

# Carbacid Investments plc

## Report and Financial Statements 2024



**Carbacid Investments plc**  
**Annual financial statements and reports**  
**For the year ended 31st July 2024**

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**Carbacid Investments plc**  
**Company information**  
**For the year ended 31st July 2024**

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**Board of directors**

Amb D N O Awori - Chairman

Mr B C Patel

Mr M K R Shah

Mrs S O Mudhune

Dr Eng. E A Musebe

Mr R B Patel

Dr J P N Simba

**Company secretary**

Mr. C Nyukuri CPS (K)

**Board Committees**

**Audit & Risk Committee**

Mrs S O Mudhune - Chairperson

Mr M K R Shah

Mr R B Patel

Dr Eng. E A Musebe

**Finance and Investment Committee**

Dr Eng. E A Musebe – Chairman

Mr M K R Shah

Mr R B Patel

**Nomination, Remuneration and Governance Committee**

Dr J P N Simba - Chairman

Mr B C Patel

Mrs S O Mudhune

**Registered office**

L.R. No. 1870/1/569

ALN House,

Eldama Ravine Close, off Eldama Ravine Road, Westlands

P.O. Box 764 - 00606, Sarit Centre

Nairobi, Kenya.

**Registrars and transfer office**

C & R Group

IKM Place, Tower B, 1st Floor,

5th Ngong Avenue, Off Bishops Road,

P.O. Box 8484 - 00100, GPO Nairobi

Tel: 0208690360, 0207608216

Email: info@candrgroup.co.ke

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, Sarit Centre

Nairobi, Kenya.

**Principal banker**

NCBA Bank Kenya plc,

Upper Hill Branch, Mara & Ragati Road

P.O. Box 30437 - 00100, GPO

Nairobi, Kenya.

**Legal advisors**

Wainaina Ireri & Company Advocates

5th Floor, Laiboni Centre, Lenana Road, Kilimani

P.O. Box 42706 - 00100, GPO

Nairobi, Kenya.

Anjarwalla & Khanna LLP

ALN House,

Eldama Ravine Close, off Eldama Ravine Road, Westlands

P.O. Box 200 - 00606, Sarit Centre

Nairobi, Kenya.

Oraro & Company Advocates

6th Floor ACK Garden Annex, 1st Ngong Avenue

P.O. Box 51236 - 00200, City Square

Nairobi, Kenya.

### **Overview**

From a global perspective the past 12 months have been challenging from various perspectives – geopolitical tensions, wars and political strife in various countries, trade tensions, high impact elections, interest rates, currency movements and shortages of foreign currency in certain markets, climate changes resulting in extreme rains or droughts. All these factors have impacted the cost of doing business – increases in freight rates, delays in shipping, increased energy costs, inflation, managing expectations of key stakeholders.

The regional economic landscape continues to present both challenges and opportunities for our core business. Whilst foreign currency availability has been an issue in some markets, the situation seems to be improving. Despite these challenges, we see resilience in our key markets across Eastern and Southern Africa. Across our regional markets, we observe different economic dynamics - the Eastern Africa economies are showing some growth despite global headwinds, while Southern African markets are managing currency and trade challenges with some degree of success. These regional variations influence our strategy for each market.

In Kenya, the economic landscape presents a complex picture. Rising cost of living has impacted consumer spending patterns, particularly affecting discretionary purchases like soft drinks. However, this is partially offset by the robust recovery in the hospitality and tourism sector, where we are seeing increased demand from our beverage industry customers.

During the year to 31 July 2024, businesses globally and within the region continued to experience a volatile and unprecedented difficult operating environment. Despite all these challenges, Carbacid managed to deliver exceptional growth in volume, topline and profit.

Our robust business growth stems from the successful execution of our strategic business initiatives. At the core of our strategy is an unwavering focus on customer satisfaction, achieved through the consistent delivery of high-quality carbon dioxide. We pride ourselves on our ability to meet customer demands with precision – delivering orders on time, in full, and without error. This commitment to excellence has maintained a very high level of customer engagement and Carbacid's reputation in the market.

The Group is committed to maintaining strong performance and the growth trajectory in line with the strategic vision set in 2022 and reviewed annually by the Board of directors.

### **General outlook**

Electricity tariff increased, labour cost was adjusted to accommodate inflationary pressure, and the maintenance cost on plant was not spared as the production equipment continued to operate at a higher utilization rate. Fleet maintenance increased due to additional distance covered. Despite all the shocks in operating costs, gross margin percentage remained unchanged compared to prior year due to internal efficiencies such as logistic and other cost optimization techniques including solar power.

During the year, the Group undertook significant investments in solar energy infrastructure. In February 2024, a solar power plant of 450 KWp capacity was successfully commissioned in part of our production operations. Following this successful commissioning, the Group will expand this solar plant to cover all production operations. This investment in line with the group's strategy on sustainable use of natural resources and reduce reliance on grid power.

To support future business growth, the Group has also successfully commissioned a new state-of-the-art CO2 recovery plant which is fully operational. The additional capacity from this new plant will improve plant utilization and enable the business to venture into new markets. The Group continues to refresh its fleet and has invested in new fleet to continue to deliver efficiently.

Carbacid offers natural, food-grade carbon dioxide meeting the highest international quality standards. This quality statement is verified by international quality service providers and leading global beverage companies. There is continuous focus on research and innovation to develop and grow new applications for carbon dioxide to further expand market presence and penetration. Our carbon dioxide meets the latest food safety management standard and is FSSC 22000 Version 6 approved, meeting the stringent food grade certification and is halal approved.

The Group financial and investment portfolio continues to grow and generate market returns. The Group is actively seeking additional investment opportunities.

With the ever changing and increasing regulatory and statutory requirements, the group is vigilant to ensure compliance. Adherence to this invariably leads to increased costs of operation and greater time commitment by Management and the Board.

**General outlook (continued)**

With inflation being tamed in various of our markets, and foreign currency availability easing, it is expected that there will be growth in demand for the products that require carbon dioxide as a key raw material input.

The trend to reduce interest rates will impact on the income that will be generated from the investment portfolio.

**Strategic update**

The Board together with management developed the business strategy in the year 2022. Subsequently every year, the board reviews the strategic objectives in light of the evolving business landscape in a bid to sustain a profitable growth and efficient business.

Strategic enablers that have been effectively implemented include increased production capacity by commissioning the new CO<sub>2</sub> plant, an increased fleet, solar installations and hiring additional qualified staff.

**Sustainability**

The Group's strategy is firmly anchored within the sustainability policy. For a review of the Group's sustainability initiatives please refer to the sustainability report on Page 4. Additionally, you can access the full Sustainability Report by visiting the website at ([www.carbacid.com](http://www.carbacid.com)).

**Corporate governance**

The Board is firmly committed to maintaining the standards of corporate governance in line with best practice. During the year, the Board reviewed the Company's corporate governance policies and procedures to monitor compliance with best practice developments.

Every two years the Board conducts a formal comprehensive evaluation of its own performance, as well as that of its committees. The ensuing results affirm that both the Board and its Committees deem their operations effective.

In 2023, external audits were conducted to assess Corporate Governance practices alongside a comprehensive Legal Audit as required by the Capital Markets Authority Code of Corporate Governance. The next audit will be conducted in 2025.

**Financial results and dividends**

Turnover for 2024 grew by 20%, reaching KSh 2,066 million (2023 - KSh 1,720 million). The growth was primarily driven by growing regional demand for carbon dioxide and entry into new markets. Gross margin percentage remained stable compared to previous year despite escalating cost of sales as the business implemented some cost control strategies.

The financial assets have continued to generate positive returns and contributed 28% (2023- 38%) towards profit before tax. The 2023 contribution was higher due to foreign exchange gains.

Group profit after tax increased by 3% to KSh 843 million (2023 – KSh 816 million). Earnings per share increased from 3.20 to 3.31.

**Dividend**

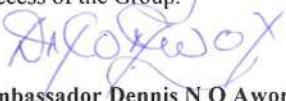
The Board recommends that a final dividend of KSh 1.70 per share (2023: KSh 1.70 per share) to be paid as soon as practical after approval by the Members at the Annual General Meeting in December 2024.

**Update on BOC acquisition**

In 2020, the company made an offer to acquire the shares of BOC Kenya plc. Two petitions objecting the acquisition were filed before the Capital Markets Tribunal and the High Court of Kenya and as a result, the offer remained suspended by the Capital Markets Authority pending determination of the matters. The petition before the Capital Markets Tribunal was dismissed by the Tribunal in September 2024. The Board is currently reviewing the next course of action given the time that has elapsed since the offer was made.

**Appreciation**

I take this opportunity to express my gratitude and thank my fellow directors, the Management team, all the employees, customers, partners, all shareholders and all the stakeholders for their collective contributions and support in driving the success of the Group.

  
Ambassador Dennis N O Awori

Chairman

30 October 2024

Over six decades ago, the founders of our company set out to lay the foundation for the Group that is now East Africa's leading producer of natural food grade carbon dioxide. This foundation is guided by a strong mission to efficiently manufacture, distribute and market the highest purity carbon dioxide throughout the region, whilst achieving the highest standards of customer service to secure the company's long term technical and financial viability.

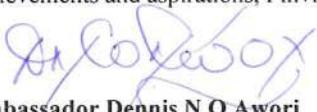
To achieve this goal, the Group has put in place various initiatives to advance five key corporate governance pillars of accountability, fairness, transparency, independence and sustainability.

Under the sustainability pillar, the Group works towards impact across the environment, social and governance (ESG) fronts. We continuously evaluate these initiatives to ensure that they remain relevant and periodically assess our progress to ensure that we hold ourselves accountable to these aspirations. Financial performance is intertwined with operating sustainably, we do not seek one over the other, instead we ensure that we are able to deliver strong financial performance while entrenching the best ESG practices.

On the environmental front we have in the past 12 months installed two solar plants and are in the process of installing a third plant. The two plants have already supported the business to reduce grid electricity consumption by over 25%. At the same time, we have rolled out a new state of the art CO<sub>2</sub> recovery plant and a new technology closed circuit cooling tower that reduced water consumption to less than one quarter of the older technology. In addition, we planted 10,634 trees in the last five years across key water catchment areas in Kenya.

On the social front, we have continued to support vulnerable members of the communities where we operate in. Through various impactful programmes, we provided scholarships for needy high school and university students including those with disabilities. For our employees, we have continued to create a conducive work environment and championed diversity and inclusion in the workplace. As a result of our initiatives to ensure safety at the workplace we registered zero work-related injuries in the year.

The Board and I are excited about what the future portends for us from a sustainability front. We are well positioned to continue adopting additional sustainability initiatives across the entire organization. For further details on our achievements and aspirations, I invite you to read through our full sustainability report found on ([www.carbacid.com](http://www.carbacid.com))



**Ambassador Dennis N O Awori**

**Chairman**

**30 October 2024**

**Carbacid Investments plc**  
**Statement of corporate governance**  
**For the year ended 31st July 2024**

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**Chairman's comments**

The Board of Directors of Carbacid Investments plc ("Carbacid Group" or "Group") is committed to maintaining high standards of Corporate Governance, and the disclosures in this year's report and financial statements reflect that commitment. Effective corporate governance is essential to the long-term success of the business. As Chairman, my role is to guide and lead the Board, ensuring it operates effectively and contains the right balance of skills and experience to successfully execute the Group's strategy.

**Code compliance**

The Group complies with the Code issued by the Capital Markets Authority under the Capital Markets Act (Cap 485A), the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("Code"). The Group remains committed to implementing these requirements and continues to close gaps in compliance. The Board Charter documents our commitments, principles, and practices.

