UCHUMI SUPERMARKETS PLC
(Under Company Voluntary Arrangement)

ANNUAL REPORT & FINANCIAL STATEMENTS

AT

30 JUNE 2024

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(Under Company Voluntary Arrangement)

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FOR THE YEAR ENDED 30 JUNE 2024

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FOR THE YEAR ENDED 30 JUNE 2024

COMPANY INFORMATION

DIRECTORS

John Karani	Chairperson
Timothy Kabiru	
Ministry of Trade	Not represented
Industrial and Commercial Development Corporation	Represented by Erastus Njoroge
Fred Rabongo	Appointed 2018
Baiju Shah	Appointed 2018
George Karanja	Appointed 2018
Yesse Oenga	Appointed 2018
Mohamed Mohamed	Appointed 2018 Resigned 2022
John Mwara	Appointed August 2023
Lawrence Ngao	Chief Executive Officer - Appointed Feb 2024
Dr. Catherine Ngahu	Resigned in 2018
Dr. Julius Kipngetich	Resigned in 2018
Louis Onyango Otieno	Resigned in 2018
Margaret Kositany	Resigned in 2018
Glory Mukiri Kiogora	Resigned in 2018

PRINCIPAL PLACE OF BUSINESS
Langata Hyper Mall, Carnivore Road
PO Box 73167 - 00200
Nairobi.

AUDITORS
Mugo Waweru & Associates
Certified Public Accountants of Kenya
Brunei House, 2nd Floor
P O Box 27705-00506
Nairobi.

REGISTRARS
Central Depository & Settlement Corporation (CDSC)
10th Floor, Europa Towers;
Lantana Road, off Rhapta Road, Westlands,
P.O Box 3464 - 00103
Nairobi.

REGISTERED OFFICE
Langata Hyper Mall, Carnivore Road
PO Box 73167 - 00200
Nairobi.

COMPANY SECRETARY
CS. Judith Matata

COMPANY INFORMATION (CONTINUED)

BANKERS

Kingdom Bank Limited
Argwings Kodhek Close
P.O. Box 22741-00400
Nairobi

KCB Bank Kenya Limited
Kencom House
Moi Avenue
P.O. Box 48400 - 00100
Nairobi

Equity Bank Limited
NHIF Building
Upper Hill Road
P.O. Box 75104 - 00200
Nairobi

Co-operative Bank of Kenya Limited
Nairobi Business Centre
Haile Selassie Avenue
P.O. Box 19555
Nairobi

UBA Kenya Bank Ltd Limited
2nd Floor, Imperial Court Westlands
P O Box 31154-00100
Nairobi

REPORT OF THE DIRECTORS

The Directors submit their Report and the Audited Consolidated and Separate Financial Statements for the year ended 30 June 2024 which discloses the state of affairs of Uchumi Supermarkets Plc (formerly Uchumi Supermarkets Limited) the "Company" and its subsidiaries, together the "Group".

1. Principal activities

The principal activity of the Company is that of operating retail supermarkets. The activities of the subsidiary companies are those recorded in Note 22 to the Financial Statements.

2. Results

The Group's and the Company's results are set out on pages 31 and 32 respectively.

3. Dividend

The Directors do not recommend payment of a dividend in respect to the year ended 30 June 2024 (2023 – Nil).

4. Business Overview

a) General

The year marked a significant turning point in the Company's recovery journey. Key structural, legal and commercial developments towards stabilization of the business were attained. Although obligations that accrued in the past and a fragile retail market were serious constraints to improved financial performance, progress was made in re-establishing commercial momentum and in strengthening the Company's asset base. Some of the key developments are as follows: -

i. Revised Company Voluntary Arrangement (CVA)

A significant milestone was the adoption by creditors and stakeholders of a revised CVA framework. The modified plan of action incorporates updated asset recovery timelines and a more realistic debt settlement programme. The revision was necessitated by the "slower-than-expected" realization into cash of key assets and need to align the recovery plan with present-day market conditions.

