



**BRITISH-AMERICAN
BALANCED FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2024**

| Table of contents | Page No |
|--|----------------|
| Trustee and advisors to the Fund | 1 |
| Trustee's report | 2 - 3 |
| Statement of trustee's responsibilities | 4 |
| Fund manager's report | 5 |
| Asset allocation structure | 6 |
| Report of the custodian | 7 |
| Independent auditor's report | 8 - 11 |
| Financial statements: | |
| Statement of profit or loss and other comprehensive income | 12 |
| Statement of financial position | 13 |
| Statement of changes in unit holders' balances | 14 |
| Statement of cash flows | 15 |
| Notes to the financial statements | 16 - 32 |

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|--------------|--|
| Fund Manager | Britam Asset Managers (Kenya) Limited Britam Centre, 5th Floor Junction of Mara and Ragati Roads Upper Hill P.O. Box 30375 - 00100 Nairobi, Kenya |
| Trustee | KCB Bank Kenya Limited KCB Tower, 7th Floor, Upper Hill P.O. Box 30664 - 00100 Nairobi, Kenya |
| Custodian | Standard Chartered Bank Kenya Limited Standard Chartered Chiromo, Level 5 48 Westlands Road P O Box 40984 - 00100 Nairobi, Kenya |
| Auditor | Ernst & Young LLP Certified Public Accountants Kenya Kenya Re Towers, Upper Hill off Ragati P.O. Box 44286 - 00100 Nairobi, Kenya |
| Lawyer | CMS Daly Inamdar Advocates ABC Place Waiyaki Way P.O. Box 40034 - 00100 Nairobi, Kenya |

The Trustee has the pleasure of submitting its report together with the audited financial statements of British-American Balanced Fund (the "Fund") for the year ended 31 December 2024.

INVESTMENT OBJECTIVES

The objective of the British American Balanced Fund is to achieve a reasonable level of current income and enhance capital growth. This is achieved by investing in a diversified spread of shares and fixed income securities. The Fund will have a bias towards equities offering long term value.

The key investment philosophies for the British-American Balanced Fund are:

- To maintain a balanced and optimal portfolio by investing in shares of companies with strong potential of growth and fixed income instruments with attractive yields.
- To achieve its performance objectives through well-researched and superior share selection.
- To invest in quality businesses diligently selected based upon attractive long-term fundamentals.

CHANGES TO INCORPORATION DOCUMENTS

There were no changes made to the incorporation documents (Prospectus, Trust Deed and Rules of the Fund) during the year.

FUND PERFORMANCE

The highest and the lowest bid prices for the last 5 years were as per the table below.

| Year | 2024 | 2023 | 2022 | 2021 | 2020 |
|---------------|--------|--------|--------|--------|--------|
| Highest price | 139.79 | 141.21 | 148.00 | 152.22 | 167.64 |
| Lowest price | 134.80 | 132.31 | 134.63 | 147.17 | 148.87 |

INCOME DISTRIBUTION

The losses realised by the Fund for the last 5 years has been distributed to the unit holders as per the table below.

| Year | 2024 | 2023 | 2022 | 2021 | 2020 |
|-------------------|----------|----------|---------|----------|----------|
| Amount (Shs '000) | (11,813) | (19,725) | (6,090) | (25,077) | (16,035) |

TOTAL VALUE OF THE FUND

The total book value of the Fund for the last 3 years is as per the below table.

| Year | 2024 | 2023 | 2022 |
|-------------------|---------|---------|---------|
| Amount (Shs '000) | 207,421 | 470,605 | 489,981 |

TOTAL EXPENSE RATIO (TER)

The total expense ratio of the Fund provides a measure of the total costs incurred to manage and operate the Fund. The TER for the year is as per below table.

| Year | Amount Shs '000 |
|------------------------------|--------------------|
| Total expenses for the year | 9,094 |
| Management fees for the year | 7,419 |
| Percentage management fee | 3.58% |
| Total expense ratio | 4.38% |

AUDITOR

Ernst & Young LLP were appointed in accordance with the Fund's Trust Deed and Section 60 (1) of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023.

The Trustee monitors the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the unit holders.

Approved by the Trustee on 28/03/ 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.

RLms

Corporate Trustee

For: KCB BANK KENYA LTD.

[Signature]
Corporate Trustee

We, KCB Bank Kenya Limited, in our capacity as trustee of the Scheme, are required in terms of Section 132 of the Capital Markets (Collective Investment Schemes) regulation 2023, to satisfy ourselves that the fund manager has managed the scheme in the period ended 31 December 2024 in accordance with the limitations imposed on the investment and borrowing powers of the fund manager and trustee or custodian by the incorporation documents and the regulations.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

- (a) the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme
- (b) the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
- (c) the fact that the Manager has administered the Scheme in accordance the provisions of the incorporation documents and the regulations.

Having assessed the Fund's ability to continue as a going concern, the Trustee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Fund's ability to continue as a going concern.

