



Real People Kenya Limited
(Registration number C3/2015)
Financial statements
for the year ended 31 December 2024

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

General Information

Country of incorporation and domicile	Kenya
Nature of business and principal activities	Provision of credit to small business owners
Company registration number	C3/2015
Registered office	L.R. No 209/22298 Lavington Court Apartments, Apartment A6 Muthangari Drive off Waiyaki Way Nairobi
Auditors	Nexia SJ Kenya LLP Certified Public Accountants of Kenya 3rd Floor Fedha Plaza Parklands Road P.O. Box 15206-00509 Nairobi Kenya
Secretary	Cornelius Kimamo Kigera
Holding company	Real People Holdings International Limited incorporated in Mauritius
Ultimate holding company	The GVR Trust incorporated in South Africa
Bankers	Kenya Commercial Bank -Moi Avenue, Nairobi Equity Bank -Equity center Stanbic Bank-Reinsurance Plaza
Legal advisors	Coulson Harney LLP (Bowmans)

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Contents

The reports and statements set out below comprise the financial statements presented to the shareholder:

	Page
Audit Committee Report	3 - 4
Statement of Directors' Responsibilities	5 - 6
Directors' Report	7 - 9
Independent Auditor's Report	10 - 14
Statement of Profit or Loss and Other Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Accounting Policies	19 - 30
Notes to the Financial Statements	31 - 48

Audit Committee Report

This report is provided by the audit committee appointed in respect of the financial year ended 31 December 2024 of Real People Kenya Limited. The Audit Committee is a sub-committee of the board of directors of the company. The report includes both these sets of duties and responsibilities.

1. External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of 2015 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act of 2015 that internal governance processes within the firm support and demonstrate the claim to independence.

The Audit Committee (AC) in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

2. Accounting practices and internal control

The AC receives regular reports provided as part of the planned internal audit (IA) program to assist in evaluating the Company's internal controls. The IA places emphasis on accountability, responsibility, independence, reporting, communication and transparency, both internally and in respect of all key external stakeholders. Significant areas of focus within the reports include the following:

- identifying and managing material risks within the company and changes to these risk profiles during the year;
- creating and maintaining an effective internal control environment throughout the company.
- demonstrating the necessary respect for the control environment; and
- identifying and correcting weaknesses in systems and internal controls.

The AC is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The audit committee receives regular reports on issues in the company's key issues control log from management and regular reports regarding governance and compliance matters. Where there are improvements required in internal controls, the Committee satisfied itself of the key actions required to affect the required improvements. Having considered, analysed, reviewed and debated information provided by management, IA and the external auditors, the Committee considers that the internal controls of the Company had been effective in all material aspects throughout the year under review.

3. Audit committee terms of reference.

The AC has adopted its formal terms of reference that have been approved by the board of directors. The audit committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.


Audit Committee Report

4. Audit committee members, meeting attendance and assessment.

The AC is independent and must consist of at least a majority of independent non-executive directors. It must meet at least four times a year as per its terms of reference. The Chief Executive Officer will attend the meeting. The Finance Manager, audit partner in charge of external audit and head of internal audit and other executives may attend the meeting by invitation and shall have unrestricted access to the Chairman and any other member of the committee as is required in relation to any matter that falls within the remit of the Committee.

The effectiveness of the audit committee and its members is assessed on an annual basis.

On behalf of the audit committee



Clyde AM
Chairman Audit Committee

25th April 2025

Real People Kenya Limited

Financial Statements for the year ended 31 December 2024

Statement of Directors' Responsibilities

The directors are required in terms of the Companies Act of 2015 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The Companies Act of 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year 31 December 2024. In light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the next 15 months, beyond which in the absence of capital injection will have to consider winding down operations in consultation with the noteholders and shareholders.

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

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 10 to 14.

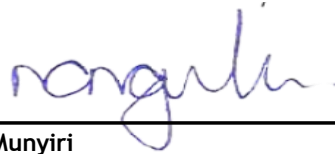
Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Statement of Directors' Responsibilities

The financial statements set out on pages 15 to 48, which have been prepared on the going concern basis, were approved by the board of directors on 25th April 2025 and were signed on their behalf by:



TM Karanja



CN Munyiri

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2024.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of 2015. The accounting policies have been applied consistently compared to the prior period. During the year 2020 the company changed its financial year end from 31 March to 31 December to align with mainstream financial institutions in Kenya.