4. Business Overview (Continued)

a) General (Continued)

ii. Corporate Business Segment

Corporate business registered encouraging growth and contributed positively to the Company's top-line. That business segment involves direct sales to institutions and bulk buyers and has proved to be more resilient compared to traditional retail outlets. It has become a key strategic pillar of the business. Concerted effort was made towards expanding the customer base, improving delivery reliability and optimizing the pricing structures.

iii. Leasing of Lang'ata Property

The Lang'ata Property was successfully leased to a third-party tenant. A consistent rental income stream was established, the property is no longer underutilized and is secured from the risk of a distress sale. The property's long-term commercial opportunities are preserved.

iv. Out-of-Court Settlement with UBA Bank

An out-of-court settlement was arrived at with UBA Bank. That settlement preserved the Company's interest in the Lang'ata Property. The settlement considerably reduced the Company's litigation risk and also reaffirmed its control over a critical asset that is already earmarked for creditor repayments.

v. Ongoing Legal Matter: 17-Acre Land Case with KDF

The Company was actively engaged in litigation against the KDF over the Kasarani Mall Ltd's Investment Property. The success of the CVA is largely hinged on the disposal of the asset.

The Court on 19th May, 2025 delivered Judgement against the Company. Orders were issued for the cancellation of the Company's title. An appeal was lodged against the Judgement and the Board of Directors strongly believes that there exists a high chance of success.

4. Business Overview (Continued)

a) General (Continued)

The Company entered year 2025 with cautious optimism. While challenges remain — particularly around liquidity, litigation risk, and market competition—the foundations laid in 2024 through the revised CVA, asset protection measures, and corporate business development are expected to support continued recovery.

Management remains committed to:-

- Strengthening cash flows through rental income and B2B sales,
- Concluding ongoing legal matters,
- Preserving and monetizing strategic assets,
- Maintaining transparency with creditors and stakeholders under the CVA framework.

The Board is confident that with continued discipline and stakeholder support, the Company will remain on the path toward long-term recovery and sustainable operations.

b) Financial Performance

The Company reported a marginal increase in revenue and profitability.

The sales were Kshs. 65.4 million (2023: Kshs. 36.1 million).

The Gross Profit was KShs. 15 million (2023: Kshs. 5.5 million). Other income was Kshs. 32.1 million (2023: KShs. 8.2 million). The total income was Kshs. 47.6 million (2023: Kshs. 13.6 million).

Operating expenses were Kshs. 109.7 million (2023: KShs. 63.8 million). Staff and Administrative costs represented 55% of the total expenditure. The Group posted an operating loss of KShs. 62.1 million (2023: KShs. 50 million). Non trading income was Kshs. 189.7 million. The total comprehensive income for the year was KShs. 111.9 million (2023: -loss - Kshs. 311.5 million).

As at 30th June 2023, the Group's total assets amounted to KShs 3.15 billion (2023: KShs 3.43 billion). The total liabilities were Kshs. 10.14 billion (2023: KShs. 10.52 billion). The net working capital was negative Kshs. 7.72 billion (2023: Kshs. 7.86 billion). The Group's Shareholders' Fund was a deficit of Kshs. 6.98 billion (2022: Kshs. 7.09 billion).

4. Business Overview (Continued)

b) Going Concern

The company remains in a technically insolvent position, with total liabilities far exceeding its asset base.

The Directors are committed towards the stabilization of the Company's operations and financial position. Key activities during and after the reporting period include:

- **Implementation of a Company Voluntary Arrangement (CVA):** The CVA remains a key component of the recovery framework, providing a structured path to manage debt and creditor settlements while allowing continued trading.
- **Operational Restructuring:** Cost rationalization, staff right-sizing, and improvements in procurement processes have been undertaken to preserve liquidity and improve margins.
- **Ongoing Strategic Engagements:** The Company is actively pursuing new revenue streams and partnership opportunities to improve its financial outlook.