An independent firm, accredited by the Institute of Certified Public Secretaries of Kenya, conducted both a Governance Audit and a Legal Audit of our Group during the year. These comprehensive audits confirmed our adherence to corporate governance standards as outlined in the Companies Act, 2015, and the Code of Corporate Governance. Moreover, the audits verified that we have successfully implemented best practices in our governance structure. This external validation underscores our commitment to maintaining the highest standards of corporate governance and ensures that our practices not only meet but often exceed regulatory requirements. By engaging an accredited independent firm, we demonstrate our dedication to transparency and accountability in all aspects of our operations, reinforcing stakeholder trust and solidifying our position as a responsible corporate entity.

**The Board**

The Board currently has seven non-executive Directors who bring considerable knowledge, judgement and experience to the Group. The Directors are from broad industry and professional backgrounds with varied expertise. The business of the Group is technical and specialist in nature and requires considerable knowledge and experience to manage for results. During the year, all directors and executive managers attended training on areas of governance from professional Corporate Governance trainers.

Directors are subjected to a rigorous review by means of an external professional Board Evaluation, followed by feedback by the Nominations Committee. After thorough consideration, the Board considers that the Directors' independence, skills and experience make them effective as non-executive Directors and as Chairpersons to the Board Committees. All directors are non-executive and in the context of the CMA guidelines, the independent Directors are Mrs. Susan Mudhune, Dr Eng. Edward Musebe and Dr John Simba.

The Board, however, considers that all of its Directors are independent in character and judgement, and their knowledge, diversity of experience and other business interests continue to enable them to contribute significantly to the Board's effectiveness. Directors have been issued with formal letters of appointment setting out terms and conditions. The main Board and the Board Committees receive up-to-date information for review in good time ahead of each meeting.

The Group Secretary acts as secretary to the Board and all committees of the Board. He is the focal point for communications and attends all Board meetings, and offers additional guidance to the Board on matters relating to corporate governance and statutory matters. The Secretary's performance is evaluated annually by the Directors.

One-third of the members of the Board retire by rotation each year and may offer themselves for re-election if eligible in accordance with the Company's Articles of Association. Any Director appointed by the Board will be subject to election by shareholders at the first opportunity after his or her appointment and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

**Carbacid Investments plc**  
**Statement of corporate governance (continued)**  
**For the year ended 31st July 2024**

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**Board responsibilities**

The Board is responsible for major policy decisions whilst delegating more detailed matters to the Board Committees and to the Management Team. The Board is responsible for the Group's system of risk management and internal control and for monitoring the implementation of its policies. The system of internal control is designed to manage risks.

The Board is responsible for the long-term growth and sustainability of the Carbacid Group. The Board charts the direction of the Group and monitors Management's performance on an ongoing basis.

The Board has appointed Committees to which powers have been delegated in accordance with the terms of reference for each Committee. The Committees are detailed below.

**Board meetings**

The Board normally meets quarterly for scheduled meetings and on other occasions to deal with specific matters that require attention between scheduled meetings. Scheduled meetings include annual strategic reviews, review of quarterly performance and monitoring of business and operational issues. During the year, the Board held five meetings. The attendance at the Board meetings is shown below:

		<b>Meetings Eligible to Attend</b>	<b>Meetings Attended</b>
Amb D N O Awori	Chairman, Independent Director	5	5
B C Patel	Non-executive Director	5	5
M K R Shah	Non-executive Director	5	5
S O Mudhune	Independent Director	5	4
Dr Eng. E A Musebe	Independent Director	5	5
R B Patel	Non-executive Director	5	5
Dr. J P N Simba	Independent Director	5	5

**Board Audit and Risk Committee**

The Committee, chaired by Susan Mudhune, an independent Director, has three other non-executive Directors. One Committee member has relevant financial qualifications and experience. Attendance at the Board Committee meetings is shown below.

The Committee oversees and advises the Board on the effectiveness of the Company's risk management and internal control practices. The Board sets guidelines on the general level of risk which is acceptable and has a considered approach to evaluating risk to safeguard the Group's assets while supporting sustainable growth.

Risk management and internal control is a continuous process and has been considered by the Board on a regular basis throughout the year. The Board Audit and Risk Committee regularly reviews strategic and operational risks and the associated controls and mitigating factors. These include business continuity plans and procedure manuals. The Board continues to develop risk management, set tolerance levels and internal controls where necessary. The Chief Operating Officer, the Chief Commercial Officer, the Finance and Administration Manager and the Internal Auditor of Carbacid (CO<sub>2</sub>) attend the Board Audit and Risk Committee meetings.

		<b>Meetings Eligible to Attend</b>	<b>Meetings Attended</b>
S O Mudhune	Chair	3	3
M K R Shah	Member	3	3
R B Patel	Member	3	3
Dr Eng. E A Musebe	Member	3	2

**Carbacid Investments plc**  
**Statement of corporate governance (continued)**  
**For the year ended 31st July 2024**

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**Board Nomination, Remuneration and Governance Committee**

The Committee, chaired by Dr Simba, an independent Director has two other non-executive Directors. The Board has established and approved formal remuneration policies and procedures that attract and retain Board Members.

The Committee meets whenever necessary to consider succession planning for Directors and other senior executives to ensure that requisite skills and expertise are available to the Board to address future challenges and opportunities.

The Committee determines the remuneration of the Directors and reviews the remuneration of senior management. Note 27(c) of the Report and Financial Statements summarizes the remuneration of the Directors and key Management.

External consultants are used, if required, to assist in identifying suitable candidates based on a written specification for each appointment. The Chairman is responsible for providing a shortlist of candidates for consideration by the Committee which then makes its recommendation for approval by the Board.

Appointments to the Board, as with other positions within the Group, are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made without reference to race, religion or gender.

The Committee continuously monitors governance and compliance matters. Attendance is shown below:

		<b>Meetings Eligible to Attend</b>	<b>Meetings Attended</b>
Dr. J N Simba	Chair	1	1
B C Patel	Member	1	1
S O Mudhune	Member	1	1

**Board Finance and Investment Committee**

The Committee consisting of three non-executive Directors currently chaired by Dr Eng Edward Musebe, an independent Director. The Committee monitors the integrity of the financial statements of the Group, including its annual and half-yearly reports and monthly management statements.

The Committee also formulates and proposes investment policies, objectives and strategies for the investment assets and asset allocation.

Attendance at the Board Committee meetings is shown below.

		<b>Meetings Eligible to Attend</b>	<b>Meetings Attended</b>
Dr Eng. E A Musebe	Chair	3	3
M K R Shah	Member	3	3
R B Patel	Member	3	3

**Chairman**

There is a clear division of responsibilities between the Chairman and the Board. This is set out in the Board Charter and other Board Policies. The Chairman guides and leads the Board to ensure that the Group has appropriate objectives and an effective strategy and that the Group is operating in accordance with a high standard of corporate governance.

**Directors' conflicts of interest**

The Group has formal procedures in place to manage conflicts of interest. Any Director upon becoming aware that they have an interest in an existing or proposed transaction with Carbacid must notify the Board in writing or report the conflict at the Board meeting. Internal controls are in place to ensure that any related party transaction involving Directors, or their related parties, are conducted at an arm's length basis. Directors have a continuing duty to report any changes to these conflicts.

### **Board performance evaluation**

During the year, an independent organisation conducted a comprehensive performance review of the Board, its Committees, individual Directors, and the Group Secretary. This rigorous annual evaluation is instrumental in enhancing the Board's overall effectiveness and maximizing our collective strengths. The review covered all key aspects of Board performance, including composition and diversity of expertise, Board dynamics and interpersonal relationships, the Chairman's leadership effectiveness, the Board's role in shaping and overseeing corporate strategy, risk management and oversight processes, and succession planning for key leadership positions.

Following the review, we developed a detailed implementation plan to address identified areas for improvement. This systematic approach ensures that we continually refine our governance practices, adapt to evolving challenges, and maintain the highest standards of corporate leadership. By regularly assessing and enhancing our performance, we aim to improve our ability to make informed decisions and create long-term value for all stakeholders.

This annual evaluation process is crucial in ensuring that our Board remains effective, dynamic, and well-equipped to guide the group through both challenges and opportunities.

### **Whistle blowing**

All directors, executives and staff are expected to maintain the highest level of integrity in dealing with all stakeholders. The Group has on its website a dedicated and secure Whistle Blowing platform in which confidentiality is assured. This platform is in support of the Group's commitment to achieving the highest standards of integrity in all of its business processes.

The Group has a robust anti-money laundering and anti-terrorism financing policy, and data protection policy.

### **Personal use of Company's assets and Loans to Directors**

The Board Audit & Risk Committee reviewed and confirmed that during the year there has not been any improper personal use of the Company's assets by Directors. Additionally, during the year, there was no arrangement to which the Company was a party, whereby Directors acquired benefits by means of transactions in the Company's shares. There were no Directors' loans at any time during the year.

### **Relations with shareholders**

The Board's primary role is to promote the success of the Carbacid Group and in that process, the interests of shareholders. The Board is accountable to shareholders for the performance and activities of the Group. Communication with its shareholders in respect of the Group's business activities is through General Meetings, the Annual Report and Financial Statements, yearly and half-yearly announcements made in the press. These announcements are presented in a consistent format focusing on making the presentations simple, meaningful and understandable. Information is also made publicly available via the Company's website ([www.carbacid.com](http://www.carbacid.com)). All shareholders have an opportunity to ask questions or represent their views to the Board, the Company Secretary and the external auditors at the Annual General Meeting.

The Board has put in place a conflict-of-interest policy and a Board dispute resolution policy that addresses internal and external disputes. The Board also recognizes that we impact our stakeholders, and that stakeholders impact our business and operations and to this end has formulated a Stakeholder Engagement Policy.

### **Sustainability**

Business sustainability is about managing various risks including strategic, operational, financial, social and environmental as well as obligations and opportunities. The Board has developed an Environment, Social and Corporate Governance policy to ensure sustainability so that future generations benefit from the Group's operations. The Chairman's statement on sustainability is on page 4 and the detailed sustainability report can be found on our website ([www.carbacid.com](http://www.carbacid.com)).

**Carbacid Investments plc**  
**Statement of corporate governance (continued)**  
**For the year ended 31st July 2024**

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**Directors' interest**

The interest of the Directors in the Shares of the Company as at 31 July 2024 were as follows:

Name	No. of Shares	
	2024	2023
BC Patel through Aksaya Investment Holdings Limited	127,172,592	127,172,592

**Shareholders' profile**

The Company, through its Secretary, files returns regularly in line with Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

**a) Distribution of shareholders as at 31 July 2024**

Shareholding (No of shares)	No. of Shareholders	No. of Shares	%
Less than 500	1,398	270,268	0.11%
501-5,000	1,213	2,436,763	0.96%
5,001-10,000	317	2,375,436	0.93%
10,001-100,000	695	24,131,494	9.47%
100,001-1,000,000	97	28,402,426	11.14%
Over 1,000,000	17	197,235,598	77.39%
<b>Total</b>	<b>3,737</b>	<b>254,851,985</b>	<b>100%</b>

**b) Major Shareholders**

The top 10 major shareholders as at 31 July 2024 were as follows:

Name	Shares held	
	No of Shares	%
Aksaya Investment Holdings Limited	127,172,592	49.90
Boc Kenya plc	14,850,000	5.83
Miss Tessa Irena Friedman	11,275,695	4.42
Standard Chartered Kenya Nominees Ltd A/C Ke004667	7,623,600	2.99
Mwangi, Peter Kingori	5,659,941	2.22
Standard Chartered Kenya Nominees Ltd A/C Ke000954	5,000,000	1.96
Kampf, Brenda Clare	4,037,130	1.58
Shah, Anju Mohanlal Dharamshi	3,561,100	1.40
Shah, Mayur Mohanlal	3,544,800	1.39
Shah, Jinit Mohanlal	3,486,400	1.37
3,727 other shareholders	186,211,258	73.07
<b>Total 3,737 shareholders</b>	<b>68,640,727</b>	<b>26.93</b>
	<b>254,851,985</b>	<b>100</b>

**AMBASSADOR DENNIS N O AWORI - CHAIRMAN**

Aged 70, Amb. Awori joined the Board on 7th August 2014. He graduated with an honours' degree in Aeronautical Engineering from the University of Manchester in 1976 and has held senior positions in the motor industry during his career. Dennis was the Ambassador of the Republic of Kenya to Japan and Korea from 2004 to 2009. Currently, he is the Chairman of both CFAO Motors Kenya Limited and Bank of Africa Kenya Limited and is also on the Boards of several reputable companies in Kenya.