	Dec 2024	Dec 2023
Loss for the period	(19,081)	(93,032)

The company reported a loss of KES 19,081 for the year ended 31 December 2024, reflecting a reduction from the loss of KES 93,032 recorded in the previous year.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Matters of emphasis

Deferred Tax Assets

The recognition of additional deferred tax assets on tax losses in the company remains suspended.

Investor

The shareholders have approved a management buyout and offer which will in part include additional capital injection of KES 300m during the year 2024.

4. Dividends

The board of directors does not recommend the declaration of a dividend for the year (2024: Nil).

5. Directors

The directors in the office at the date of this report are as follows:

Directors	Office	Designation	Nationality	Date of appointment
JL Adembesa	Director	Independent	Kenyan	01/09/2024
AM Clyde	Director	Non-executive	Kenyan	01/11/2023
CN Munyiri	Director	Independent	Kenyan	01/11/2023
TM Karanja	Chairperson	Non-executive	Kenyan	08/01/2018
RL Shibutse	CEO	Executive	Kenyan	19/12/2019
FO Menya	CCO	Executive	Kenyan	22/09/2020

There have been changes to the directorate for the year under review, appointment of one independent non-executive director.

6. Events after the reporting period

The directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the next 15 months, beyond which in the absence of capital injection we will have to consider winding down operations in consultation with the noteholders and shareholders.

The directors are not aware of any other material event which occurred after the reporting date.

Directors' Report

7. Provision protecting directors from liability

There is no contractual agreement between the company and the directors to exempt the directors from any liability that would otherwise attach to the directors in connection with any negligence, default of duty or breach of trust in relation to the company.

8. Going concern

The directors have reviewed the company's cash flow forecast for the year 31 December 2024. In light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the next 15 months, beyond which in the absence of capital injection will have to consider winding down operations in consultation with the noteholders and shareholders.

9. Secretary

The company secretary is Mr. Cornelius Kimamo Kigera.

Postal address: PO Box 10643-00100
Nairobi
Kenya

10. Statement of disclosure to the company's auditors

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

- There is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- The person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

11. Terms of appointment of the auditors

Nexia SJ Kenya LLP were reappointed during the year and continue in office in accordance with the company's Articles of Association and Section 719 of the Companies Act of 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual engagement contract which sets out the terms of the auditor's appointment and the related fees.

12. Shareholding

The ordinary shares in the company are held by Real People Holdings International Limited (99.99988%) and other shareholders (0.00012%).

Directors' Report

The financial statements set out on pages 15 to 48, which have been prepared on the going concern basis, were authorised and approved by the board of directors on 25th April 2025, and were signed on its behalf by:

By Order of the Board



TM Karanja
Chairperson

2025

**Independent Auditor's Report
To the Members of Real People Kenya Limited
Report on the Audit of the financial statements**

Opinion

We have audited the accompanying financial statements of Real People Kenya Limited (the Company), set out on pages 16 to 48, which comprise the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

a) Material uncertainty related to going concern

Without qualifying our opinion, we draw your attention to Note 24 of the financial statements and the Statement of Profit or Loss and Other Comprehensive Income which indicates that the company incurred a loss for the year of KSh. 19 million for the year ended 31 December 2024 and has an accumulated loss position on its statement of financial position of KSh. 789.33 million as of that date. The Company is relying on expected capital injection from potential investors in order to finance and sustain operations, and hence return to profitability in the foreseeable future.

These events or conditions, indicate that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern.