Sincerely,

For: KCB BANK KENYA LTD.

R. Lim

Trustee
KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

[Signature]

28/03/2025

CORPORATE TRUSTEE

Dear Unit Holder,

The fundamental investment objective of the British-American Balanced Fund is dual, achieving a high level of current income and offering investors long term capital growth. To meet this objective, the Fund invests in a diversified spread of treasury securities, equities and fixed income securities of fundamentally sound businesses based within Kenya and the region. The Fund offers investors exposure to various asset classes by investing offshore as a hedge against long-term inflation and local currency weakness.

Britam Asset Managers (Kenya) Limited has an investment philosophy that ensures the Fund maintains a balanced and optimal portfolio. The fixed income portion of the Fund provides stability during volatile years in the markets. The equity portion is invested in companies with quality businesses which are trading at attractive valuations. We actively monitor and invest in companies that match our criteria, namely: consistent financial performance, specialized competitive advantage, positive earnings outlook and sound management.

Global GDP grew by 3.2% for 2024 and 3.3% projected for 2025; GDP growth is seen averaging 3.1% in 2026-2028. Global economic activity has shown resilience amid high inflation and a prolonged period of high interest rates. Kenya's economy grew by 4.7% in 2024. This was a slower growth than what was recorded in 2023 at 5.3%. The slowdown was amid a challenging economic environment characterized by disposable income squeeze and normalization of the agriculture and tourism sectors. Looking forward, we expect the accommodative monetary stance adopted by the CBK to support economic activity as the anticipated depreciation of the Shs and the forecasted drier conditions in the country offset some of anticipated gains. Headline inflation came in at 3.0% in December 2024 compared to a reading of 2.8% in November 2024, and 6.6% in December 2023. Ample harvests in the country continued to pull food prices lower as the tight monetary policy saw activity drag to place the core inflation index at 3.2% in December 2024.

The Central Bank's Monetary Policy Committee cut the benchmark rate at by 1.50% in 2024 to 11.25% noting improved inflation levels and a stabilized exchange rate. Similarly, yields on treasury bills declined in the last quarter of the year signalling moderation in interest rate movements. The Government. The 3-month T-bill closed the year at 9.8% compared to 15.9% at the end of 2023, while the yield curve fell by 2.5% on average, which positively affected fixed income returns.

The Kenya Shilling gained 17.4%, 22.7% and 34.4% against the US Dollar, Euro and Pound Sterling, respectively, to close the year at 129.29/USD, Shs 134.29/EUR and Shs 162.67/GBP. The stable Kenya Shilling performance was largely due to improved investor sentiments on the currency and the country following the successful repayment of the 2024 Eurobond, elevated official forex reserve position and deceleration in economic activity.

The equities market recorded gains in stock prices as macro-economic concerns around Kenya eased. The recovery in equities was triggered by the partial repayment of the 2024 Eurobond which saw a significant improvement in the Kenyan macro-economic outlook, improvement in US Dollar liquidity, robust earnings performance and the increase in Kenya's allocation in frontier indices. Fed rate cuts in the last quarter of the year also supported the equities market performance. The NSE All Share Index was up by 34.1% in the year.

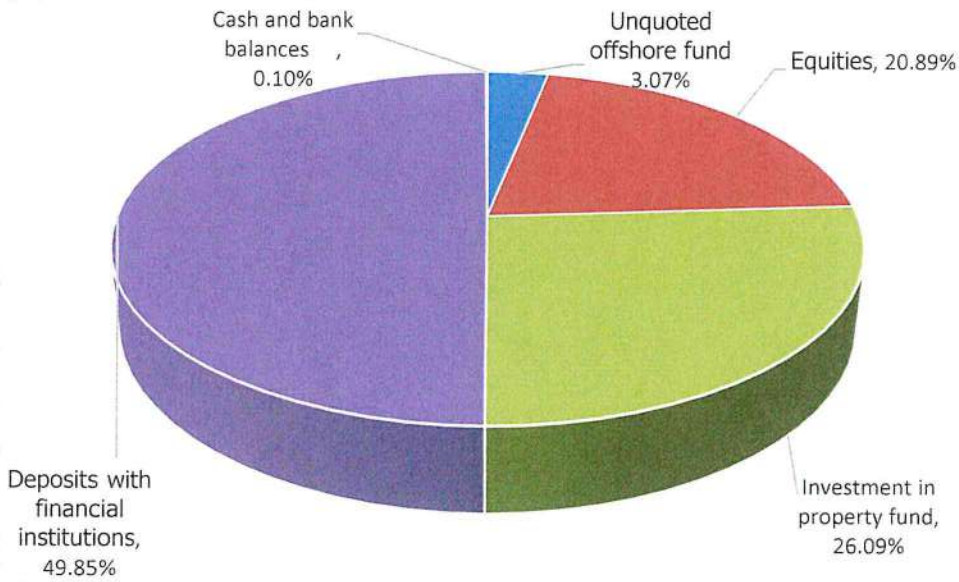
Our disciplined investment strategy, coupled with the philosophy of investing in high-quality fixed income investments with attractive yields, will continue to benefit investors who invest in the Fund in the medium term.