The Directors will continue to closely monitor the Company's financial position and take appropriate actions to safeguard its viability.

5. Employees

The Directors are pleased to record their appreciation for the untiring efforts of all employees of the Group. The average number of employees in 2024 was 32 (2023: 74).

6. Directors' remuneration

Director's remuneration for the year ended 30 June 2024 was KShs. 8.3 million (2023: KShs. 0.733 million). These sums remain as part of the payables.

7. Relevant audit information

The Directors in office at the date of this report confirm that:

(i) There is no relevant audit information of which the Group and Company's auditor is unaware; and

7. Relevant audit information (Continued)

(ii) Each of the Directors have taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

8. Financial Statements

At the date of this report, the Directors were not aware of any circumstances which would have rendered the values attributed to assets and liabilities in the financial statements of the Group and Company misleading.

9. Auditors

The Company's auditors, Mugo Waweru & Associates, have expressed their willingness to continue in office in accordance with the requirements of the Kenyan Companies Act, 2015.

10. Approval of financial statements

The financial statements were approved at the meeting of the Board of Directors held on 30th May, 2025.

BY ORDER OF THE BOARD

COMPANY SECRETARY

CHAIRMAN'S STATEMENT

Dear Shareholders, Creditors, and Stakeholders,

It is my privilege to present the Chairman's Statement for the year ended 30th June 2024. This has been a pivotal year in the Company's ongoing recovery journey—marked by cautious resilience, meaningful restructuring, and guarded optimism for the future.

Navigating Persistent Challenges

The year 2024 continued to test our resilience. The Company remained under the Company Voluntary Arrangement (CVA) framework, working diligently to meet obligations to creditors while sustaining operations in a highly constrained liquidity environment. The business faced significant operational and legal hurdles, most notably the ongoing dispute over a critical 17-acre property, which remains before the courts. Despite these challenges, management remained focused on protecting value, preserving critical assets, and maintaining commercial continuity.

Key Milestones in Recovery

Amid these pressures, we achieved a number of strategic milestones that have laid the foundation for long-term recovery:

1. Revised CVA: The successful restructuring of the CVA terms in consultation with creditors provided a more realistic and manageable path for settlement, aligned with present asset timelines and market conditions.

2. Preservation and Monetization of Assets: Through an out-of-court settlement with a secured lender, the UBA Bank, we were able to protect the Lang'ata property from enforcement action. Subsequently, this property was successfully leased to China Square, generating consistent income and safeguarding its long-term value.

3. Growth in Corporate Business: We made meaningful progress in our corporate sales segment, which emerged as a reliable revenue stream, less exposed to the volatility of walk-in retail. This business line continues to grow and play a central role in our diversification efforts.

Governance and Oversight

The Board has remained actively engaged in guiding the Company through this period of uncertainty. Regular board and committee meetings were held throughout the year to ensure prudent oversight of legal matters, financial restructuring, and operational decisions. We continue to operate with transparency and accountability to all stakeholders, especially under the CVA framework.

CHAIRMAN'S STATEMENT

Continued…

Looking Ahead

As we enter 2025, the Company stands on firmer ground. We remain cautiously optimistic about resolving the 17-acre land case and unlocking further asset value to drive recovery. Efforts are also underway to strengthen internal operations and align our structure with a leaner, more agile business model.

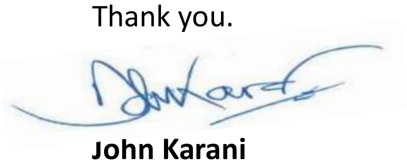
However, we are not blind to the challenges ahead. The retail sector remains highly competitive, our liquidity remains tight, and our recovery hinges on the continued cooperation of creditors, the timely resolution of legal matters, and our ability to preserve cash flows from leasing and corporate sales.