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 (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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No.	Key audit matters	How our audit addressed the key audit matters
1.	Expected credit losses on loans receivable	
	<p>Provision is a subjective area due to the level of judgement applied by management in determining provisions. The Company is required to calculate impairment of loans receivable in accordance with the IFRS.</p> <p>We focused on the identification of impairment events, which differs based upon the type of lending product and customer. Judgement is required to determine whether a loss has been incurred.</p> <p>We also focused on the measurement of expected credit losses, including the assessment of whether historical experience is appropriate when assessing the likelihood of incurred losses in respect to the loans receivable. As disclosed in under the notes to the financial statements, judgement is applied in determining the appropriate parameters and assumptions used to calculate impairment. For example, these include the assumption of customer that will default, the valuation of collateral for secured lending and the expected future cash flows of loans receivable.</p>	<p>Our audit procedures included the assessment of key controls over the approval, recording and monitoring of loans receivable, and evaluating the methodologies, inputs and assumptions used by the Company in calculating collectively assessed expected credit losses, and assessing the adequacy of impairment allowances for individually assessed loans receivable. As part of this, we assessed the Company's estimates and assumptions used including the consistency of judgement applied in determination of the amount and timing of expected future cash flows, and consideration of economic factors and historical default rates.</p> <p>We also assessed whether the financial statements disclosures appropriately reflect the Company's exposure to credit risk.</p>

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Auditor's responsibilities for the audit of the financial statements (continued)

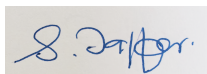
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other matters prescribed by the Kenyan Companies Act

In our opinion the information given in the Report of the Directors on pages 7 to 9 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Sujata Hanif Jaffer**, Practicing Certificate No. P/2609.



For and on behalf of Nexia SJ Kenya LLP
Certified Public Accountants
Nairobi

Date
Ref: 3/25

Real People Kenya Limited

Financial Statements for the year ended 31 December 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings thousand	Note(s)	2024	2023
Revenue	4	90,600	80,119
Other operating income	5	1,373	619
Movement in credit loss allowances	6	6,462	28,222
Other operating expenses		(112,487)	(161,326)
Operating loss	6	(14,053)	(52,366)
Finance costs/income)	8	(5,029)	(40,666)
Loss for the year		(19,081)	(93,032)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of Medium-Term Note	19	-	-
Remeasurement of tax receivable	22	-	-
Total items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year's net of taxation		-	-
Total comprehensive (loss)/income for the year		(19,081)	(93,032)

Real People Kenya Limited

Financial Statements for the year ended 31 December 2024

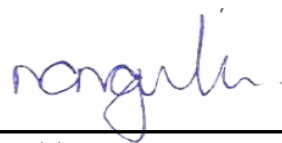
Statement of Financial Position as at 31 December 2024

Figures in Shillings thousand	Notes	2024	2023
Assets			
Non-Current Assets			
Equipment	11	348	1,538
Right-of-use assets	12	12,385	10,854
Tax receivable	25	216,457	216,320
		229,190	228,712
Current Assets			
Loans receivable	16	189,586	217,670
Trade and other receivables	15	10,831	11,857
Cash and cash equivalents	17	7,186	7,566
		207,603	237,093
Total Assets		436,794	465,805
Equity and Liabilities			
Equity			
Share capital	18	750,000	750,000
Accumulated loss		(789,331)	(768,896)
		(39,331)	(18,896)
Liabilities			
Non-Current Liabilities			
Financial liabilities at fair value	19	453,033	455,755
Lease liabilities	12	3,823	1,234
		456,856	457,009
Current Liabilities			
Trade and other payables	20	8,875	14,604
Lease liabilities	12	10,394	13,088
		19,269	27,692
Total Liabilities		476,124	484,701
Total Equity and Liabilities		436,794	465,805

The financial statements and the notes on pages 7 to 48, were approved and authorised for issue by the board of directors on the 25th April 2025 and were signed on its behalf by:



TM Karanja



CN Munyiri

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Statement of Changes in Equity

Figures in Shillings thousand	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 01 January 2023	250,000	500,000	750,000	(675,864)	74,136
Loss for the year	-	-	-	(93,032)	(93,032)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(93,032)	(93,032)
Balance at 01 January 2024	250,000	500,000	750,000	(768,896)	(18,896)
Loss for the year	-	-	-	(19,081)	(19,081)
Adjustment during the year	-	-	-	(1,353)	-
Total comprehensive Loss for the year	-	-	-	(19,081)	(19,081)
Balance at 31 December 2024	250,000	500,000	750,000	(789,331)	(39,331)