We thank you for your choice of investing in British-American Balanced Fund. The team at Britam Asset Managers (Kenya) Limited looks forward to working closely with you in meeting and exceeding your financial and investment objectives.

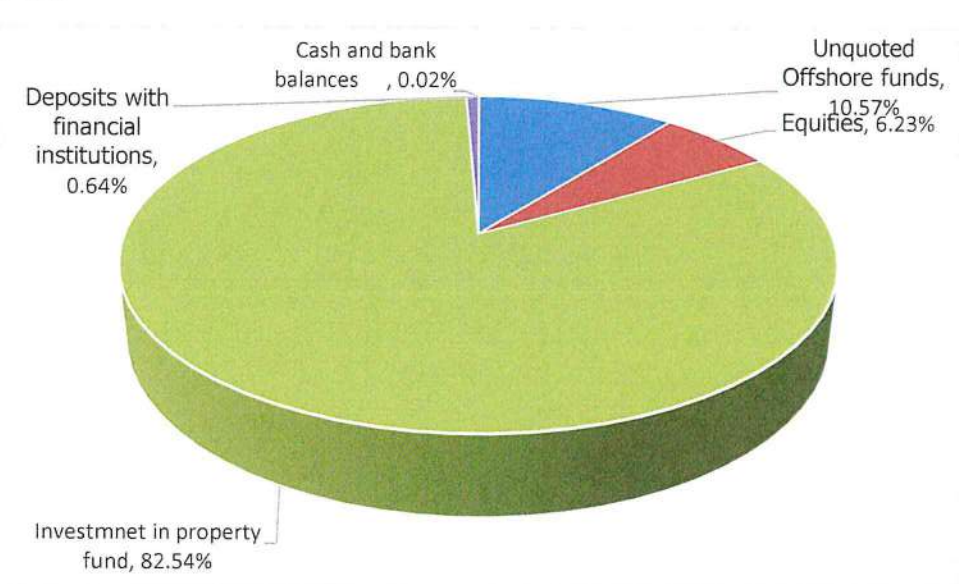
We extend our best wishes for 2025.

Asset Allocation Structure: British American Balanced Fund

2024



2023



Yours sincerely,

Signed on behalf of the British Asset Managers (Kenya) Limited

28/03/2025

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the Regulations) and the Custody Agreement between Standard Chartered Bank of Kenya Limited as the Custodians and Britam Asset Managers (Kenya) Limited as the Fund Manager, we confirm that for the year ended 31 December 2024:

- We have discharged the duties prescribed for a Custodian under Regulation 35 of the Regulations, to the British-American Balanced Fund;
- We have held the assets for the British-American Balanced Fund, including securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

For the year ended 31 December 2024, we have held the assets of the British-American Balanced Fund, which include title deeds, securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager in accordance with the provisions of the Capital Markets (Collective Investment Schemes) Regulations, 2023.



.....
By order of the Custodian
Standard Chartered Bank of Kenya Limited

28 / 03 / 2025

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF BRITISH AMERICAN BALANCED FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of British-American Balanced Fund (the "Fund") set out on pages 12 to 32 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in unit holder's balances and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2024, and of its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Capital markets Authority (Collective Investments Schemes) Regulations, 2023.

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 Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and other independence requirements applicable to performing audits of the financial statements of the Fund and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Fund and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| Accounting for financial investments | |
| <p>As indicated in Note 9 to the financial statements, the Fund held investments of Shs 103 million (2023: Shs 3 million) in deposits with financial institutions. These financial investments comprise of 50% (2023:1%) of the Fund's total assets. Interest earned from these financial investments amounted to Shs 974 million (2023: Shs 285 million).</p> <p>Due to the significance of the amounts involved, the accounting for these financial investments has been considered a key audit matter.</p> <p>Refer to Note 2D for the accounting policy and Note 9(ii) for other disclosures on the financial investments.</p> | <p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Understood the investment process including the related interest income recognition process. • Compared the interest rates used to compute interest income with the contractual interest rates for the investments. • Recalculated the interest income using the applicable effective interest rates and the investment balances and compared with the interest income recognised by the Fund's management. • Obtained confirmations for the financial investments balances from counterparties and compared the amounts confirmed with those in the Fund's books of account and evaluated that any variances were reconciled. • Evaluated that the disclosures on the financial investments were complete. |

Other Matter

The financial statements of the Fund for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 28th March 2024.