**BALOOBHAI C PATEL**

Aged 85, Mr. Patel joined the Board in 2002. He is a significant shareholder in the Company through his investment holding company, Aksaya Investment Holdings Limited, and has extensive business interests in Kenya. He is also a director at several other unlisted companies. His varied business experience brings a wide range of additional skills to the Board.

**MUKESH K R SHAH FCCA, CPA (K), CPS (K)**

Aged 70, Mr. Shah joined the Board in 2002. He is a member of the Institute of Certified Public Accountants of Kenya, the Institute of Certified Public Secretaries of Kenya and a Fellow of the Association of Chartered and Certified Accountants of the UK. He is a former partner of Price Waterhouse and a director of a leading consultancy firm that specializes in providing strategic and business advisory services to family owned businesses. Mukesh is substantially a non-executive Director but has certain specific responsibilities for financial matters of the Group. He has served as a non-executive director of the Kenya Revenue Authority from 2018 to 2023. He is also a director of NCBA Bank plc and various other companies.

**SUSAN MUDHUNE, MBS**

Aged 75, Mrs. Susan Mudhune joined the Board in July 2017. She has a wealth of experience in the corporate world having served on a number of dynamic and successful Boards. She is a member of various business, professional and community service committees. Susan is a consultant in corporate governance and leadership and is a certified trainer in corporate governance with consultancy and training experience in the region. Susan holds a degree in Bachelor of Arts and Masters in Business Administration from the University of Nairobi. Susan is a director of various organizations and previously she was the Kenya Commercial Bank group chairperson, and previously on the Boards of Safaricom, the Kenya Revenue Authority and Sanlam Kenya PLC.

**Dr (Eng.) EDWARD MUSEBE**

Aged 58, Dr. (Eng.) Edward Musebe was appointed as an independent non-executive Director of the Company in December 2018. Edward holds a Ph. D degree in Business Administration from the University of Nairobi, master's degree in Business Administration from the United States International University-Africa and a degree in Mechanical Engineering from the University of Nairobi. He has gained a wealth of business management experience having worked as Managing Director of Chemelil Sugar Company Limited and other leading commercial companies. He is an Assistant Professor of Strategic Management at the United States International University of Africa. Edward was also non- executive Chairman of Kenya Broadcasting Corporation from 2013 to 2016 and has been a Director at Kenya Institute of Mass Communication. He is currently a non-executive director on the board of the Kenya Pipeline Company Limited.

**ROHAN B PATEL**

Mr. Rohan B Patel, age 49, was appointed as a Director of the Company in May 2020. Rohan holds an MBA from IMD, BA Geography and MSc (Econ.) Management from the London School of Economics and is a graduate of the Advanced Management Program, Harvard Business School. He has a wealth of investment and management experience as the Head of Corporate Development of a diversified investment group having interests in real estate investment and services, insurance and asset management. Earlier Rohan worked at KPMG Eastern Africa in Business and Financial Advisory Services and Development Advisory Services. Rohan is also a director of Sanlam Kenya PLC and various other companies.

*Carbacid Investments plc*  
*Board of directors (continued)*  
*For the year ended 31st July 2024*

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**Dr JOHN P N SIMBA EGH, OGW, MBS**

Dr. Simba, aged 79, is an Advocate of the High Court of Kenya having obtained a Bachelor of Laws (LLB) from the University of Dar-es-Salaam and a Diploma in Law from the Kenya School of Law. He has also been awarded an Honorary Doctor of Laws (LLD) from the University of Nairobi, for his services to the University and to the nation. He is the Senior Partner at Simba and Simba Advocates. He also currently serves on a number of Boards of Private and Public Companies and is the current Chairman of Sanlam Kenya PLC, Bamburi Cement PLC, and Funguo Investments Limited. He has previously been the Chief Executive Officer at the Industrial and Commercial Development Corporation (ICDC) and the National Bank of Kenya.

**Carbacid Investments plc**  
**Directors' remuneration report**  
**For the year ended 31st July 2024**

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The Directors' Remuneration Report sets out the remuneration arrangements the Group has applied to remunerate Directors. The report has been prepared in accordance with the Kenyan Companies Act, 2015 and the relevant provisions of the Capital Markets Authority (CMA) Code of Corporate Governance.

**Policy**

It is the Company's policy to fairly remunerate Directors for the role and responsibilities that they undertake for the Group and Company. The remuneration is determined by the Board Nomination, Remuneration and Governance Committee by reference to market forces. The remuneration is subject to approval by the shareholders at the Annual General meeting.

**Remuneration - auditable part**

The table below provides the emoluments paid to Directors

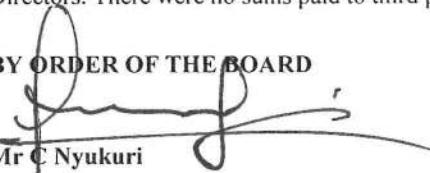
	2024 KSh'000	2023 KSh'000
Amb. D N O Awori	5,029	4,686
Mr. B C Patel	3,598	3,354
Mr. M K R Shah	3,598	3,354
Mrs. S O Mudhune	3,598	3,354
Eng. E Musebe Achieng	3,598	3,354
Mr. R B Patel	6,598	3,354
Dr. J P N Simba	3,598	3,354
 Total	 <u>29,617</u>	 <u>24,810</u>

At the Annual General Meeting held on 16 December 2023, the shareholders unanimously approved the Directors' 2023 remuneration report and policy.

The Group provides Directors' and Officers' Liability Insurance cover for all directors. There were no other benefits provided to Directors.

There are formal letters of appointment for services as Directors. On termination Directors are not entitled to compensation for loss of office.

There were no share options, long term incentive schemes, nor pensions for current Directors or compensation due to past Directors. There were no sums paid to third parties in respect of Directors' services.

BY ORDER OF THE BOARD  
  
Mr C Nyukuri  
Group Secretary  
Nairobi

30 October 2024

**Carbacid Investments plc**  
**Report of the directors**  
**For the year ended 31st July 2024**

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The Directors present their report together with the audited financial statements of Carbacid Investments plc (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 July 2024 which disclose the state of financial affairs of the Group and the Company.

**Incorporation**

The Company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Companies Act, 2015, Laws of Kenya. The address of the registered office is set out on page 1.

**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 Company is an investment and holding company with three subsidiaries. The principal activities of the main subsidiary, Carbacid (CO2) Limited, are mining, processing and marketing of natural carbon dioxide gas while the other two subsidiaries, Goodison Twenty Nine Limited and Goodison Forty Seven Limited, are investment companies.

<b>Group financial results</b>	<b>2024</b> <b>KSh '000</b>	<b>2023</b> <b>KSh '000</b>
Profit before tax	1,123,758	1,080,982
Tax charge	(280,484)	(264,969)
Profit transferred to retained earnings	<u>843,274</u>	<u>816,013</u>

**Dividends**

The Directors recommend a final dividend of KSh 1.70 per share (2023: KSh 1.70 per share). The total dividend will amount to KSh 433,248,375 (2023: KSh 433,248,375).

**Business review**

Revenue grew by 20% to KSh 2,066 million (2023 - KSh 1,720 million). This business growth stems from the successful execution of the company’s strategic business initiatives. At the core of the strategy is an unwavering focus on customer satisfaction, achieved through the consistent delivery of high-quality carbon dioxide. Gross margin remained stable at 59% despite the sharp increase in various costs, due to internal efficiencies created through improved logistics and installation of solar power among others.

There is continuous focus on research and innovation to develop and grow new applications for carbon dioxide to further expand market presence and penetration. Our carbon dioxide meets the latest food safety management standard and is FSSC 22000 Version 6 approved, meeting the stringent food grade certification.

The Nairobi Securities Exchange (NSE) and the Dar-es-Salaam Stock Exchange (DSE) continues to experience sharp volatilities in values of listed companies. Accordingly, the Company’s investments in shares in various companies listed have been impacted. However, these are unrealised and the Company continues to pursue its strategy with a long term approach.

#### **Environmental matters**

The Group continues to be conscious of environmental aspects and operates accordingly. At a minimum, the Group is in compliance with the National Environmental Management Authority (NEMA) requirements. Safety is paramount in the operations and there is particular attention to a conducive working environment for staff and all other stakeholders. All Carbacid's manufacturing facilities continue to be FSSC 22000 (Food Safety System Certification) certified.

#### **Our people**

The Company believes in developing talent and rewarding fairly for performance and is committed to improving skills, knowledge and wellbeing of all employees. The selection process, training, development and promotion policies are geared to giving equal opportunities for all employees.

As of 31 July 2024, Carbacid's staff headcount stood at 74 (2023: 76) with 53 employees handling operations and 21 employees in administration and management.

#### **Directors' indemnities**

In line with sound governance practices, the Group maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action, brought against its Directors. The Group has also granted indemnities to each of its directors and the Group Secretary to the extent permitted by law.

#### **Corporate social responsibility**

Our community engagement programme continued to support and assist communities, in particular in the support of education, in paying school fees, university fees and stipends and in assisting to refurbish school buildings in areas in which we operate from.

#### **Appointment of Auditor**

A resolution is to be proposed at the Annual General Meeting to appoint RSM Eastern Africa LLP as auditor of the Company.

#### **Statement as to disclosure to the Group's auditor**

With respect to each Director at the time this report was approved:

- (a) there is, so far as the Director is aware, no relevant audit information of which the Group's 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 Group'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 Directors' report was approved by the Board on **30 October 2024** and signed by the Group Secretary on its behalf.

By order of the board

Mr C. Nyukuri, Group Secretary

Nairobi

30 October 2024

**Carbacid Investments plc**  
**Statement of directors' responsibilities**  
**For the year ended 31st July 2024**

---

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

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

- i) designing, implementing and maintaining 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 Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's 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 **30 October 2024** and signed on its behalf by:

.....  
M. Sue  
Director

.....  
D. P. D. W. O. X.  
Director

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CARBACID INVESTMENTS PLC

### Opinion

We have audited the accompanying financial statements of Carbacid Investments plc (the "Company") and its subsidiaries (together, the "Group"), set out on pages 19 to 56, which comprise, for both the Group and the Company, the balance sheet as at 31st July 2024, the profit and loss account and statements of changes in equity and cash flows for the year then ended, and notes, including material accounting policy information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st July 2024 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International 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.

### Key audit matter

We have determined that there are no key audit matters to communicate in our report.

### 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.

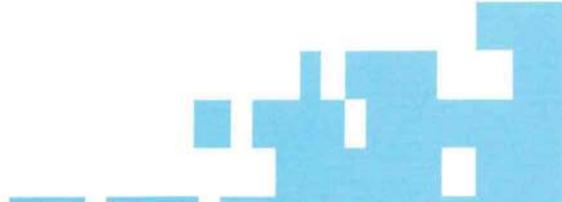
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

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.

