	67,449

23. Other payables

	2024 KSh'000	2023 KSh'000
Other payables and accruals	37,807	28,979
Provision for gratuity	37,596	56,514
Provision for leave	7,704	2,980
Deferred income	47,280	2,135
	130,387	90,608

24. Related party transactions

The following transactions were carried out with related parties which were related through common share holding and directorships.

The following transactions were carried out with related parties:

	2024 KSh'000	2023 KSh'000
i) Interest income		
Interest from fixed deposit	859	3,654
ii) Director's remuneration		
- as executives	60,191	67,712
- fees	4,521	3,448
	64,712	71,160
iii) Key management compensation	69,998	100,512
iv) Outstanding balances arising from sale and purchase of goods/services		
Loans and advances to other employees	4,421	9,168
Investment in fixed deposits	18,110	16,477

25. Change of company name

On 20th September 2023, the company changed its name from Echo Network Africa Limited to Echo Network Africa Foundation Limited. The prerequisite documents have been filled with the company registrar at Sheria House.

26. New and revised financial reporting standards

The Company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2024. None of the changes is expected to have any material impact on the Company's financial statements except IFRS 18, which will require changes to the presentation, and related disclosures, of the Profit and Loss Account and the Statement of Cash Flows.

NOTES (CONTINUED)

26. New and revised financial reporting standards (continued)

Amendments to IAS 21 titled Lack of Exchangeability (issued in August 2023)
The amendments, applicable to annual periods beginning on or after 1st January 2025, require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

IFRS 18 titled Presentation and Disclosure in Financial Statements (issued in April 2024)
The new standard, applicable to annual periods beginning on or after 1st January 2027, replaces IAS 1 and sets out revised requirements for the presentation and disclosure of information in general purpose financial statements.

IFRS 19 titled Subsidiaries without Public Accountability: Disclosures (issued in May 2024)
The new standard, applicable to annual periods beginning on or after 1st January 2027, specifies the disclosure requirements a subsidiary without public accountability is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

Amendments to IFRS 9 and IFRS 7 titled Amendments to the Classification and Meassurement of Financial Instruments (issued in May 2024)
The amendments, applicable to annual periods beginning on or after 1st January 2026, address diversity in accounting practice by making the requirements more understandable and consistent.

Annual Improvements to IFRS Accounting Standards - Volume 11 (issued in July 2024)
The document sets out minor amendments to five Standards, applicable to annual periods beginning on or after 1st January 2026.

Amendments to IFRS 9 and IFRS 7 titled Contracts Referencing Nature-dependent Electricity (issued in December 2024)
The amendments, applicable to annual periods beginning on or after 1st January 2026, help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements.

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)
The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

SCHEDULE OF OPERATING EXPENDITURE

1. ADMINISTRATIVE EXPENSES

	2024 KSh'000	2023 KSh'000
Employment:		
Salaries and wages	104,093	77,825
Increase in provision for staff gratuity	33,763	30,683
Staff medical insurance	9,642	8,618
Increase/(decrease) in provision for leave	4,725	(1,716)
Total employment costs	152,223	115,410
Other administration expenses:		
Director's remuneration	71,160	71,160
Postage and telephone	3,445	1,907
Entertainment and travel	11,865	5,044
Printing and stationery	1,999	1,334
Advertising and marketing expenses	6,671	3,841
Audit fees		
- Current year	715	678
- Under provision in prior year	-	112
Legal and professional fees	3,488	1,271
Secretarial fees	425	365
Motor vehicle running expense	1,594	1,798
Office expenses	11,383	9,125
AGM expenses	5,076	6,693
Subscription	77	87
Computer expenses	5,959	2,327
Loss/(gain) on foreign exchange	395	(238)
Bank charges and commissions	1,120	953
Capital gains tax	-	143
Total other administration expenses	125,372	106,600
Total administrative expenses	277,595	222,010

2. ESTABLISHMENT EXPENSES

	2024 KSh'000	2023 KSh'000
Rent and rates	97	187
Insurance	1,988	2,883
Repair and maintenance	3,231	1,994
Depreciation of property and equipment	3,555	4,036
Amortisation of intangible assets	21	7
Total establishment expenses	8,892	9,107

3. RENTAL EXPENSES

	2024 KSh'000	2023 KSh'000
Repairs and maintenance	9,766	10,196
Security	1,544	1,587
Professional fees	670	716
Electricity and water	6,002	2,534
Insurance	2,424	2,145
Marketing expenses	245	478
Total rental expenses	20,651	17,656

SCHEDULE OF OPERATING EXPENDITURE (CONTINUED)

4. PROJECT EXPENSES	2024 KSh'000	2023 KSh'000
Telephone and internet	363	226
Printing and stationery	4,605	1,056
Travelling and accommodation	51,410	18,168
Professional and consultancy fees	21,998	8,574
Miscellaneous project expenses	8,092	3,988
Training and promotional materials	5,831	-
Total project expenses	92,299	32,012