Other Information

The trustee is responsible for the other information. The other information comprises the Trustee's Report, Fund Manager's Report, Report of the Custodian, Asset Allocation Structure, Trustee and Advisors to the Fund and the Statement of Trustee's Responsibilities, other than the financial statements and our auditor's report thereon.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Trustee for the Financial Statements

The trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Capital markets Authority (Collective Investments Schemes) Regulations, 2023, and for such internal control as the trustee 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 trustee is responsible for assessing the Fund'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 trustee either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustees' 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 Fund'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the trustee 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 the trustee, 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Denis Mugisha, Practicing Certificate Number 2773.



For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

28 March 2025

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Trustee for the Financial Statements

The trustee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Capital markets Authority (Collective Investments Schemes) Regulations, 2023, and for such internal control as the trustee 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 trustee is responsible for assessing the Fund'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 trustee either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustees' 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 Fund'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

British-American Balanced Fund
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

| | | Year ended 31 December | |
|--|--------------|-------------------------------|-----------------|
| | Notes | 2024 | 2023 |
| | | Shs '000 | Shs '000 |
| Income | | | |
| Interest income | 5 (i) | 974 | 285 |
| Dividend income | 5 (ii) | 3,171 | 2,729 |
| Other income | 5 (iii) | 48 | - |
| Fair value gain / (loss) on investments at fair value through profit or loss | 9 (ii) | 5,712 | - |
| Realised loss on investments | 6 | (12,625) | (7,240) |
| Total loss | | (2,720) | (4,226) |
| Service fees | 7 | (9,094) | (15,498) |
| Fair value loss on investments at fair value through profit or loss | 9 (ii) | - | - |
| Expected write back/ (credit loss) on investments | 9(iv) | 1 | (1) |
| Total expenses | | (9,093) | (19,725) |
| Loss before income tax | | (11,813) | (19,725) |
| Income tax expense | 8 | - | - |
| Loss for the year | | (11,813) | (19,725) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (11,813) | (19,725) |

British-American Balanced Fund
Statement of financial position
As At 31 December 2024

| | Notes | As at 31 December 2024 Shs '000 | 2023 Shs '000 |
|---|--------|---------------------------------------|------------------|
| Assets | | | |
| Investment in unquoted offshore fund at fair value through profit or loss | 9 (ii) | 6,394 | 51,384 |
| Quoted ordinary shares at fair value through profit or loss | 9 (ii) | 43,556 | 30,273 |
| Investment in property fund at fair value through profit or loss | 9 (ii) | 54,401 | 401,283 |
| Deposits with financial institutions at amortized cost | 9 (ii) | 103,943 | 3,135 |
| Other receivables | 11 | - | 55 |
| Cash and bank balances | 10 | 213 | 118 |
| Total assets | | <u>208,507</u> | <u>486,248</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accrued expenses | 13 | 1,018 | 15,620 |
| Withholding tax payable | 8 | 68 | 23 |
| Total liabilities | | <u>1,086</u> | <u>15,643</u> |
| Net assets attributable to unitholders | 12 | <u>207,421</u> | <u>470,605</u> |
| Fund Balance | | | |
| Unit holder balances | | <u>207,421</u> | <u>470,605</u> |

The financial statements on pages 12 to 32 were approved and authorised for issue by the Trustee on 28 / 03 / 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.

R.imo
Trustee
CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

[Signature]
Trustee
CORPORATE TRUSTEE

British-American Balanced Fund
Statement of changes in unit holders' balances
For the year ended 31 December 2024

| | | Year ended 31 December | |
|--|--------------|-------------------------------|----------------|
| | Notes | 2024 | 2023 |
| | | Shs'000 | Shs'000 |
| At start of year | | 470,605 | 489,891 |
| Total comprehensive loss distributed to unit holders | | (11,813) | (19,725) |
| <i><u>Transactions with unit holders:</u></i> | | | |
| Additional units purchased | 12 | 81,276 | 4,951 |
| Units liquidated | 12 | (332,647) | (4,512) |
| Total transactions with unit holders | | (251,371) | 439 |
| At end of year | | 207,421 | 470,605 |

British-American Balanced Fund
Statement of cash flows
For the year ended 31 December 2024

| | | Year ended 31 December | |
|---|--------|------------------------|------------------|
| | Notes | 2024 Shs '000 | 2023 Shs '000 |
| Cash flows from operating activities | | | |
| Service fees paid | | (23,696) | (1,265) |
| Net movement in withholding tax | | 45 | 22 |
| Additional placements of bank deposits | 9 (ii) | (234,260) | (18,550) |
| Interest, dividends and realised loss received | 9(v) | (8,734) | 3,071 |
| Proceeds on maturity of deposits | 9 (ii) | 133,810 | 16,000 |
| Proceeds from sale of quoted shares | 9 (ii) | 585 | - |
| Proceeds from sale of offshore funds | 9 (ii) | 44,971 | - |
| Proceeds from sale of investment in property fund | 9 (ii) | 338,745 | - |
| | | | |
| Net cash generated from operating activities | | 251,466 | 722 |
| | | | |
| Cash flows from financing activities | | | |
| Additional contribution from unit holders | 12 | 81,276 | 4,951 |
| Liquidations by unit holders | 12 | (332,647) | (4,512) |
| | | | |
| Net cash generated (used in) / from financing activities | | (251,371) | 439 |
| | | | |
| Net increase / (decrease) in cash and cash equivalents | | | |
| | | 95 | (283) |
| Cash and cash equivalents at start of year | | 118 | 401 |
| | | | |
| Cash and cash equivalents at end of year | 10 | 213 | 118 |