### 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 Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF CARBACID INVESTMENTS PLC (CONTINUED)**

**Auditor's responsibilities for the audit of the financial statements**

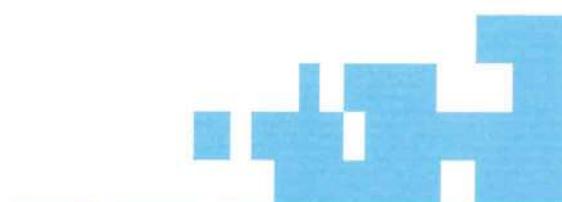
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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 Group'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 Group'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 Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF CARBACID INVESTMENTS PLC (CONTINUED)**

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

In our opinion,

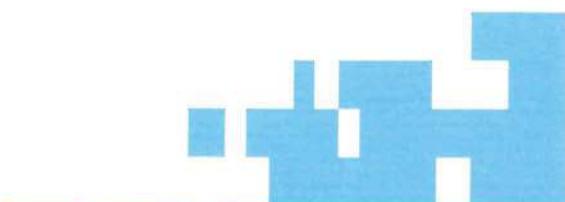
- i) the information given in the report of the directors on pages 14 and 15 is consistent with the financial statements; and
- ii) the auditable part of the directors' remuneration report has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA George Mutua**, Practising Certificate No. A/0011.



for and on behalf of RSM Eastern Africa LLP  
Certified Public Accountants  
Nairobi

30th OCTOBER, 2024  
494/2024



**Carbacid Investments plc**  
**Financial statements**  
**For the year ended 31st July 2024**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE  
YEAR ENDED 31ST JULY 2024**

	Note	2024 KSh'000	2023 KSh'000
Revenue	6	2,066,315	1,720,943
Cost of sales		<u>(846,795)</u>	<u>(708,621)</u>
<b>Gross profit</b>		1,219,520	1,012,322
Other income	7	354,492	394,298
Fair value (loss)/gain on equity investments	21	(31,224)	26,561
Fair value loss on investment property	17	(4,860)	(2,420)
Administrative expenses		<u>(371,054)</u>	<u>(333,344)</u>
Operating profit		1,166,874	1,097,417
Finance cost	8	<u>(43,116)</u>	<u>(16,435)</u>
<b>Profit before tax</b>	9	1,123,758	1,080,982
Tax expense	10	<u>(280,484)</u>	<u>(264,969)</u>
<b>Profit for the year</b>		<u><u>843,274</u></u>	<u><u>816,013</u></u>
<b>Other comprehensive income</b>			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Deficit on revaluation of property, plant and equipment	13	-	(13,662)
Deferred income tax relating to items that will not be reclassified	15	<u>-</u>	<u>4,099</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>-</u>	<u>(9,563)</u>
<b>Total comprehensive profit for the year</b>		<u><u>843,274</u></u>	<u><u>806,450</u></u>
<b>Earnings per share</b>		<b>KSh</b>	<b>KSh</b>
Basic and diluted	11	<u><u>3.31</u></u>	<u><u>3.20</u></u>

**COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JULY 2024**

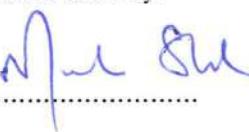
	<b>Note</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Investment income	7	1,853,960	563,664
Fair value loss on equity investments	21	3,009	(23,936)
Fair value loss on investment property	17	(4,860)	(2,480)
Administrative expenses		<u>(32,205)</u>	<u>(34,432)</u>
<b>Profit before tax</b>	<b>9</b>	<b>1,819,904</b>	<b>502,816</b>
Tax expense	10	<u>(26,329)</u>	<u>(33,757)</u>
<b>Profit for the year</b>		<b><u>1,793,575</u></b>	<b><u>469,059</u></b>

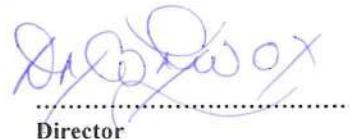
*Carbacid Investments plc*  
*Financial statements*  
*For the year ended 31st July 2024*

**CONSOLIDATED BALANCE SHEET AT 31ST JULY 2024**

		2024	2023
	Note	KSh'000	KSh'000
<b>EQUITY</b>			
Share capital	12	254,852	254,852
Share premium	12	27	27
Revaluation surplus	13	10,798	32,914
Retained earnings		4,306,251	3,874,109
<b>Total equity</b>		<u>4,571,928</u>	<u>4,161,902</u>
<b>Non-current liabilities</b>			
Borrowings	14	655,496	205,491
Deferred income tax	15	380,158	216,581
		<u>1,035,654</u>	<u>422,072</u>
		<u>5,607,582</u>	<u>4,583,974</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	1,963,988	1,360,091
Investment property	17	145,894	296,732
Intangible assets	18	1,853	912
Right - of - use assets	19	51,516	51,805
Financial assets	21	2,293,590	2,382,670
		<u>4,456,841</u>	<u>4,092,210</u>
<b>Current assets</b>			
Inventories	22	140,612	87,190
Trade and other receivables	23	650,672	547,906
Short-term bank deposits	24	399,676	254,658
Cash at bank and in hand	25	524,882	117,454
Current tax recoverable		<u>105,640</u>	<u>13,706</u>
		<u>1,821,482</u>	<u>1,020,914</u>
<b>Current liabilities</b>			
Trade and other payables	26	408,883	388,142
Dividend payable	27(ii)	84,778	72,167
Borrowings	14	177,080	68,841
		<u>670,741</u>	<u>529,150</u>
<b>Net current assets</b>		<u>1,150,741</u>	<u>491,764</u>
		<u>5,607,582</u>	<u>4,583,974</u>

The financial statements on pages 19 to 56 were authorised for issue by the board of directors on **30 October 2024** and were signed on its behalf by:

.....  
  
 Director

.....  
  
 Director

**Carbacid Investments plc**  
**Financial statements**  
**For the year ended 31st July 2024**

**COMPANY BALANCE SHEET AT 31ST JULY 2024**

	<b>Note</b>	<b>2024</b> KSh'000	<b>2023</b> KSh'000
<b>EQUITY</b>			
Share capital	12	254,852	254,852
Share premium	12	27	27
Retained earnings		<u>4,140,981</u>	<u>2,780,654</u>
<b>Total equity</b>		<u>4,395,860</u>	<u>3,035,533</u>
<b>Non-current liabilities</b>			
Deferred income tax	15	<u>31,332</u>	<u>38,324</u>
		<u>4,427,192</u>	<u>3,073,857</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	534	568
Investment property	17	143,282	294,120
Right - of - use assets	19	9,042	9,331
Investment in subsidiaries	20	3,546	3,546
Financial assets	21	<u>2,029,293</u>	<u>2,125,487</u>
		<u>2,185,697</u>	<u>2,433,052</u>
<b>Current assets</b>			
Trade and other receivables	23	74,221	82,784
Short-term bank deposits	24	386,447	242,110
Cash at bank and in hand	25	41,284	9,856
Due from subsidiary companies	28(ii)	1,817,629	376,571
Current tax recoverable		<u>12,965</u>	<u>12,077</u>
		<u>2,332,546</u>	<u>723,398</u>
<b>Current liabilities</b>			
Trade and other payables	26	6,273	10,426
Dividend payable	27(ii)	<u>84,778</u>	<u>72,167</u>
		<u>91,051</u>	<u>82,593</u>
<b>Net current assets</b>		<u>2,241,495</u>	<u>640,805</u>
		<u>4,427,192</u>	<u>3,073,857</u>

The financial statements on pages 19 to 56 were authorised for issue by the board of directors on **30 October 2024** and were signed on its behalf by:



Director



Director

**Carbacid Investments plc**  
**Financial statements**  
**For the year ended 31st July 2024**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2024**

	Note	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
<b>At 1st August 2022</b>		254,852	27	42,477	3,491,344	3,788,700
<b>Changes in equity in 2023</b>						
Profit for the year		-	-	-	806,450	806,450
Other comprehensive income						
Deficit on revaluation of property, plant and equipment		-	-	(13,662)	13,662	-
Deferred tax on revaluation of property, plant and equipment		-	-	4,099	(4,099)	-
Total comprehensive income for the year		-	-	(9,563)	816,013	806,450
Transactions with owners:						
Dividends:						
- Final for 2022		-	-	-	(433,248)	(433,248)
<b>At 31st July 2023</b>		<u>254,852</u>	<u>27</u>	<u>32,914</u>	<u>3,874,109</u>	<u>4,161,902</u>
<b>At 1st August 2023</b>		254,852	27	32,914	3,874,109	4,161,902
<b>Changes in equity in 2024</b>						
Profit for the year		-	-	-	843,274	843,274
Other comprehensive income						
Transfer of excess depreciation		-	-	(29,916)	29,916	-
Deferred income tax on depreciation transfer		-	-	8,975	(8,975)	-
Realized revaluation on disposal		-	-	(1,175)	1,175	-
Total comprehensive income for the year		-	-	(22,116)	865,390	843,274
Transactions with owners:						
Dividends:						
- Final for 2023		-	-	-	(433,248)	(433,248)
<b>At 31st July 2024</b>		<u>254,852</u>	<u>27</u>	<u>10,798</u>	<u>4,306,251</u>	<u>4,571,928</u>

**Carbacid Investments plc**  
**Financial statements**  
**For the year ended 31st July 2024**

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**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2024**

	Share capital KSh'000	Share premium KSh'000	Retained earnings KSh'000	Total KSh'000
<b>At 1st August 2022</b>	254,852	27	2,744,843	2,999,722
<b>Changes in equity in 2023</b>				
Profit for the year	-	-	469,059	469,059
Total comprehensive income for the	-	-	469,059	469,059
Transactions with owners:				
Dividends:				
- Final for 2022	-	-	(433,248)	(433,248)
<b>At 31st July 2023</b>	<b>254,852</b>	<b>27</b>	<b>2,780,654</b>	<b>3,035,533</b>
<b>At 1st August 2023</b>	<b>254,852</b>	<b>27</b>	<b>2,780,654</b>	<b>3,035,533</b>
<b>Changes in equity in 2024</b>				
Profit for the year	-	-	1,793,575	1,793,575
Total comprehensive income for the	-	-	1,793,575	1,793,575
Transactions with owners:				
Dividends:				
- Final for 2023	-	-	(433,248)	(433,248)
<b>At 31st July 2024</b>	<b>254,852</b>	<b>27</b>	<b>4,140,981</b>	<b>4,395,860</b>

**Carbacid Investments plc**  
**Financial statements**  
**For the year ended 31st July 2024**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2024**

		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>KSh'000</b>	<b>KSh'000</b>
<b>Cash flows from operating activities</b>			
Profit for the year		843,274	816,013
Adjustments for:			
Income tax expense	10	280,484	264,969
Depreciation of property, plant and equipment	16	97,081	82,970
Depreciation of right - of - use asset	19	289	289
Amortisation of intangible assets	18	271	616
(Gain)/loss on disposal of property, plant and equipment		(4,134)	421
Fair value loss/(gain) on equity investments	21	31,224	(26,561)
Gain on disposal of investment property	7	(17,473)	-
Fair value loss on investment property	17	4,860	2,420
Dividend income - financial assets at fair value through profit or loss	7	(30,113)	(24,909)
Interest expense	8	43,116	16,435
Interest income	7	(273,469)	(255,294)
<b>Operating profit before working capital changes</b>		975,410	877,369
Increase in:			
Inventories		(53,422)	(22,236)
Trade and other receivables		(102,766)	(180,730)
Increase in:			
Trade and other payables		20,741	112,245
<b>Cash generated from operations</b>		839,963	786,648
Interest received		273,469	255,294
Interest expense		(43,116)	(16,435)
Income tax paid		(208,839)	(298,904)
<b>Net cash generated from operating activities</b>		861,477	726,603
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	16	(705,615)	(471,582)
Purchase of intangible assets	18	(1,212)	-
Purchase of investment property	17	(5,022)	
Proceeds from disposal of property, plant and equipment		8,771	9,017
Proceeds from sale of investment property		168,473	
Proceeds on redemption of corporate bond		100,500	89,066
Purchase of equity investments		(41,348)	(12,025)
Decrease in short term bank deposits		(145,018)	44,667
Purchase of government securities		(1,298)	(74,519)
Dividends received on quoted shares		30,113	24,909
<b>Net cash used in investing activities</b>		(591,656)	(390,467)
<b>Cash flows from financing activities</b>			
Repayment of borrowings	14	(148,273)	(167,879)
Proceeds from borrowings	14	755,450	354,176
Dividends paid	27(ii)	(420,637)	(420,230)
<b>Net cash used in financing activities</b>		186,540	(233,933)
Foreign exchange on borrowings		(48,933)	-
<b>Net increase in cash and cash equivalents</b>		407,428	102,203
<b>Cash and cash equivalents at start of year</b>		117,454	15,251
<b>Cash and cash equivalents at end of year</b>	25	524,882	117,454

**COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2024**

	Note	2024 KSh'000	2023 KSh'000
<b>Cash flows from operating activities</b>			
Profit for the year		1,793,575	469,059
Adjustments for:			
Income tax expense		26,329	33,757
Depreciation of equipment	16	34	34
Depreciation of right - of - use asset	20	289	289
Fair value (gain)/loss on equity investments	21	(3,009)	23,936
Fair value loss on investment property	17	4,860	2,480
Gain on sale of investment property	7	(17,473)	-
Dividend income - financial assets at fair value through profit or loss	7	(9,730)	(12,349)
Dividend income - investment in subsidiary	7	(1,550,000)	(250,000)
Interest income	7	<u>(272,096)</u>	<u>(254,503)</u>
<b>Operating (loss)/profit before working capital changes</b>		(27,221)	12,703
Increase in:			
Trade and other receivables		8,563	(6,527)
Due from subsidiary companies		(1,441,058)	(148,548)
Increase/(decrease) in:			
Trade and other payables		<u>(4,153)</u>	<u>6,546</u>
<b>Cash used in operations</b>		(1,463,869)	(135,826)
Interest received		272,096	254,503
Income tax paid		<u>(34,208)</u>	<u>(12,976)</u>
<b>Net cash generated (used in)/from operating activities</b>		<u>(1,225,981)</u>	<u>105,701</u>
<b>Cash flows from investing activities</b>			
Proceeds on redemption of corporate bond		100,500	89,066
Decrease in short term bank deposits		(144,337)	45,458
Purchase of investment property	17	(5,022)	-
Proceeds from sale of investment property		168,473	-
Purchase of government securities		(1,298)	(74,519)
Dividends received on quoted shares		9,730	12,349
Dividend received from subsidiary		<u>1,550,000</u>	<u>250,000</u>
<b>Net cash generated from investing activities</b>		<u>1,678,046</u>	<u>322,354</u>
<b>Cash flows from financing activities</b>			
Dividends paid	27(ii)	<u>(420,637)</u>	<u>(420,230)</u>
<b>Net cash used in financing activities</b>		<u>(420,637)</u>	<u>(420,230)</u>
<b>Net increase in cash and cash equivalents</b>		31,428	7,825
<b>Cash and cash equivalents at start of year</b>		<u>9,856</u>	<u>2,031</u>
<b>Cash and cash equivalents at end of year</b>	25	<u>41,284</u>	<u>9,856</u>

**NOTES**

**1. General information**

Carbacid Investments plc (the "company") is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015 as a public listed company limited by shares. The address of its registered office is P.O. Box 764 - 00606, Sarit Centre and L.R. No. 1870/1/569.

**2. Material accounting policy information**

The accounting policy information considered material in the preparation of these general purpose financial statements are 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 and loss account and other comprehensive income (statement of profit or loss), 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 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 Group 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 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 Group 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 Group 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 Group at the end of the reporting period during which the change occurred.

**NOTES (CONTINUED)**

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

**b) New and revised standards**

**i) Adoption of new and revised standards**

One new Standard and five Amendments to standards became effective for the first time in the financial year beginning 1st August 2023 and have been adopted by the Company.

Of the five amendments, the Company had applied the following two Amendments early, in 2021:

**Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)**

The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies.

**Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)**

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Neither the new Standard nor the other three amendments have had an impact on the Company's financial statements.

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

The Group has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st August 2024, and the Directors do not plan to apply any of them until they become effective. Note 31 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Group's financial statements in the period of initial application.

**c) Consolidation**

A subsidiary is an entity (an investee) controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group's financial statements incorporate the results, cash flows, assets and liabilities of the Company and its subsidiaries. All intragroup transactions, balances, income, and expenses are eliminated on consolidation. Non-controlling interests in the results and net assets of the subsidiaries are presented separately in the Group's balance sheet, profit and loss account and statement of other comprehensive income.

**d) Translation of foreign currencies**

On initial recognition, all transactions are recorded in the functional currency of the respective entity (the currency of the primary economic environment in which the entity operates), which for the Group 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.

**NOTES (CONTINUED)**

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

**e) Revenue recognition**

The Group recognises revenue from direct sales of carbon dioxide gas and dry ice. The Group 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 Group 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.

Sale of goods are recognised upon the delivery of the product and customer acceptance and represents the value of carbon dioxide gas and/or dry ice invoiced to customers, excluding Value Added Tax while transport income is recognised upon performance of the service and customer acceptance.

**f) Other income**

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

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

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

**f) Borrowing costs**

All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

**g) 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.

Current tax

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.

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 Group 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.

**h) Share capital and share premium**

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

**NOTES (CONTINUED)**

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

**i) Dividends**

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are not recognised until they have been declared at an annual general meeting.

**j) Financial instruments**

Initial recognition

Financial instruments are recognised when, and only when, the Group 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 Group 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 Group 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.
- vi) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Trade and other receivables, demand and term deposits, investment in treasury bonds and corporate bonds with banking institutions were classified as at amortised cost;
- Investment in quoted shares held at fair value through profit and loss
- Borrowings and trade and other payables and other liabilities were classified as at amortised cost.

Initial measurement

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.

**NOTES (CONTINUED)**

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

**j) Financial instruments (continued)**

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 Group 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 Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group 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.

**NOTES (CONTINUED)**

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

**j) Financial instruments (continued)**

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.

**k) Leases**

Leases under which the company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

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. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

**NOTES (CONTINUED)**

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

**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.

**l) Provisions for liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**m) Post-employment benefit obligations**

The Group operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Group's contributions are charged to the profit and loss account in the year to which they relate.

The Group 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 Group's contributions are charged to the profit and loss account in the year to which they relate.

**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) Property, plant and equipment**

All categories of property, plant 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. Items of property, plant and equipment are subsequently carried at a revalued amount, based on triennial revaluations by external independent valuers, 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. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

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

**NOTES (CONTINUED)**

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

**o) Property, plant and equipment (continued)**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant 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.

**p) 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 Group 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.

**q) Investment property**

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interests 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.

**r) Investment in subsidiaries**

In the Company's balance sheet, investments in subsidiaries are measured at cost less accumulated impairment losses.

**s) 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.

**t) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw material, direct labour, other direct costs, variable production overheads and an allocation of fixed production overheads based on normal operating capacity, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**NOTES (CONTINUED)**

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

**u) 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.

**3. Significant judgements and key sources of estimation uncertainty**

In the process of applying the accounting policies adopted by the Group, 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 Group's accounting policies**

The judgements made by the directors in the process of applying the Group'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; and
- ii) Judgement made by management in determining royalties payable by Carbacid (CO<sub>2</sub>) Limited to the Ministry of Mining.

**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 on financial assets*

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.

*ii) Provision for inventories*

Estimates made in determining the provision for slow moving and obsolete inventory. Such estimates include the determination of the net realisable value of the asset.

*iii) Fair value of investment property and property, plant and equipment*

Estimates made in determining the fair value of investment property and property, plant and equipment. Such estimates include the determination of the open market value of investment property and property, plant and equipment. The company engaged a registered valuers CP Robertson-Dunn Valuers & Estate Agents to carry out the valuation. The movement on fair value loss is set out in Note 17.

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments**

**a) Financial risk management**

The Group's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Group'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 Group's performance by setting acceptable levels of risk. The Group does not hedge against any risks.

**i) Credit risk and expected credit losses**

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.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings. The Group carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

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 a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Group 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 Group 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 90 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 120 days past due.

If the Group 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

- 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.

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments (continued)**

**a) Financial risk management (continued)**

**i) Credit risk and expected credit losses (continued)**

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

<b>Group</b>	<b>Basis for measurement of loss allowance</b>				
	<b>12-month expected credit losses</b> <b>KSh'000</b>	<b>Lifetime expected credit losses (see note below)</b>			
		<b>(a)</b> <b>KSh'000</b>	<b>(b)</b> <b>KSh'000</b>	<b>(c)</b> <b>KSh'000</b>	<b>Total</b> <b>KSh'000</b>
<b>At 31st July 2024</b>					
Trade receivables	-	-	-	417,737	417,737
Other receivables	252,759	-	-	-	252,759
Cash at bank	524,882	-	-	-	524,882
Financial assets	2,293,590	-	-	-	2,293,590
Short-term bank deposits	<u>399,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,676</u>
Gross carrying amount	3,470,907	-	-	417,737	3,888,644
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,561)</u>	<u>(31,561)</u>
Exposure to credit risk	<u>3,470,907</u>	<u>-</u>	<u>-</u>	<u>386,176</u>	<u>3,857,083</u>
<b>At 31st July 2023</b>	<b>KSh'000</b>	<b>KSh'000</b>	<b>KSh'000</b>	<b>KSh'000</b>	<b>KSh'000</b>
Trade receivables	-	-	-	438,127	438,127
Other receivables	133,802	-	-	-	133,802
Cash at bank	117,454	-	-	-	117,454
Financial assets	2,382,670	-	-	-	2,382,670
Short-term bank deposits	<u>254,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,658</u>
Gross carrying amount	2,888,584	-	-	438,127	3,326,711
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,444)</u>	<u>(25,444)</u>
Exposure to credit risk	<u>2,888,584</u>	<u>-</u>	<u>-</u>	<u>412,683</u>	<u>3,301,267</u>

**Company**

<b>Company</b>	<b>Basis for measurement of loss allowance</b>				
	<b>12-month expected credit losses</b> <b>KSh'000</b>	<b>Lifetime expected credit losses (see note below)</b>			
		<b>(a)</b> <b>KSh'000</b>	<b>(b)</b> <b>KSh'000</b>	<b>(c)</b> <b>KSh'000</b>	<b>Total</b> <b>KSh'000</b>
<b>At 31st July 2024</b>					
Trade receivables	-	-	-	5,212	5,212
Other receivables	69,564	-	-	-	69,564
Cash at bank and in hand	41,284	-	-	-	41,284
Financial assets	2,029,293	-	-	-	2,029,293
Short-term bank deposits	<u>386,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,447</u>
Gross carrying amount	2,526,588	-	-	5,212	2,531,800
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(980)</u>	<u>(980)</u>
Exposure to credit risk	<u>2,526,588</u>	<u>-</u>	<u>-</u>	<u>4,232</u>	<u>2,530,820</u>

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments (continued)**

**a) Financial risk management (continued)**

**i) Credit risk and expected credit losses (continued)**

At 31st July 2023	Basis for measurement of loss allowance				
	12-month expected credit losses	Lifetime expected credit losses (see note below)			
	KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
Trade receivables	-	-	-	1,451	1,451
Other receivables	81,890	-	-	-	81,890
Cash at bank and in hand	9,856	-	-	-	9,856
Financial assets	2,125,487	-	-	-	2,125,487
Short-term bank deposits	242,110	-	-	-	242,110
Gross carrying amount	2,459,343	-	-	1,451	2,460,794
Loss allowance	-	-	-	(980)	(980)
Exposure to credit risk	<u>2,459,343</u>	<u>-</u>	<u>-</u>	<u>471</u>	<u>2,459,814</u>

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.