Appreciation

On behalf of the Board, I extend sincere appreciation to our shareholders, creditors, regulators, and commercial partners for their continued support, patience, and collaboration. I especially wish to thank our management team and employees, who have continued to show resilience, integrity, and commitment in the face of adversity.

We remain committed to completing our turnaround, restoring value, and building a stronger, more sustainable business.

Thank you.



John Karani

Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders, Partners, and Stakeholders,

The 2024 financial year was defined by both resilience and recalibration, as the company navigated a demanding business environment while laying the groundwork for long-term recovery and growth. In the face of ongoing liquidity constraints and a legacy of structural challenges, management remained focused on execution, discipline, and protecting strategic assets critical to the Company's turnaround.

Operational Realignment and Cost Discipline

During the year, the company recorded steady growth in revenue with 81% growth compared with 2023 topline sales. This was driven by improved stock availability, stronger supplier relationships, and a renewed focus on core retail operations. Management maintained prudent control over expenses, even as we sought to deliver consistent service to our customers across our two stores.

The company prioritized operational sustainability of the business. We implemented optimization of underutilized assets with the Langata property being leased out to China Square and onboarding other tenants to the premises thus generating critical non-core income. Notably, we took decisive action to convert the unbuilt section of the Langa'ta mall property—previously earmarked for expansion—into a temporary Uchumi shop.

Strategic Use of Lang'ata Property

A major achievement in 2024 was the successful leasing of the Lang'ata property to China Square who occupied the main hall. This lease not only affirmed the property's long-term strategic value but also injected significant and stable rental income into the business, easing pressure on operating cash flows.

In parallel, and pending resolution of an ongoing court matter with Hotspot Coffee Lounge, the company developed a temporary retail extension on the Lang'ata site to accommodate our Langa'ta retail outlet. This initiative enabled us to derive operational and commercial value from the undeveloped section of the land while the legal dispute remains unresolved. It reflects management's resourcefulness in extracting income from underutilized assets without jeopardizing long-term redevelopment plans.

Continued…

Legal and Strategic Matters

The ELC010 matter with KDF, a landmark matter with implications for the company's recovery and asset base, remained pending in court during the year under review. The company continues to monitor the process closely and is actively engaged in ensuring its position is strongly represented through competent legal counsel.

In a separate but related development, the company successfully reached an out-of-court settlement with UBA Bank who have been keen on selling the Lang'ata property as secured creditors. This significant milestone ensured that the Lang'ata property remained within the company's ownership and was not subjected to forced sale. The settlement also protected shareholder value and enabled the business to proceed with long-term leasing and development plans.

Corporate Restructuring and CVA Progress

In light of the prevailing legal uncertainties and delayed asset monetization, the company undertook a review and revision of the CVA (Company Voluntary Arrangement) framework in the month of August 2023. The revised CVA reflects a more realistic trajectory for cash inflows and creditor payments, while maintaining transparency and ongoing engagement with stakeholders. Management remains committed to the revised plan and continues to work closely with creditors and the Monitor to align expectations and outcomes.

Looking Ahead

While 2024 remained a year of transition and uncertainty, it also offered green shoots of resilience, adaptability, and strategic repositioning. The leasing of Lang'ata, growth in operating income, prudent cost management, and responsible asset utilization have laid a stronger foundation for the future.

On behalf of the management team, I extend my appreciation to the Board, our partners, our staff, and our loyal customers for their continued support. We remain cautiously optimistic and committed to rebuilding a leaner, stronger, and more viable enterprise in the years ahead.

Thank you

Lawrence Ngao

CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE STATEMENT

1. **Board composition**

The Board shall comprise a balance of executive and non-executive directors, with a majority being non-executive directors. Independent and non-executive directors should be at least one third of the total number of Board members. An independent Board member who has served the Board of Directors for a term not exceeding six years shall thereafter be re-designated as a non-independent member.