1. General information

British American Balanced Fund(the "Fund") started operations on 1 July 2005. The Fund is governed by a Trust Deed dated 7th June 2005, is registered under the Capital Markets Authority Act and is domiciled in Kenya. The holders are not liable for the debts of the fund. The address of its registered office is:

Britam Centre
Junction of Mara and Ragati Roads
Upper Hill
P.O. Box 30375-00100
Nairobi, Kenya

2. Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

A. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS and the requirements of the Capital Markets Authorities Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenyan Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

B. Adoption of new and revised International Financial Reporting Standards (IFRS)

i) New and revised standards adopted by the Fund

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements:

a) Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

b) Amendments to IFRS 16, 'Leases' - sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

2. Material accounting policies (continued)

i) New and revised standards adopted by the Fund (continued)

B. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

c) Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a fund's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

None of the above amendments had a significant impact on the Fund's financial statements.

ii) New standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the Fund has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

At the date of authorisation of this financial statement the fund has not applied the following new and revised IFRS standard that have been issued but are not yet effective.

| New standards and Amendments to standards | Effective for annual periods beginning on or after |
|---|---|
| Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21) | 1 January 2025 |
| Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments | 1 January 2026 |
| IFRS 18, 'Presentation and Disclosure in Financial Statements' | 1 January 2027 |
| IFRS 19, 'Subsidiaries without Public Accountability' | 1 January 2027 |

Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

2. Material accounting policies (continued)

B. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

(ii) New standards and interpretations in issue not yet adopted (continued)

IFRS 18, 'Presentation and Disclosure in Financial Statements'

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 19, 'Subsidiaries without Public Accountability'

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements.

IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

The Trustees do not apply the above standards, until they become effective. Based on their assessment of the potential impact of the application of the above, none of the above standards is expected to have a significant impact on the Fund's financial statements in the current or future reporting periods and on near future transactions.

B. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Kenyan Shillings ("Shs"), rounded to the nearest thousand which is the Fund's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

C. Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Interest income includes interest from cash and cash equivalents.

Dividend income is recognized when the right to receive payment is established, provided that it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

2. Material accounting policies (continued)

D. Financial instruments

Classification

The Fund classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value, and those to be measured at amortised cost.

Recognition and derecognition

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate securities.

Classification and subsequent measurement of debt instruments depends on:

- (i) The Fund's business model for managing the financial assets; and
- (ii) The cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

2. Material accounting policies (continued)

E. Financial instruments (continued)

Measurement (continued)

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on 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. This includes listed equity securities and quoted debt instruments on the Stock Exchange. The quoted market price used for financial assets held is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

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:

- 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).

2. Material accounting policies (continued)

E. Financial instruments (continued)

(v) Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. 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.

The Fund will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- a. Debt instruments that are determined to have low credit risk at the reporting date. The Fund will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- b. Other financial instruments for which credit risk has not increased significantly since initial recognition.

In applying IFRS 9 impairment requirements, the Fund follows the general approach for all its financial assets.

The General Approach

Under the general approach, at each reporting date, the Fund determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- Stage 1 - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Fund will recognise 12-month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- Stage 2 - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Fund will recognise lifetime ECL, but interest income will continue to be recognised on a gross basis.
- Stage 3 - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Fund will continue to recognise lifetime ECL, but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

2. Material accounting policies (continued)

F. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

G. Distribution

All income or loss arising from operations is distributed to unit holders after provision for expenses. All distributions including unclaimed distributions are reinvested in the unit holders' account.

H. Unit holder balances

Unit holders' funds are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the financial reporting date if the holder exercised their right to redeem the balances.

I. Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash at bank and deposits held at call with banks maturing within three months from the contract dates.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. Areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements relate to classification of and valuation of assets. In addition, judgement is required in determination of whether the assets are impaired and tax status of the Fund as disclosed in Note 6

The key areas of estimate and judgment in applying the Funds' accounting policies is in the measurement of expected credit losses.

The measurement of the expected credit loss allowance for financial assets is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour. number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

4. Financial risk management objective and policies

The Fund's activities expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in market prices and interest rates. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. There is no concentration of risk at year end.

Risk management is carried out by the Fund Manager, Britam Asset Managers (Kenya) Limited. Britam Asset Managers (Kenya) Limited identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity.

The Fund's risk management policies include the use of guidelines governing the acceptance of clients and investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

The Capital Markets Authority (CMA) sets out that the fund shall be invested in all eligible asset classes all times provided that the investments in money market, equities and fixed income instruments shall each have a maximum exposure of 60% of the market value of assets under management.