The age analysis of the trade receivables at the end of each year was as follows:

<u>Group</u>	Not past due	30 to 90 days past due	90 to 120 days past due	Over 120 days past due	Total KSh'000
	KSh'000	KSh'000	KSh'000	KSh'000	
At 31st July 2024	<u>130,858</u>	<u>200,422</u>	<u>38,618</u>	<u>47,839</u>	<u>417,737</u>
At 31st July 2023	<u>142,735</u>	<u>163,365</u>	<u>17,251</u>	<u>114,776</u>	<u>438,127</u>
<u>Company</u>	Not past due	30 to 90 days past due	90 to 120 days past due	Over 120 days past due	
	KSh'000	KSh'000	KSh'000	KSh'000	
At 31st July 2024	<u>5,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,212</u>
At 31st July 2023	<u>1,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451</u>

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments (continued)**

**a) Financial risk management (continued)**

**i) Credit risk and expected credit losses (continued)**

The changes in the loss allowance during the year were as follows:

<b>Group</b>	<b>Basis for measurement of loss allowance</b>				
	<b>12-month expected</b>	<b>Lifetime expected credit losses (see note above)</b>			
	<b>KSh'000</b>	<b>(a) KSh'000</b>	<b>(b) KSh'000</b>	<b>(c) KSh'000</b>	<b>Total KSh'000</b>
<b>Year ended 31st July 2024</b>					
At start of year	-	-	-	25,444	25,444
Changes arising from receivables originating during the year	-	-	-	6,117	6,117
At end of year	-	-	-	31,561	31,561
<b>Year ended 31st July 2023</b>					
At start of year	-	-	-	25,001	25,001
Changes arising from receivables originating during the year	-	-	-	443	443
At end of year	-	-	-	25,444	25,444
<b>Company</b>					
<b>Basis for measurement of loss allowance</b>					
<b>12-month expected</b>	<b>Lifetime expected credit losses (see note above)</b>				
	<b>KSh'000</b>	<b>(a) KSh'000</b>	<b>(b) KSh'000</b>	<b>(c) KSh'000</b>	<b>Total KSh'000</b>
<b>Year ended 31st July 2024</b>					
At start of year	-	-	-	(980)	(980)
Changes arising from receivables originating during the year	-	-	-	-	-
At end of year	-	-	-	(980)	(980)
<b>Year ended 31st July 2023</b>					
At start of year	-	-	-	(980)	(980)
Changes arising from receivables originating during the year	-	-	-	-	-
At end of year	-	-	-	(980)	(980)

The Group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

No provision for expected credit losses was recognised on other receivables, cash in hand, financial assets and short term deposits since it was not considered to be material.

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments (continued)**

**a) Financial risk management (continued)**

**ii) Liquidity risk**

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Group's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due.

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

<b>Group</b>	<b>Less than one month</b> <b>KSh'000</b>	<b>Between 1-3 months</b> <b>KSh'000</b>	<b>Between 3-12 months</b> <b>KSh'000</b>	<b>Over 12 months</b> <b>KSh'000</b>	<b>Total</b> <b>KSh'000</b>
<b>31st July 2024</b>					
Trade and other payables	383,164		25,719	-	408,883
Dividend payable	84,778	-	-	-	84,778
Borrowings	14,757	29,513	132,810	661,639	838,719
	<b>482,699</b>	<b>29,513</b>	<b>158,529</b>	<b>661,639</b>	<b>1,332,380</b>
<b>31st July 2023</b>					
Trade and other payables	182,207	21,380	184,555	-	388,142
Dividend payable	72,167	-	-	-	72,167
Borrowings	6,514	19,854	42,473	205,491	274,332
	<b>260,888</b>	<b>41,234</b>	<b>227,028</b>	<b>205,491</b>	<b>734,641</b>
<b>Company</b>	<b>Less than one month</b> <b>KSh'000</b>	<b>Between 1-3 months</b> <b>KSh'000</b>	<b>Between 3-12 months</b> <b>KSh'000</b>	<b>Over 12 months</b> <b>KSh'000</b>	<b>Total</b> <b>KSh'000</b>
<b>31st July 2024</b>					
Trade and other payables	6,273	-	-	-	6,273
Dividend payable	84,778	-	-	-	84,778
	<b>91,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,051</b>
<b>31st July 2023</b>					
Trade and other payables	10,426	-	-	-	10,426
Dividend payable	72,167	-	-	-	72,167
	<b>82,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,593</b>

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments (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 Group's financial condition may be adversely affected as a result of changes in interest rate levels. The Group's interest rate risk arises from deposits with banking institutions, investments in corporate and government bonds and its variable rate borrowings resulting from changes in market interest rates. This exposes the Group to cash flow interest rate risk. Management consider that a change in interest rates of 5 percentage points in the year ending 31st July 2025 is reasonably possible. If the interest rates on the Group'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 of the Group would be higher/lower by KSh 43,344,000 (2023: KSh 18,515,000) and the Company is faced with Interest rate risk from deposits with banking institution that would result post tax profit be higher/lower by KSh 13,526,000 (2023: KSh 8,474,000).

**Currency risk**

Currency risk arises on financial instruments denominated in foreign currency. The Group has financial assets and liabilities that are denominated in foreign currency.

The Company did not have any foreign currency denominated monetary assets and liabilities at the balance sheet date.

The significant exposure in respect of foreign currency is as follows:

	<b>Group</b>	
	<b>US\$</b>	<b>Total</b>
	<b>KSh'000</b>	<b>KSh'000</b>
<b>At 31st July 2024</b>		
Trade receivables	262,530	262,530
Cash and bank	469,433	469,433
Trade payables	(680)	(680)
Borrowings	<u>(715,382)</u>	<u>(715,382)</u>
Net exposure	<u>15,901</u>	<u>15,901</u>
<b>At 31st July 2023</b>		
Trade receivables	329,402	329,402
Cash and bank	34,588	34,588
Trade payables	(3,743)	(3,743)
Borrowings	<u>(181,779)</u>	<u>(181,779)</u>
Net exposure	<u>178,468</u>	<u>178,468</u>

Management consider that an appreciation of the United States Dollar against the Kenya Shilling of 10% respectively or a depreciation of the United States Dollar against the Kenya Shilling of 5% respectively in the year ending 31st July 2025 are both reasonably possible. If the United States Dollar were to appreciate/depreciate against the Kenya Shilling by the said percentages, with all other factors remaining constant, the post tax profit and equity of the Group would be lower/higher by KSh 1,113,000/KSh 557,000 (2023: KSh 12,493,000/KSh 6,246,000).

**NOTES (CONTINUED)**

**4. Nature and extent of risks arising from financial instruments (continued)**

**iii) Market risk (continued)**

Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The Group 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 July 2025 is reasonably possible. If the price of equity investments decreased/increased by the said percentage, with other factors remaining constant, the profit after tax of the Group would decrease/increase by KSh 27,974,000 (2023: KSh 27,265,000), and of the Company would decrease/increase by KSh 9,473,000 (2023: KSh 9,263,000).

**b) Capital management**

The Group'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 Group is not subject to any external capital requirements.

**5. Segmental information**

**a) Operating segments**

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information reported to the Group's chief operating decision maker (the Board of Directors) for the purposes of resource allocation and assessment of the segment performance is focused on the principal activities of the

The principal activities of the Group are processing of carbon dioxide gas and investments. These are organised in the following operating segments:

- i) Trading
- ii) Investments

**b) Segment revenues and results, assets and liabilities**

The segment report provided to the Group's board of directors for the reportable segments is as follows:

<b>Year 2024</b>	<b>Trading</b> <b>KSh' 000</b>	<b>Investment</b> <b>KSh' 000</b>	<b>Group</b> <b>KSh' 000</b>
Revenue from contracts with customers	2,066,315	-	2,066,315
Interest income	1,373	272,096	273,469
Fair value loss on investment property	-	(4,860)	(4,860)
Profit before tax	867,202	256,556	1,123,758
Segment assets	3,216,495	4,903,868	8,120,363
Segment liabilities	(2,797,818)	(351,703)	(3,149,521)
Tax expense	(254,086)	(27,955)	(282,041)
Depreciation of property, plant and equipment	97,047	34	97,081
Amortisation of intangible assets	271	-	271
Amortization of right - of - use assets	5,085	289	5,374
Capital expenditure	<u>704,611</u>	<u>1,004</u>	<u>705,615</u>

**NOTES (CONTINUED)**

**5. Segmental information (continued)**

**b) Segment revenues and results, assets and liabilities (continued)**

<b>Year 2023</b>	<b>Trading</b> <b>KSh' 000</b>	<b>Investment</b> <b>KSh' 000</b>	<b>Group</b> <b>KSh' 000</b>
Revenue from contracts with customers	1,720,943	-	1,720,943
Interest income	791	254,503	255,294
Fair value loss on investment property	-	(2,489)	(2,489)
Profit before tax	764,671	316,445	1,080,982
Segment assets	1,978,573	3,533,970	5,512,543
Segment liabilities	(795,504)	(321,362)	(1,116,866)
Tax expense	(228,214)	(36,755)	(264,969)
Depreciation of property, plant and equipment	82,936	34	82,970
Amortisation of intangible assets	616	-	616
Depreciation of right - of - use assets	-	289	289
Capital expenditure	467,798	-	471,368

Revenue reported above represents revenue generated from external customers. Two customers each represents more than 10% of the total Group's revenue.

**c) Turnover - geographical distribution**

The sale of carbon dioxide is derived from sale in the following markets:

	<b>2024</b> <b>KSh' 000</b>	<b>2023</b> <b>KSh' 000</b>
Domestic sales	501,652	394,023
Export sales	1,564,663	1,326,920
	<b>2,066,315</b>	<b>1,720,943</b>

<b>6. Revenue</b>	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Revenue from customers - Sale of CO <sub>2</sub>	1,340,801	1,082,416	-	-
Revenue from customers - Transport revenue	725,514	638,527	-	-
	<b>2,066,315</b>	<b>1,720,943</b>	<b>-</b>	<b>-</b>

<b>7. Other income</b>	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Sale of machine spares	3,413	2,384	-	-
Sundry income	12,892	7,845	-	-
Net foreign exchange (loss)/gain	(7,922)	72,527	(15,328)	20,764
Gain on sale of investment property	17,473		17,473	-
<b>Investment income</b>				
Rental income	25,054	31,339	19,989	26,048
Dividend income				
- Financial assets at fair value through profit or	30,113	24,909	9,730	12,349
- Dividend from subsidiary	-	-	1,550,000	250,000
Interest income	273,469	255,294	272,096	254,503
	<b>354,492</b>	<b>394,298</b>	<b>1,853,960</b>	<b>563,664</b>

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**NOTES (CONTINUED)**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000	<b>2024</b> KSh'000	<b>2023</b> KSh'000
<b>8. Finance costs</b>				
Interest expense on bank loan (Note 14)	<u>43,116</u>	<u>16,435</u>	<u>-</u>	<u>-</u>

**9. Profit before tax**

**(a) Items charged**

The following items have been charged in arriving at profit before tax expense/income:

Extraction and processing expenses	846,795	708,621	-	-
Employee benefits expense (Note 8(b))	267,504	222,096	-	-
Net foreign exchange gain	7,922	(72,527)	-	-
Depreciation of property, plant and equipment	97,081	82,970	34	34
Right - of - use assets	289	289	289	289
Amortisation of intangible assets	<u>271</u>	<u>616</u>	<u>-</u>	<u>-</u>