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Statement of Cash Flows

Figures in Shillings thousand	Note(s)	2024	2023
Cash flows from operating activities			
Cash used in operations	21	2,540	3,755
Tax paid	22	(137)	(30)
Net cash from operating activities		2,403	3,725
Cash flows from investing activities			
Purchase of equipment	11	(41)	(267)
Cash flows from financing activities			
Cash repayments on lease/financial liabilities	26	(2,742)	(7,226)
Total cash movement for the year		(380)	(3,767)
Cash and cash equivalents at the beginning of the year		7,566	11,333
Cash and cash equivalents at the end of the year	17	7,186	7,566

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of 2015.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Shillings, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Useful lives of equipment

Management assess the appropriateness of the useful lives of equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Accounting Policies

1.3 Equipment

Equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
Computer software	Straight line	3 years
Leasehold improvements	Straight line	6 years
Advertising boards	Straight line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

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

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	5 years
Computer software, acquired	Straight line	3 years

Accounting Policies

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 3 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans receivable (note 16) are classified as financial assets subsequently measured at amortised cost.

Accounting Policies

1.5 Financial instruments (continued)

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the year's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

Accounting Policies

1.5 Financial instruments (continued)

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Write off policy

The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 6).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 15).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Accounting Policies

1.5 Financial instruments (continued)

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line.

Trade and other payables

Classification

Trade and other payables (note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs/(income) (note 8).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Cash and cash equivalents

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.6 Hedge accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Accounting Policies

1.6 Hedge accounting (continued)

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The company excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The company only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.7 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 6) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 12 Leases (company as lessee).

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Accounting Policies

1.9 Impairment of assets (continued)

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Dividends are recognised as a liability in the year in which they are declared.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.11 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Lending

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.13 Borrowing costs

Borrowing costs are amortised over the life of the bond.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

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

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Shillings by applying to the foreign currency amount the exchange rate between the Shillings and the foreign currency at the date of the cash flow.

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

Figures in Shillings thousand	2024	2023
-------------------------------	------	------

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> • Lease liability in a sale and leaseback • Initial application of IFRS 17 and IFRS 9 - Comparative information • Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 • Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2. • Definition of accounting estimates: Amendments to IAS 8 • Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 	<ul style="list-style-type: none"> 01 January 2024 01 January 2023 01 January 2023 01 January 2023 01 January 2023 01 January 2023 	<ul style="list-style-type: none"> Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

Figures in Shillings thousand			2024	2023
3. Financial instruments and risk management				
Categories of financial instruments				
Categories of financial assets				
2024				
	Note(s)	Amortised cost	Total	Fair value
Loans receivable	16	189,586	189,586	189,586
Trade and other receivables	15	10,831	10,831	10,831
Cash and cash equivalents	17	7,186	7,186	7,186
		207,603	207,603	207,603
2023				
	Note(s)	Amortised cost	Total	Fair value
Loans receivable	16	217,670	217,670	217,670
Trade and other receivables	15	11,857	11,857	11,857
Cash and cash equivalents	17	7,566	7,566	7,566
		237,093	237,093	237,093

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

3. Financial instruments and risk management (continued)

Categories of financial liabilities

2024

	Note(s)	<i>Fair value through profit or loss - Designated</i>	<i>Amortised cost</i>	<i>Leases</i>	<i>Total</i>	<i>Fair value</i>
Trade and other payables	20	-	8,875	-	8,875	8,875
Finance lease obligations	12	-	-	14,217	14,217	14,217
Other financial liabilities at fair value	19	453,033	-	-	453,033	453,033
		453,033	8,875	14,217	476,124	476,124

2023

	Note(s)	<i>Fair value through profit or loss - Designated</i>	<i>Amortised cost</i>	<i>Leases</i>	<i>Total</i>	<i>Fair value</i>
Trade and other payables	20	-	14,604	-	14,604	14,604
Finance lease obligations	12	-	-	14,322	14,322	14,322
Other financial liabilities at fair value	19	455,775	-	-	455,775	455,775
		455,775	14,604	14,322	484,701	484,701

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

Figures in Shillings thousand

3. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

2024

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Movement in credit loss allowances	6	6,462	6,462

2023

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Movement in credit loss allowances	6	28,222	28,222

Notes to the Financial Statements

3. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

2024

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	8	(3,258)	(1,771)	(5,029)