- Unlisted securities in the EAC – 10%
- Other collective investment schemes including umbrella schemes – 20%
- Other securities not listed on a securities exchange in Kenya – 20%
- Investment in an interest-bearing account, financial product issued by a bank/financial institution – 25%
- Off-shore listed investments – 10%
- Off-shore unlisted investments – 5%
- Related Party balances – 10%

The table below summarises the Fund's asset allocation as at 31 December 2024 in comparison to the CMA limits:

| Security | Market Value Shs' 000 | % | Maximum allowed | Breach % |
|--------------------------------|--------------------------|-------------|--------------------|-------------|
| Cash & fixed income securities | 104,156 | 49.95% | 60% | - |
| Equities | 43,556 | 20.89% | 60% | - |
| Offshore unlisted securities | 6,394 | 3.07% | 5% | - |
| Other alternative investments | 54,401 | 26.09% | 10% | 16.09% |
| Total | 208,507 | 100% | | |

As at 31 st December the Fund was in breach of the unlisted securities limit. The Fund manager maintains ongoing communication with the regulator providing regular updates on the Fund's progress for their review and acknowledgement.

4. Financial risk management objective and policies (continued)

Market risk

(i) Foreign exchange risk

As at 31 December 2024 and 2023, the Fund had exposure to foreign exchange risk. At 31 December 2024 the Fund had investments in offshore instruments and is therefore exposed to the US Dollar.

At 31 December 2024, if the Shilling had weakened/strengthened by 5% (2023: 5%) against the US Dollar with all other variables held constant, income available for distribution would have been Shs 319,719 (2023: Shs 2,569,212) higher/lower, mainly as a result of the foreign currency denominated offshore investments.

(ii) Price risk

The Fund invests in financial instruments that are subject to price risk. These are monitored closely by the management team to ensure risks are mitigated.

As at 31 December 2024, if the Securities Exchange Indexes of all the countries the securities are invested in had increased/decreased by 15% (2023:15%), with all other variables held constant and all the funds equity instrument moved according to the historical correlation to the indexes, income available for distribution for the year would have been Shs 6,533,400 (2023: Shs 4,540,917).

(iii) Cash flow and fair value interest rate risk

The Fund's interest-bearing financial assets are corporate securities, government securities and deposits with financial institutions, which are at fixed rate, and on which it is therefore not fully exposed to cash flow interest rate risk. The Fund manager regularly monitors financing options available to ensure optimum interest rates are obtained.

Credit risk

The Fund is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. In accordance with the Funds' policy, the fund manager monitors the Funds' credit position on a daily basis, and it is reviewed on a quarterly basis by the Fund's investments committee.

The amount that best represents the Fund's maximum exposure to credit risk at 31 December 2024 and 31 December 2023 is made up as follows:

| | 2024 Shs'000 | 2023 Shs'000 |
|--------------------------------------|-------------------------------|-------------------------------|
| Deposits with financial institutions | 103,943 | 3,135 |
| Other receivables | - | 55 |
| Bank and cash balances | 213 | 118 |
| Total | 104,156 | 3,308 |

4. Financial risk management objective and policies (continued)

Credit risk (continued)

No collateral is held for any of the above assets. All assets that are considered impaired are carried at their estimated recoverable value. An analysis of the expected credit losses on these assets is presented in note 9(iv).

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily withdrawal of Funds by investors. The Fund does not maintain cash balances to meet all of these needs as experience shows that a certain amount of withdrawals is requested daily and can be predicted with a high level of certainty. Management closely monitors the proportion of maturing Funds available to meet such calls and on the minimum level of Funds that should be in place to cover withdrawals at unexpected levels of demand.

The table below analyses the Fund's financial liabilities and unit holder balances that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

| | Due on demand Shs '000 | Due within 3 months Shs '000 | Total Shs '000 |
|----------------------------------|---------------------------------------|---|---------------------------|
| At December 2024 | | | |
| Unit holders' balances (Note 10) | 207,421 | - | 207,421 |
| Accrued expenses (Note 11) | - | 1,018 | 1,018 |
| Taxes payable (Note 8) | - | 68 | 68 |
| | 207,421 | 1,086 | 208,507 |
| At December 2023 | | | |
| Unit holders' balances (Note 10) | 470,605 | - | 470,605 |
| Accrued expenses (Note 11) | - | 15,620 | 15,620 |
| Taxes payable (Note 8) | - | 23 | 23 |
| | 470,605 | 15,643 | 486,248 |

Fair value estimation

The Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

4. Financial risk management objective and policies (continued)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value estimation (continued)

The following table presents the funds' assets that are measured at fair value at 31 December 2024.

| At 31 December 2024 | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------|-----------------|-----------------|-----------------|
| Assets | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| Financial assets at fair value through profit or loss: | | | | |
| - Quoted ordinary shares | 43,556 | - | - | 43,556 |
| - Unquoted investment in offshore fund | - | 6,394 | - | 6,394 |
| - Investment in property fund | - | - | 54,401 | 54,401 |
| Total assets | 43,556 | 6,394 | 54,401 | 104,351 |
| At 31 December 2023 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Quoted ordinary shares | 30,273 | - | - | 30,273 |
| - Unquoted offshore funds | - | 51,384 | - | 51,384 |
| - Investment in property funds | - | - | 401,283 | 401,283 |
| Total assets | 30,273 | 51,384 | 401,283 | 482,940 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Nairobi Securities Exchange equity investments classified as trading securities or at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, unit trusts and offshore shares) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4. Financial risk management objective and policies (continued)

Capital risk management

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders.