**(b) Employee benefits expense**

The following items are included in employee benefits expense:

Wages and salaries	255,998	212,437	-	-
Retirement benefit costs:				
- Defined contribution scheme	10,324	9,138	-	-
- National Social Security Fund	<u>1,182</u>	<u>521</u>	<u>-</u>	<u>-</u>
	<u>267,504</u>	<u>222,096</u>	<u>-</u>	<u>-</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Production	32	33	-	-
Sales and distribution	21	22	-	-
Management and administration	<u>21</u>	<u>21</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>74</b>	<b>76</b>	<b>-</b>	<b>-</b>

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**NOTES (CONTINUED)**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
<b>10. Tax</b>				
Current income tax	116,907	219,619	33,321	9,891
Deferred tax (income)/expense (Note 15)	163,577	45,350	(6,992)	23,866
Income tax expense	<u>280,484</u>	<u>264,969</u>	<u>26,329</u>	<u>33,757</u>
The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:				
<b>Profit before income tax</b>	<u>1,123,758</u>	<u>1,080,982</u>	<u>1,819,904</u>	<u>502,816</u>
Tax calculated at the statutory tax rate of 30% (2023: 30%)	337,127	324,295	545,971	150,845
Tax effect of:				
Income not subject to tax	259,660	(79,609)	(199,117)	(150,745)
Income subject to tax at 15%	23,182	363	23,182	372
Expenses not deductible for tax purposes	16,450	(2,051)	(1,506)	14,253
Effect of different tax rates used	-	21,971	-	19,033
Prior year (under)/overprovision	<u>(10,935)</u>		<u>2,799</u>	
Income tax expense	<u>625,484</u>	<u>264,969</u>	<u>371,329</u>	<u>33,758</u>

**11. Earnings per share - basic and diluted**

Earnings per share is calculated by dividing the profit for the year attributable to shareholders by the number of ordinary shares in issue during the year.

	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Profit for the year (KSh ' 000)	<u>843,274</u>	<u>816,013</u>
Number of ordinary shares (thousands) - Note 12	<u>254,852</u>	<u>254,852</u>
Earnings per share - Basic and diluted (KSh)	<u>3.31</u>	<u>3.20</u>

There were no potentially dilutive shares outstanding at either 31st July 2024 or 31st July 2023.

<b>12. Share capital</b>	<b>Group and Company</b>		
	<b>No. of ordinary shares</b>	<b>Issued and fully paid up capital</b> <b>KSh'000</b>	<b>Share premium</b> <b>KSh'000</b>
At 1st August 2023 and 31st July 2024	<u>254,851,985</u>	<u>254,852</u>	<u>27</u>
At 1st August 2022 and 31st July 2023	<u>254,851,985</u>	<u>254,852</u>	<u>27</u>

The total number of authorised ordinary shares is 1,000,000,000 (2023: 1,000,000,000) with a par value of KSh 1 each.

**NOTES (CONTINUED)**

**13. Revaluation surplus**

The cumulative revaluation surplus arose on the revaluation of items of property, plant and equipment and is stated net of deferred income tax. The surplus is not distributable.

<b>14. Borrowings</b>	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
The borrowings are analysed as follows:				
<b>Non-current</b>				
Bank loan	655,496	205,491	-	-
<b>Current</b>				
Bank loan	177,080	68,841	-	-
	<b>832,576</b>	<b>274,332</b>	<b>-</b>	<b>-</b>

**Reconciliation of liabilities arising from financing activities:**

	<b>Group long term borrowings</b>	
<b>Year ended 31 July</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
At start of year	274,332	88,035
Interest charged to profit or loss	43,116	16,435
Cash flows:		
Operating activities (interest paid)	(43,116)	(16,435)
Proceeds from long-term borrowings	755,450	354,176
Repayments of long-term borrowings	(148,273)	(167,879)
Foreign exchange fluctuation	(48,933)	-
At end of year	<b>832,576</b>	<b>274,332</b>

The borrowings are secured by:

- i) Jointly registered logbooks held.
- ii) Letter of lien and set off over 3,727,355 shares held in favor of NCBA Bank Kenya plc supported by memorandum of general pledge in the name of Carbacid Investments plc.
- iii) Commercial benefit agreement between Carbacid (CO2) Limited and Carbacid Investments plc.
- iv) Corporate guarantee from Carbacid Investments plc to support the liens over the shares.
- v) Corporate Guarantee to be issued by Goodison Twenty Nine Limited for KES 483,843,000

The interest rate was an average of 17% for the local currency loans and 8.75% for the foreign currency loans (2023: 12% for the local currency loans and 5.75% for foreign currency loans).

**NOTES (CONTINUED)**

**15. Deferred income tax**

Deferred tax is calculated using the currently enacted corporation tax rate of 30%, except for capital gains, for which the enacted tax rate of 15% is used (2023: 30% and 5% respectively). Deferred tax (assets)/liabilities, and the deferred tax charge/(credit) in the profit and loss account and in other comprehensive income are attributable to the following items:

<u>Group</u>	<u>At start of year</u> KSh'000	<u>Charged to other comprehensive income</u> KSh'000	<u>(Credited)/ charged to profit or loss</u> KSh'000	<u>At end of year</u> KSh'000
<b>Year ended 31st July 2024</b>				
Property, plant and equipment	203,052	-	173,303	376,355
Investment property	30,709	-	(729)	29,980
Unrealised exchange gains	3,493	-	(1,616)	1,877
Provision for impairment of receivables and short term deposit	(8,385)	-	(1,835)	(10,220)
Leave pay	(1,316)	-	917	(399)
Other general provision	(7,773)	-	(6,579)	(14,352)
Provision for inventories	(3,199)	-	116	(3,083)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
<b>Net deferred tax liability</b>	<b>216,581</b>	<b>-</b>	<b>163,577</b>	<b>380,158</b>

<u>Group</u>	<u>At start of year</u> KSh'000	<u>Charged to other comprehensive income</u> KSh'000	<u>(Credited)/ charged to profit or loss</u> KSh'000	<u>At end of year</u> KSh'000
<b>Year ended 31st July 2023</b>				
Property, plant and equipment	183,396	(4,099)	23,755	203,052
Investment property	10,987	-	19,722	30,709
Unrealised exchange gains	1,172	-	2,321	3,493
Provision for impairment of receivables and short term deposit	(7,500)	-	(885)	(8,385)
Leave pay	(1,183)	-	(133)	(1,316)
Other general provision	(8,629)	-	856	(7,773)
Provision for inventories	(2,913)	-	(286)	(3,199)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
<b>Net deferred tax liability</b>	<b>175,330</b>	<b>(4,099)</b>	<b>45,350</b>	<b>216,581</b>

**NOTES (CONTINUED)**

**15. Deferred income tax (continued)**

<u>Company</u>		(Credited)/charged to profit or loss KSh'000	
<b>Year ended 31st July 2024</b>	<b>At start of year KSh'000</b>		<b>At end of year KSh'000</b>
Investment property	28,176	(729)	27,447
Property, plant and equipment	6,305	(313)	5,992
Provision for impairment of receivables and short term deposit	(294)	-	(294)
Right of use asset	-	2,713	2,713
Tax losses carried forward	(9,758)	-	(9,758)
Unrealized exchange gain/(loss)	4,137	(8,663)	(4,526)
Deferred tax assets not recognised	9,758	-	9,758
<b>Net deferred tax liability</b>	<b>38,324</b>	<b>(6,992)</b>	<b>31,332</b>
<b>Year ended 31st July 2023</b>	<b>At start of year KSh'000</b>	<b>(Credited)/charged to profit or loss KSh'000</b>	<b>At end of year KSh'000</b>
Investment property	9,516	18,660	28,176
Property, plant and equipment	5,239	1,068	6,307
Intangible asset	(3)	1	(2)
Provision for impairment of receivables and short term deposit	(294)	-	(294)
Tax losses carried forward	(9,758)	-	(9,758)
Unrealized exchange gain	-	4,137	4,137
Deferred tax assets not recognised	9,758	-	9,758
<b>Net deferred tax liability</b>	<b>14,458</b>	<b>23,866</b>	<b>38,324</b>

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KSh 32,527,329 (2023: KSh 32,527,329) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised.

**NOTES (CONTINUED)**

**16. Property, plant and equipment - Group**

	<b>Leasehold land, buildings and boreholes KSh'000</b>	<b>Freehold land KSh'000</b>	<b>Roads KSh'000</b>	<b>Motor vehicles KSh'000</b>	<b>Plant and equipment KSh'000</b>	<b>Capital work-in- progress KSh'000</b>	<b>Total KSh'000</b>
<b>At 31st July 2022</b>							
Cost or valuation	132,261	54,545	21,490	331,642	585,863	44,695	1,170,496
Accumulated depreciation	(7,226)	-	(6,410)	(71,345)	(90,950)	-	(175,931)
Net carrying amount	125,035	54,545	15,080	260,297	494,913	44,695	994,565
<b>Year ended 31st July 2023</b>							
Opening carrying amount	125,035	54,545	15,080	260,297	494,913	44,695	994,565
Additions	-	3,500	-	71,578	5,418	391,086	471,582
Transfer from work in progress	41,244	-	-	113,258	91,291	(245,793)	-
Revaluation deficit	(9,325)	-	(5,534)	(79,244)	(129,236)	-	(223,339)
Disposals	-	-	-	(12,425)	-	-	(12,425)
Depreciation on disposal	-	-	-	3,001	-	-	3,001
Depreciation charge	(1,966)	-	(2,012)	(38,413)	(40,579)	-	(82,970)
Reversal of depreciation on revaluation	6,778	-	6,036	92,236	104,627	-	209,677
Closing carrying amount	161,766	58,045	13,570	410,288	526,434	189,988	1,360,091
<b>At 31st July 2023</b>							
Cost or valuation	164,180	58,045	15,956	424,809	553,336	189,988	1,406,314
Accumulated depreciation	(2,414)	-	(2,386)	(14,521)	(26,902)	-	(46,223)
Net carrying amount	161,766	58,045	13,570	410,288	526,434	189,988	1,360,091
<b>Year ended 31st July 2024</b>							
Opening carrying amount	161,766	58,045	13,570	410,288	526,434	189,988	1,360,091
Additions	7,619	1,004	-	201,348	179,092	316,552	705,615
Transfer from work in progress	-	-	-	-	489,741	(489,741)	-
Disposals	-	-	-	(1,119)	(3,518)	-	(4,637)
Depreciation charge	(2,586)	-	(1,357)	(50,283)	(42,855)	-	(97,081)
Closing carrying amount	166,799	59,049	12,213	560,234	1,148,894	16,799	1,963,988
<b>At 31st July 2024</b>							
Cost or valuation	171,799	59,049	15,956	625,038	1,218,651	16,799	2,107,292
Accumulated depreciation	(5,000)	-	(3,743)	(64,804)	(69,757)	-	(143,304)
Net carrying amount	166,799	59,049	12,213	560,234	1,148,894	16,799	1,963,988

The annual depreciation rates used are as follows:

**Rate - %**

Leasehold land and buildings	Over 50 years or remaining lease period whichever is less
Boreholes	5
Freehold land	Nil
Roads	10
Motor vehicles	10 - 25
Plant and equipment	5 - 33.3

All items of property, plant and equipment were valued (Level 2) as at 31st July 2023 by C. P Robertson Dunn Valuers and Estate Agents, independent valuers, on the basis of open market value. The carrying amount of each asset was restated to the revalued amount of the asset, and the resulting deficit arising on revaluation net of deferred income tax was recognised in other comprehensive income and debited to the revaluation surplus in equity.