2023

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	8	(37,955)	(2,710)	(40,666)

		2024	2023
Capital risk management			
Financial liabilities at fair value	19	453,033	455,775
Lease liabilities		14,217	14,264
Trade and other payables	20	8,875	14,604
Total borrowings		476,125	484,642
Cash and cash equivalents	17	(7,186)	(7,566)
Net borrowings		468,939	477,076
Equity		(39,331)	(18,896)
Gearing ratio		(1,192) %	(2,525) %

Notes to the Financial Statements

3. Financial instruments and risk management (continued)

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

		2024			2023		
		<i>Gross carrying amount</i>	<i>Credit loss allowance</i>	<i>Amortised cost / fair value</i>	<i>Gross carrying amount</i>	<i>Credit loss allowance</i>	<i>Amortised cost / fair value</i>
Loans receivable	16	1,519,193	(1,329,607)	189,586	1,561,885	(1,344,214)	217,670
Trade and other receivables	15	10,831	-	10,831	11,857	-	11,857
Cash and cash equivalents	17	7,186	-	7,186	7,566	-	7,566
		1,537,210	(1,329,607)	207,603	1,581,308	(1,344,214)	237,093

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2024

		<i>Carrying amount</i>
Non-current liabilities		
Financial liabilities at fair value	19	453,033
Lease liabilities		3,823
Current liabilities		
Trade and other payables		8,875
Lease liabilities		10,394
		476,124

2023

		<i>Carrying amount</i>
Non-current liabilities		
Financial liabilities at fair value	19	455,775

Notes to the Financial Statements

3. Financial instruments and risk management (continued)

Lease liabilities		1,234
Current liabilities		
Trade and other payables	20	14,604
Lease liabilities		13,088
		484,700

4. Revenue

Revenue from contracts with customers

Fee income	10,824	(2,987)
Interest income	79,776	83,106
	90,600	80,119

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Rendering of services

Net fees earned/ (paid)	10,824	(2,937)
-------------------------	--------	---------

Interest income from customers

Interest income	79,776	83,106
-----------------	--------	--------

Total revenue from contracts with customers	90,600	80,119
--	---------------	---------------

Timing of revenue recognition

Over time

Rendering of services	10,824	(2,937)
Interest income	79,776	83,106
	90,600	80,119

5. Other operating income

Commissions received	1,373	619
----------------------	-------	-----

6. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

Audit fees	891	1,873
------------	-----	-------

Remuneration, other than to employees

Consulting and professional services	16,512	6,204
Secretarial services	1,096	85
	17,608	6,289

Notes to the Financial Statements

6. Operating profit (loss) (continued)

Employee costs

Salaries, wages, bonuses and other benefits	54,852	104,389
Relocation costs	98	-
Staff welfare	2,197	2,505
Training	173	221
Retirement benefit plans: defined contribution expense	-	1,183
Termination benefits	-	-
Total employee costs	57,321	108,298

Average number of persons employed during the year

Sales and marketing	37	37
Call centre	1	4
Credit	1	1
Executive	2	2
Finance	2	2
Head office and administration	1	1
Human resources	1	1
Information technology	1	2
Legal/Registry	2	2
Vetting	1	2
	49	54

Leases

Short-term leases	1,771	2,710
Total lease expenses	1,771	2,710

Depreciation and amortisation

Depreciation of equipment	1,263	1,661
Depreciation of right-of-use assets	6,975	7,117
Amortisation of intangible assets	-	-
Total depreciation and amortisation	8,238	8,778

Movement in credit loss allowances

Loans receivables at amortised cost	(6,462)	(28,222)
-------------------------------------	---------	----------

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	57,321	108,298
Lease expenses	1,771	2,710
Depreciation, amortisation and impairment	8,238	8,778
Other expenses	41,900	41,481
	109,230	161,267

Notes to the Financial Statements

7. Employee costs

Employee costs		
Basic	46,392	90,945
Commissions	1,274	2,138
Bonus	-	-
Medical aid - company contributions	6,488	9,995
Other payroll levies	1,257	1,343
Leave pay provision charge	(558)	(32)
Relocation costs	98	-
Staff welfare	2,197	2,505
Training	173	221
Retirement benefit plans	-	1,183
Termination benefits	-	-
	57,321	108,298