2. Role of the board

The Board should specifically exercise leadership, enterprise, integrity and judgment in directing the affairs of the Company so as to achieve continuing prosperity for the Company and its shareholders, and shall at all times act in the best interests of the Company in a manner based on transparency, integrity, accountability and responsibility.

The Board must specifically: -

I. define and chart out the Company’s vision, mission and values. The Board has ultimate responsibility for the attainment of the Company’s objectives;
II. determine the business strategies and plans that underpin the corporate strategy;
III. discuss and approve strategic plans and annual budgets;
IV. retain full and effective control over the Company, and monitor management’s implementation of the strategic plans and financial objectives as defined by the Board;
V. define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
VI. continually monitor the exercise of delegated power by management;
VII. ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Company;
VIII. ensure that the business of the Company is managed with a view to ensuring that the Company is ethical in all its dealings and exercises corporate social responsibility;
IX. ensure compliance by the Company with all relevant laws and regulations, audit and accounting principles, and such other principles as may be established by the Board from time to time;
X. identify key risks, opportunities and strengths relating to the Company;

2. Role of the board

The Board must specifically: -

Continued…

XI. ensure that the Company's organizational structure and capability are appropriate for implementing the chosen strategies;
XII. determine monitoring criteria to be used by the Board.

3. Responsibilities of the Chairman

The Chairman's primary role is to direct the Board's business and act as its facilitator and guide, ensuring that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.

The specific responsibilities of the Chairman include: -

I. providing leadership to the Board;
II. chairing Board and general meetings, which involves determining the agenda in consultation with the Chief Executive Officer and the Company Secretary and ensuring that the directors receive accurate, timely and clear information, and ensuring that the Board has an effective decision-making framework;
III. keeping track of the contribution of individual directors and ensuring visible participation;
IV. facilitating effective Board management (engaging the Board in assessing and improving its performance and overseeing the induction and development of directors);
V. monitoring the activities of Board Committees.

5. The role of the Chief Executive Officer

The Board shall appoint a Chief Executive Officer and set the terms and conditions of his/her employment.

The Chief Executive Officer's duties and responsibilities shall include but not limited to the following: -

I. Ensuring that the policies spelt out by the Board in the overall corporate strategy are fully adhered to and implemented subject to continuous review to accommodate changing market conditions and operating environment;

5. **The role of the Chief Executive Officer**

Continued…

II. Providing the Board with the support necessary for the identification and hiring of competent persons to direct and manage key functions and operations of the company;
III. Managing and coordinating the activities and operations of the company;
IV. Ensuring that the company's Human Resource Policy and Code of Conduct are adhered to by all employees of the company;
V. Establishing and maintaining efficient and adequate internal control and internal audit systems;
VI. Ensuring development of the senior management team as part of succession planning for his/her position;
VII. Designing and implementing appropriate management information systems in order to facilitate efficient and effective communication, procedures and operations of the company; and
VIII. Ensuring that the Board is regularly and adequately appraised on the operations and performance of the company through presentation of relevant Board papers, which must cover, but not limited to, the following areas:-

6. Directors' appointments

There will be a formal and transparent process for all appointments to the Board.

The Board Strategy, Finance, Human Resources and Operations Committee shall be directly involved in the sourcing of prospective Board members and the appointment of new directors shall be the prerogative of the Board of Directors and shall be based on merit and against an objective criteria.

The Criteria that shall be considered in the selection process shall include but not be limited to the following:-

- Integrity and good standing in society
- Financial literacy
- Leadership qualities
- Technical skills – such as those related to the retail sector, marketing, human resource management, legal, information technology and finance.
- Diversity
- Availability and willingness to commit time to the affairs of the Company

6. Directors' appointments

Continued…

The Board should, on a regular basis, consider whether its size, diversity and demographics make it effective. Diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender.

Board members shall receive formal letters of appointment setting out the main terms and conditions relative to their appointment.