Fair values of financial assets and liabilities not carried at fair value

The fair values of the Fund's financial assets and liabilities approximate the respective carrying amounts, based on maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Fund at the statement of financial position date.

Valuation techniques

The fair value of investment in property funds is determined using the Net Asset Value (NAV) approach, as these investments represent a percentage of the NAV reported in the investee's Financials.

The following table provides a reconciliation of the movement in Level 3 financial assets during the year:

| Investment in property funds | Shs '000 2024 | Shs '000 2023 |
|-------------------------------------|--------------------------|--------------------------|
| At start of year | 51,384 | 47,464 |
| Additions | - | - |
| Disposal | (44,971) | - |
| Fair value loss (Note 9(ii)) | (19) | 3,920 |
| At end of year | 6,394 | 51,384 |

Sensitivity Analysis

Fair value measurements are sensitive to changes in the NAV of the underlying funds. A 5% change in Net Asset Value would result in an increase or decrease in fair value by Shs. 320,000.

| 5. Incomes | 2024 Shs '000 | 2023 Shs '000 |
|---|--------------------------|--------------------------|
| (i) Interest income | | |
| Interest income from deposits with financial institutions | 974 | 285 |
| (ii) Dividend income | 3,171 | 2,729 |
| (iii) Other income | 48 | - |
| 6. Realized loss on investments | | |
| Realised loss on equities | 2,703 | - |
| Realised loss on corporate securities | 9,922 | - |
| | 12,625 | - |

7. Service fees

Management fees relate to service fees paid to Britam Asset Managers (Kenya) Limited for the professional management of the Fund (Note 12). This is charged at 2.5% per annum, computed on the daily Fund balances. Audit fees, annual general meeting (AGM) fees and license fees are charged based on amounts agreed between the Fund Manager and the service provider. Trustee fees and custody fees are computed on the daily Fund balances at a rate of 0.18% and 0.15% respectively.

| | 2024 Shs '000 | 2023 Shs '000 |
|------------------------------|------------------|------------------|
| Management fees | 7,419 | 13,579 |
| Audit fees | 374 | 312 |
| Trustee fees | 740 | 825 |
| Custody fees | 470 | 687 |
| Annual general meeting costs | 28 | 52 |
| Licence fees | 63 | 43 |
| | <u>9,094</u> | <u>15,498</u> |

8. Taxation

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2023) and is exempt from income tax.

On 11 September 2009, Kenya Revenue Authority issued a public notice requiring the Fund to withhold tax on distributions to unit holders and dividend income. Tax is withheld at a rate of 5% and 15% for dividend and interest income respectively after the issue of the legal notice. Investments in Infrastructure bonds and the KenGen bond are however tax exempt.

The movements in the withholding tax during the year are as below;

| | 2024 Shs '000 | 2023 Shs '000 |
|--------------------------|------------------|------------------|
| At start of year | 23 | 1 |
| Withheld during the year | 456 | 172 |
| Payments | (411) | (150) |
| | <u>68</u> | <u>23</u> |

9 Investments

(i) Maturity profile of investments in the balanced fund

| 31 December 2024 | Upto 3 months Shs'000 | Due between 3 & 12 months Shs'000 | Due between 1 & 5 years Shs'000 | Due after 5 years Shs'000 | Totals Shs'000 |
|--------------------------------------|----------------------------------|--|--|--|---------------------------|
| Deposits with financial institutions | - | 103,943 | - | - | 103,943 |
| Total | - | 103,943 | - | - | 103,943 |

| 31 December 2023 | Upto 3 months Shs'000 | Due between 3 & 12 months Shs'000 | Due between 1 & 5 years Shs'000 | Due after 5 years Shs'000 | Totals Shs'000 |
|--------------------------------------|----------------------------------|--|--|--|---------------------------|
| Deposits with financial institutions | - | 3,135 | - | - | 3,135 |
| Total | - | 3,135 | - | - | 3,135 |