8. Finance costs/(income)

Lease liabilities	1,771	2,710
Interest expense on bond	3,258	37,956
Total finance costs/(income)	5,029	40,666

9. Directors' emoluments

Non-executive

2024

<i>Directors' emoluments</i>	<i>Fees for services as director</i>	<i>Total</i>
YM Godo	791	791
TM Karanja	1,445	1,445
JL Adembesa	385	385
CN Munyiri	1,251	1,251
AM Clyde	1,156	1,156
	5,028	5,028

2023

<i>Directors' emoluments</i>	<i>Fees for services as director</i>	<i>Total</i>
YM Godo	1,530	1,530
TM Karanja	1,530	1,530
EN Ndemo	1,700	1,700
CN Munyiri	240	240
AM Clyde		255
	4,731	4,731

Notes to the Financial Statements

10. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(19,081)	(93,032)
Tax at the applicable tax rate of 30%	(5,724)	(27,909)
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	1,263	3,442
Income not subject to tax	-	-
Deferred tax not recognised	-	24,216
	-	-

The normal procedure for agreeing final income tax liability in Kenya involves the Company filing its final income tax returns with the Kenyan Revenue Authority (KRA) followed by KRA performing their own review of the Company's submissions and issuing their notice of income tax assessments to the Company. The final income tax liability as determined by KRA after their review may differ from the liability determined by the Company and procedures are in place for the Company to object and appeal against such assessments.

It is common that a time frame from the Company's own submission of its final tax returns and for KRA performing their review and issuing of notice of final tax assessment may take months or years.

The financial statements indicate that the company has an amount receivable from the Kenya Revenue Authority of KES 215 million for prior years overpayments of taxes. The refund claim has been filed with the Kenya Revenue Authority and as at the date of this report, it is uncertain when the matter will be settled as this is dependent on audit by Kenya Revenue Authority.

11. Equipment

	2024			2023		
	<i>Cost or revaluation</i>	<i>Accumulated depreciation</i>	<i>Carrying value</i>	<i>Cost or revaluation</i>	<i>Accumulated depreciation</i>	<i>Carrying value</i>
Furniture and fixtures	7,236	(7,177)	59	43,868	(43,730)	138
Office equipment	4,890	(4,878)	12	10,933	(10,904)	29
Computer software	33,901	(33,624)	277	72,753	(71,954)	1,372
Total	46,027	(45,679)	348	127,554	(126,556)	1,538

Reconciliation of equipment - 2024

	<i>Opening balance</i>	<i>Additions</i>	<i>Depreciation</i>	<i>Total</i>
Furniture and fixtures	138	-	(79)	59
Office equipment	29	-	(17)	12
Computer equipment and software	1,372	41	(1,167)	277
	1,538	41	(1,263)	348

Notes to the Financial Statements

11. Equipment (continued)

Reconciliation of equipment - 2023

	<i>Opening balance</i>	<i>Additions</i>	<i>Depreciation</i>	<i>Total</i>
Furniture and fixtures	273	-	(102)	138
Office equipment	64	-	(35)	29
Computer software	2,627	267	(1,555)	1,372
	2,964	267	(1,692)	1,538

12. Leases (company as lessee)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Leasehold property	12,385	10,854
--------------------	--------	--------

Additions to right-of-use assets

Leasehold property	-	-
--------------------	---	---

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 6), as well as depreciation which has been capitalised to the cost of other assets.

Leasehold property	6,975	7,117
--------------------	-------	-------

Other disclosures

Interest expense on lease liabilities	1,771	2,710
Expenses on short-term leases included in operating expenses	-	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	2,956	9,692
Two to five years	11,261	4,630
	14,217	14,322
Less future finance charges component	-	-
	14,217	14,322
Non-current liabilities	3,823	1,232
Current liabilities	10,394	13,088
	14,217	14,322

Notes to the Financial Statements

13. Intangible assets

	2024			2023		
	<i>Cost / Valuation</i>	<i>Accumulated amortisation</i>	<i>Carrying value</i>	<i>Cost / Valuation</i>	<i>Accumulated amortisation</i>	<i>Carrying value</i>
Computer software, internally generated	306	(306)	-	306	(306)	-

Reconciliation of intangible assets - 2024

Reconciliation of intangible assets - 2023

	<i>Opening balance</i>	<i>Amortisation</i>	<i>Total</i>
Computer software, internally generated	1,787	(1,787)	-

14. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement.