**NOTES (CONTINUED)**

**16. Property, plant and equipment - Group (continued)**

If the property, plant and equipment were stated on the historical cost basis, the carrying values would be as follows:

	<b>Leasehold</b>				
	<b>land</b>		<b>Buildings and</b>	<b>Freehold</b>	
	<b>boreholes</b>	<b>land</b>	<b>KSh'000</b>	<b>KSh'000</b>	<b>KSh'000</b>
<b>31st July 2024</b>					
Cost	114,681	40,926	31,190	717,127	1,633,811
Accumulated depreciation	(23,213)	-	(23,643)	(244,106)	(398,257)
Net book amount	<u>91,468</u>	<u>40,926</u>	<u>7,547</u>	<u>473,021</u>	<u>1,235,554</u>
					<b>Total</b>
					<b>KSh'000</b>
					<b>1,848,516</b>
<b>31st July 2023</b>					
Cost	107,062	39,922	31,190	522,579	968,908
Accumulated depreciation	(20,919)	-	(20,524)	(179,193)	(317,178)
Net book amount	<u>86,143</u>	<u>39,922</u>	<u>10,666</u>	<u>343,386</u>	<u>651,730</u>
					<b>1,131,847</b>

**Property plant and equipment - Company**

	<b>Equipment</b>	<b>KSh'000</b>
<b>At 1st August 2022</b>		
Cost or valuation		670
Accumulated depreciation		(68)
Net carrying amount		<u>602</u>
<b>Year ended 31st July 2023</b>		
Opening carrying amount		602
Depreciation charge		(34)
Closing carrying amount		<u>568</u>
<b>At 31st July 2023</b>		
Cost or valuation		670
Accumulated depreciation		(102)
Net carrying amount		<u>568</u>
<b>Year ended 31st July 2024</b>		
Opening carrying amount		568
Depreciation charge		(34)
Closing carrying amount		<u>534</u>
<b>At 31st July 2024</b>		
Cost or valuation		670
Accumulated depreciation		(136)
Net carrying amount		<u>534</u>

**Carbacid Investments plc**  
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**NOTES (CONTINUED)**

**17. Investment property**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000	<b>2024</b> KSh'000	<b>2023</b> KSh'000
At beginning of the year	296,732	299,152	294,120	296,600
Additions	5,022	-	5,022	-
Disposal	(151,000)		(151,000)	
Fair value loss	(4,860)	(2,420)	(4,860)	(2,480)
<b>At the end of year</b>	<b>145,894</b>	<b>296,732</b>	<b>143,282</b>	<b>294,120</b>

The fair value of the investment property is based on the valuation carried out as at 31st July 2024 by CP Robertson-Dunn Valuers & Estate Agents, independent valuers, on the basis of open market value (Level 2). The valuers are registered valuers and are members of Institute of Surveyors of Kenya and have experience in the location and the category of the investment property being valued.

<b>18. Intangible assets - Group</b>	<b>2024</b> KSh'000	<b>2023</b> KSh'000
<b>Cost</b>		
At 1st August	3,006	3,006
Additions	1,212	-
<b>At 31st July</b>	<b>4,218</b>	<b>3,006</b>
<b>Amortisation</b>		
At 1st August	2,094	1,478
Charge for the year	271	616
<b>At 31st July</b>	<b>2,365</b>	<b>2,094</b>
<b>Net book amount</b>		
<b>At 31st July</b>	<b>1,853</b>	<b>912</b>

Intangible assets relate to computer software and fleet management software.

The annual amortisation rate used is 25%.

**NOTES (CONTINUED)**

**19. Right-of-use assets**

	<b>Prepaid operating lease rentals</b>	
	<b>Group</b> KSh'000	<b>Company</b> KSh'000
<b>Year ended 31st July 2023</b>		
Opening carrying amount	52,094	9,620
Depreciation charge	(289)	(289)
Closing carrying amount	<u>51,805</u>	<u>9,331</u>
<b>Year ended 31st July 2024</b>		
Opening carrying amount	51,805	9,331
Depreciation charge	(289)	(289)
Closing carrying amount	<u>51,516</u>	<u>9,042</u>

**20. Investment in subsidiaries (Company)**

	<b>Holding</b> %	<b>Share capital</b> KSh	<b>Place of incorporation and operation</b>	<b>Place of incorporation and operation</b>	
				<b>2024</b> KSh'000	<b>2023</b> KSh'000
Carbacid (CO <sub>2</sub> ) Limited	100	3,348,000	Kenya	3,348	3,348
Goodison Twenty Nine Limited	100	100,000	Kenya	99	99
Goodison Forty Seven Limited	100	100,000	Kenya	99	99
				<u>3,546</u>	<u>3,546</u>

**21. Financial assets**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000	<b>2024</b> KSh'000	<b>2023</b> KSh'000
<b>Non-current</b>				
Financial assets at amortised cost:				
Government securities	1,893,961	1,993,163	1,893,961	1,993,163
Financial assets at fair value through profit or loss:				
Equity investments	<u>399,629</u>	<u>389,507</u>	<u>135,332</u>	<u>132,324</u>
	<u>2,293,590</u>	<u>2,382,670</u>	<u>2,029,293</u>	<u>2,125,487</u>

The fair values of the financial assets measured at amortised cost at balance sheet date were:

	<b>2024</b> KSh'000	<b>2023</b> KSh'000
Government securities	<u>2,029,293</u>	<u>2,229,184</u>

**NOTES (CONTINUED)**

**21. Financial assets (continued)**

The fair values of the government securities and corporate bonds are based on prices published by Nairobi Securities Exchange.

Investment in equity instruments carried at fair value are valued on the basis of open market value (Level 1).

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

**Financial assets at fair value through profit or loss**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000	<b>2024</b> KSh'000	<b>2023</b> KSh'000
<b>Equity investments</b>				
At start of year	389,507	350,921	132,325	156,261
Additions	41,348	12,025	-	-
Fair value gain/(loss)	(31,224)	26,561	3,009	(23,936)
At end of year	<u>399,631</u>	<u>389,507</u>	<u>135,334</u>	<u>132,325</u>

**22. Inventories - Group**

Spare parts and materials		125,397	77,921
Carbon dioxide gas and dry ice		10,702	5,278
Fuel and chemicals		4,513	3,991
		<u>140,612</u>	<u>87,190</u>

**23. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000	<b>2024</b> KSh'000	<b>2023</b> KSh'000
<b>Trade receivables</b>				
Trade receivables	417,737	438,127	5,212	1,451
Less: provision for expected credit loss	(31,561)	(25,444)	(980)	(980)
Net trade receivables	<u>386,176</u>	<u>412,683</u>	<u>4,232</u>	<u>471</u>
Prepayments	11,737	1,421	425	423
Other receivables	<u>252,759</u>	<u>133,802</u>	<u>69,564</u>	<u>81,890</u>
	<u>650,672</u>	<u>547,906</u>	<u>74,221</u>	<u>82,784</u>

The movement on the provision for expected credit loss is as follows:

At 1st August	25,444	25,001	980	980
Net increase charged to profit and loss account	<u>6,117</u>	<u>443</u>	-	-
At 31st July	<u>31,561</u>	<u>25,444</u>	<u>980</u>	<u>980</u>

**24. Short-term bank deposits**

Bank deposit (maturity > 90 days)	<u>399,676</u>	<u>254,658</u>	<u>386,447</u>	<u>242,110</u>
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**25. Cash and cash equivalents**

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

Cash and current account balances	<u>524,882</u>	<u>117,454</u>	<u>41,284</u>	<u>9,856</u>
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**NOTES (CONTINUED)**

<b>26. Trade and other payables</b>	<b>Group</b>		<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000	<b>2024</b> KSh'000	<b>2023</b> KSh'000
Trade payables	58,942	89,334	492	4,135
Accruals	349,743	298,610	5,781	6,291
Due to other related parties	198	198	-	-
	<b>408,883</b>	<b>388,142</b>	<b>6,273</b>	<b>10,426</b>

**27. Dividends**

**i) Proposed dividend**

At the forthcoming annual general meeting, a final dividend in respect of the year ended 31st July 2024 of KSh 1.70 per share amounting to KSh 433,248,375 (2023: KSh 1.70 per share amounting to KSh 433,248,375) is to be proposed. Payment of dividends to shareholders (other than companies owning more than 12.5% of the issued shares) is subject to the deduction of withholding tax at a rate of 5% for residents and 15% for non-residents.

<b>ii) The movement in the dividend payable account is as follow:</b>	<b>2024</b> KSh'000	<b>2023</b> KSh'000
At the beginning of the year	72,167	59,149
Final dividend declared	433,248	433,248
	<b>505,415</b>	<b>492,397</b>
Dividend paid to shareholders	(417,613)	(417,178)
Unclaimed dividend transferred to Unclaimed Financial Assets Authority	(3,024)	(3,052)
Dividend paid	(420,637)	(420,230)
At the end of the year	<b>84,778</b>	<b>72,167</b>

**28. Related party transactions**

The Company is related to other companies which are related through common shareholding or common directorships.

**i) The following transactions were carried out with related parties:**

	<b>Company</b>	
	<b>2024</b> KSh'000	<b>2023</b> KSh'000
Dividends received from Carbacid (CO <sub>2</sub> ) Limited	1,550,000	250,000
	<b>1,550,000</b>	<b>250,000</b>

**ii) Outstanding balances arising from sale and purchase of goods/services**

Other receivables from/(payables to) subsidiaries		
- Carbacid (CO <sub>2</sub> ) Limited	1,556,960	137,761
- Goodison Twenty Nine Limited	96,239	95,420
- Goodison Forty Seven Limited	164,430	143,390
	<b>1,817,629</b>	<b>376,571</b>

**NOTES (CONTINUED)**

**28. Related party transactions (continued)**

**iii) Key management compensation (including directors' remuneration)**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Salaries and other employment benefits	<u>98,023</u>	<u>78,260</u>	<u>1,640</u>	<u>913</u>
<b>iv) Directors' benefits and other remuneration</b>				
- salaries	<u>29,918</u>	<u>27,581</u>	<u>2,926</u>	<u>2,771</u>
<b>v) Services</b>				

During the year, the Group contracted consultancy services from firms related to it through common directorship. The fees charged for these services were KSh 4,260,000 (2022: KSh 3,995,000).

**29. Contingent liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Guarantees	<u>11,500</u>	<u>7,000</u>	<u>-</u>	<u>-</u>

NCBA Bank Plc has issued a payment guarantee of KSh 11,500,000 (2023: KSh 7,000,000) to Kenya Power and Lighting Company on behalf of Carbacid (CO<sub>2</sub>) Limited against a security of an equivalent amount.

**30. Commitments**

**Capital commitments**

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>	<b>2024</b> <b>KSh'000</b>	<b>2023</b> <b>KSh'000</b>
Authorised and contracted for	<u>16,060</u>	<u>80,638</u>	<u>-</u>	<u>-</u>

**31. 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 August 2023.

**Amendments to IAS 1 titled *Classification of Liabilities as Current or Non-current* (issued in January 2020, amended in October 2022)**

The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

**NOTES (CONTINUED)**

**31. New and revised financial reporting standards (continued)**

**Amendment to IFRS 16 titled *Lease Liability in a Sale and Leaseback* (issued in September 2022)**

The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.

**Amendments to IAS 1 titled *Non-current Liabilities with Covenants* (issued in October 2022)**

The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

**Amendments to IAS 7 and IFRS 7 titled *Supplier Finance Arrangements* (issued in May 2023)**

The amendments, applicable to annual periods beginning on or after 1st January 2024, require an entity to provide additional disclosures about its supplier finance arrangements.

**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 determine the exchange rate to use and the disclosures to provide.

**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.

**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.