9. Investments (continued)

(ii) Movement in investments

| | Carrying value at 1 January | Purchases at cost | Accrued Interest | Sales/ maturities | Fair value gain/(loss) | Reversal /(Provision) of expected credit losses | Carrying value at 31 December |
|--------------------------------------|-----------------------------------|----------------------|---------------------|----------------------|---------------------------|--|-------------------------------------|
| | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| Year ended 31 December 2024 | | | | | | | |
| Quoted ordinary shares | 30,273 | - | - | (585) | 13,868 | - | 43,556 |
| Unquoted offshore fund | 51,384 | - | - | (44,971) | (19) | - | 6,394 |
| Deposits with financial institutions | 3,135 | 234,260 | 357 | (133,810) | - | 1 | 103,943 |
| Investment in property fund | 401,283 | - | - | (338,745) | (8,137) | - | 54,401 |
| Total | 486,075 | 234,260 | 357 | (518,111) | 5,712 | 1 | 208,294 |
| Year ended 31 December 2023 | | | | | | | |
| Quoted ordinary shares | 47,186 | - | - | - | (16,913) | - | 30,273 |
| Unquoted offshore fund | 47,464 | - | - | - | 3,920 | - | 51,384 |
| Corporate securities | 2,524 | - | - | - | (2,524) | - | - |
| Deposits with financial institutions | 502 | 18,550 | 84 | (16,000) | - | (1) | 3,135 |
| Investment in property fund | 393,006 | - | - | - | 8,277 | - | 401,283 |
| Total | 490,682 | 18,550 | 84 | (16,000) | (7,240) | (1) | 486,075 |

9. Investments (continued)

| | 2024 Shs '000 | 2023 Shs '000 |
|--|------------------|------------------|
| (iii) Classification of Quoted ordinary shares per sector: | | |
| Kenya: | | |
| - Commercial and services | 13,841 | 11,284 |
| - Finance and investment | 24,760 | 15,517 |
| - Industrial and allied | 4,955 | 3,472 |
| | <hr/> | <hr/> |
| | 43,556 | 30,273 |
| | <hr/> | <hr/> |

(iv) Expected Credit loss on investments.

The expected credit loss on investments relates to the Fund's investment in bank deposits that are held to maturity. The Fund is holding a Nil provision (2023: Shs 1,000) being the amount whose recoverability was assessed as being doubtful on the investments. The table below displays the movement of the expected credit loss between 31 December 2024 and 31 December 2023:

Deposits with financial institutions

| | Shs '000 |
|-------------------------------|----------|
| As at 1 January 2023 | - |
| Addition | 1 |
| | <hr/> |
| As at 31 December 2023 | 1 |
| | <hr/> |
| As at 1 January 2024 | 1 |
| Write back | (1) |
| | <hr/> |
| As at 31 December 2024 | - |
| | <hr/> |

(v) Interest, dividends and realised loss received

| | 2024 Shs '000 | 2023 Shs '000 |
|---------------|------------------|------------------|
| Deposits | 616 | 201 |
| Dividends | 3,227 | 2870 |
| Realized loss | (12,625) | - |
| Other incomes | 48 | - |
| | <hr/> | <hr/> |
| | (8,734) | 3,071 |
| | <hr/> | <hr/> |

10. Cash and bank balance

| | | |
|---------------------------|-------|-------|
| Cash and cash equivalents | 213 | 118 |
| | <hr/> | <hr/> |

11. Other receivables

| | 2024 Shs '000 | 2023 Shs '000 |
|---------------------|--------------------------------|--------------------------------|
| Dividend receivable | - | 55 |

12. Unit holders' balances

| | 2024 | | 2023 | |
|----------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
| | No. of units '000 | Shs '000 | No. of units '000 | Shs '000 |
| At start of year | 2,860 | 470,605 | 2,857 | 489,891 |
| Creations | 572 | 81,276 | 35 | 4,951 |
| Liquidations | (2,340) | (332,647) | (32) | (4,512) |
| Distributions for the year | - | (11,813) | - | (19,725) |
| At end of year | 1,092 | 207,421 | 2,860 | 470,605 |

13. Accrued expenses

| | 2024 Shs '000 | 2023 Shs '000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Management fees payable | 771 | 13,561 |
| Custody fees payable | 27 | 686 |
| Trustee fees payable | 54 | 822 |
| Annual general meeting fees payable | 1 | 50 |
| Licence fees payable | 3 | 43 |
| Audit fees payable | 1 | 313 |
| Other fund fees payable | 161 | 145 |
| | 1,018 | 15,620 |

14. Related party transactions

British-American Balanced Fund is managed by Britam Asset Managers (Kenya) Limited. Britam Asset Managers (Kenya) Limited is controlled by Britam Holdings Plc, a company incorporated in Kenya and listed at the Nairobi Securities Exchange (NSE). There are other entities that are related to Britam Asset Managers (Kenya) Limited through common shareholdings or common directorship.

The following transactions were carried out with related parties.

Service fees

| | 2024 Shs'000 | 2023 Shs'000 |
|--|-------------------------------|-------------------------------|
| Britam Asset Managers (Kenya) Limited (Note 7) | 7,419 | 13,579 |

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