Unrecognised deferred tax asset

Equipment	-	(7,500)
Provisions for leave days	-	296
Provisions for loans and advances	-	403,265
Tax losses	-	(458,331)
Right of use assets	-	2,135
	-	60,135

15. Trade and other receivables

Financial instruments:

Trade receivables	9,072	9,963
Deposits	1,469	1,469
Staff advances	290	424
Total trade and other receivables	10,831	11,857

Split between non-current and current portions

Current assets	10,831	11,857
----------------	--------	--------

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	10,831	11,857
-------------------	--------	--------

Exposure to currency risk

The net carrying amounts, in Shillings, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Shillings by converting the foreign currency amount at the closing rate at the reporting date.

Notes to the Financial Statements

Figures in Shillings thousand	2024	2023
15. Trade and other receivables (continued)		
Shillings Amount		
Shillings	10,831	11,857
16. Loans receivable		
Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:		
Performing advances	189,773	217,041
Non-performing advances	1,329,420	1,343,958
Provision for impairment	(1,329,607)	(1,343,328)
	189,586	217,670
Split between non-current and current portions		
Current assets	217,670	246,621
Exposure to credit risk		
Loans receivable inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.		
Reconciliation of loss allowances		
The following tables show the movement in the loss allowances for loans receivable. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.		
Advances to customers: Loss allowance measured at lifetime ECL (credit impaired):		
Opening balance	(1,343,328)	(1,372,371)
Transfer (to) from lifetime expected credit losses (credit impaired)	13,721	29,055
Financial assets that have been derecognised during the reporting period	-	-
Closing balance	(1,329,607)	(1,343,328)
Changes due to investments recognised at the beginning of the reporting period:		
Performing loans (PL0)	315	862
Performing loans (PL1)	12	19
Performing loans (PL2)	671	2
Performing loans (PL3)	534	271
Non performing loans (NPL)	1,491	250
Non performing loans (NPL + 180 days)	1,326,584	1,341,924
Gross carrying amount at end of reporting period	1,329,607	1,343,328

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

Figures in Shillings thousand	2024	2023
16. Loans receivable (continued)		
Exposure to currency risk		
Shillings amount		
Shillings	189,586	217,670
Fair value of loans receivable		
The fair value of loans receivable approximates their carrying amounts.		
17. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	251	262
Bank balances	6,548	7,303
Short-term deposits	388	-
	7,186	7,566
Exposure to currency risk		
Shillings amount		
Shillings	7,186	7,566
18. Share capital		
Authorised		
2,500,000 Ordinary shares of KES 100 each	250,000	250,000
Describe any changes in authorised share capital e.g. Conversion to net present value shares.		
Issued		
Ordinary	250,000	250,000
Share premium	500,000	500,000
	750,000	750,000
19. Financial liabilities at fair value		
At amortised cost		
Medium term notes	453,033	455,775

Notes to the Financial Statements

Figures in Shillings thousand	2024	2023
-------------------------------	------	------

At a meeting of the note holders held on 21 December 2021, of the KES 267,100,000 3 year and KES 1,036,000,000 5-year Senior Unsecured Notes due 2019 and 2020 respectively, the noteholders, by means of extraordinary resolutions resolved that:

- (i) Seventy per cent. (70%) of the principal amount of each outstanding Note (the said 70% hereinafter the Forgiven Debt) be waived, cancelled and forgiven, and each Noteholder hereby waives cancels and forgives payment by the Issuer of the Forgiven Debt and further waives any claim or demand with respect to the Forgiven Debt (the reduced Notes hereafter (excluding the Forgiven Debt) hereafter referred to as the Restructured Notes).
- (ii) The Maturity Date for the Restructured Notes be extended to 28 February 2025.
- (iii) The principal amount outstanding on the Restructured Notes shall be redeemed in three (3) equal tranches on 28 February 2023; 28 February 2024; and 28 February 2025.
- (iv) The Issuer shall utilise any proceeds of any tax refund received by it from the Kenya Revenue Authority towards the settlement of the outstanding principal amount of the Restructured Notes. The Issuer shall make such payment as soon as possible upon receipt of the tax refund, but in any event no later than fourteen (14) days after such receipt. Upon such redemption, the outstanding amount of the Restructured Notes shall be redeemed, mutatis mutandis in accordance with the schedule set out in this resolution 2(iii).
- (v) The interest accrued and payable on the Restructured Notes for the period commencing 3 August 2020 and ending on 28th February 2022 be and is hereby waived.
- (vi) Interest on the outstanding principal amount of the Restructured Notes shall stop accruing with effect from 1 February 2024.
- (vii) Beginning from June 2024, The noteholders agreed to a monthly payment of KES 1 million, with the payments been disbursed at the end of each quarter.

Split between non-current and current portions

Non-current liabilities	260,620	260,620
Current liabilities	192,413	195,154
	453,033	455,775

Exposure to currency risk

The carrying amounts of financial liabilities at fair value, in Shillings, are denominated in the following currencies. The amounts have been presented in Shillings by converting the foreign currency amount at the closing rate at the reporting date.

Shillings amount		
Shillings	453,033	455,775

20. Trade and other payables

Financial instruments:		
Accrued leave pay	467	989
Accrued expenses	7,160	4,403
Salary control accounts	1,715	9,202
Other payables	0.3	9
	8,875	14,604

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	8,875	14,604
-------------------	-------	--------

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

Figures in Shillings thousand	2024	2023
21. Cash used in operations		
Loss before taxation	(19,081)	(93,032)
Adjustments for non-cash items:		
Depreciation and amortisation	1,149	1,692
Adjustment to leases	(1,353)	
Net impairments and movements in credit loss allowances	6,462	28,222
Adjust for items which are presented separately:		
Finance costs	(1,636)	45,073
Changes in working capital:		
(Increase) decrease in trade and other receivables	22,728	7,699
Increase (decrease) in trade and other payables	(5,729)	13,372
Advances to customers	-	729
	2,540	3,755
22. Tax paid		
Balance at beginning of the year	216,320	216,290
Remeasurement of tax receivable		
Balance at end of the year	(216,457)	(216,320)
	137	30
23. Related parties		
<i>Relationships</i>		
Ultimate holding company	The GVR Trust	
Holding company	Real People Holdings International Limited	
Compensation to directors and other key management		
Short-term employee benefits		-

24. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2024. In light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the next 12 months, beyond which in the absence of capital injection will have to consider winding down operations in consultation with the noteholders and shareholders.

25. Tax receivable

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

Figures in Shillings thousand	2024	2023
25. Tax receivable (continued)		
Heading		
Overpaid taxes 2014	2,600	2,600
Overpaid taxes 2015	74,379	74,379
Overpaid taxes 2016	71,334	71,334
Assessed refund 2016	67,019	67,019
Withholding tax	930	793
Turnover tax paid to be set off	195	195
	216,457	216,320

Real People Kenya Limited
Financial Statements for the year ended 31 December 2024

Notes to the Financial Statements

26. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2024

	<i>Opening balance</i>	<i>Interest expense</i>	<i>New leases</i>	<i>Total non-cash movements</i>	<i>Cash flows</i>	<i>Closing balance</i>
Other financial liabilities measured at fair value	455,775	3,258	-	3,258	(6,000)	453,033
Finance lease liabilities	14,322	1,771	8,458	10,229	(10,334)	14,217
	470,097	5,019	8,458	13,487	(16,334)	467,250
Total liabilities from financing activities	470,097	5,019	8,458	13,487	(16,334)	467,250

Reconciliation of liabilities arising from financing activities - 2023

	<i>Opening balance</i>	<i>Interest expense</i>	<i>New leases</i>	<i>Total non-cash movements</i>	<i>Cash flows</i>	<i>Closing balance</i>
Other financial liabilities measured at fair value	417,819	37,955	-	37,955	-	455,775
Finance lease liabilities	21,548	2,710	-	2,710	(9,995)	14,322
	439,367	40,665	-	40,665	(9,995)	470,097
Total liabilities from financing activities	439,367	40,665	-	40,665	(9,995)	470,097