On an annual basis, the Board will review and assess its composition and performance to ensure that:-

- The mix of membership is appropriate and compatible with the requirements of both the Board and the Company;
- Non-executive directors commit adequate time and contribute effectively to the Board.

The Board shall have a plan for continuing leadership development and succession planning for the position of the Chairman of the Board. The plan should address leadership identification and development.

7. Rotation of directors

Subject to the provisions in the Articles of Association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.

The Company at the meeting at which a Director retires in a manner as aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall if offering himself for re-election be deemed to have been reelected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

7. Rotation of directors (Continued)

In line with the CMA Code for Corporate Governance for Issuers of Securities to the Public, 2015, any director who serves in the position of a director for over six years shall be designated as a non-independent director.

8. Provision of information to directors

The Board has sole authority over its agenda and exercises this through the Chairman. The Chairman in consultation with the Chief Executive Officer and the Company Secretary will set the agenda for meetings. Any member may, through the Chairman, request the addition of an item to the agenda.

The Company Secretary shall be responsible for ensuring that proper notices of Board meetings and arrange for circulation of relevant papers. Documents for meetings will be circulated to the Directors at least seven days in advance of a Board or Committee Meeting.

Directors and committee members are expected to review the materials circulated in advance of the meetings.

9. Directors' remuneration

As the Board jointly and the individual Directors play a vital role in advancing the Company's strategic priorities and objectives and in providing oversight and supervision of the management of the business and affairs, appropriate remuneration for services performed by Directors is part of good governance.

Remuneration must reflect the importance and professional nature of Board work, and attract and retain qualified individuals. The establishment of guidelines for the reimbursement of expenses by the Board and its Directors promotes accountability and transparency.

The Strategy, Finance, Human Resource and Operations Committee shall be responsible for reviewing non-executive directors' remuneration and recommending the necessary changes to the Board of Directors as may be deemed necessary from time to time. In making these recommendations, due consideration must be given to the Board's expectations from directors in terms of time commitments, degree of responsibility and financial condition of the Company.

9. Directors' remuneration (Continued)

The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.
Directors' remuneration shall be presented for approval at the Annual General Meeting.

In determining the compensation for non-executive directors, the Strategy, Finance, Human Resources and Operations Committee shall consider the following:-

- The level of fees currently earned by directors in their professional capacity;
- the number of hours spent by directors in preparing for and attending meetings, as well as travel to meeting venues;
- current market rates applicable to organizations of similar size and in the same industry;

10. Board operations and meeting

Board meetings will be held at least four times in a year and special meetings shall be convened as necessary.

Board meetings shall take place at the venue agreed by the Directors. A schedule of the meetings will be provided to the directors as part of the Annual Board Work Plan. Online meetings are permitted but may not comprise more than 50% of the Board meetings per annum.

The Board may form committees of its members and may delegate any of its powers to any such committee. The frequency of the committee meetings will be determined by the individual committee, as stated in the terms of reference for each committee.

A summary of attendance at the Board meetings held in the course of the year is shown below:-

	Aug-23	Sep-23	Oct-23	Nov-23	Feb-24	Mar-24
John Karani	√	√	√	√	√	√
Baiju Shah	√	√	√	√	√	√
Erastus Njoroge	√	√	√	√	√	√
George Karanja	√	√	√	√	√	√
John Mwara	√	√	√	√	√	√

11. Committees of the board and their meetings

The Board shall constitute such committees as it shall deem necessary for the running of the affairs of the Board, provided that the Board shall ensure that at all times, there shall be an Audit Committee and a Strategy, Finance, Human Resources and Operations Committee in compliance with the requirements set out under the The Capital Markets Code of Corporate Governance for Issuers of Securities to the Public, 2015.

To assist it in carrying out its responsibilities, the Board has established the following committees:-

Strategy, Finance, HR and Operations Committee

The objective of the Strategy, Finance, HR and Operations Committee is to assist the Board in discharging its responsibilities in relation to strategy implementation and general operational oversight.

The Committee is also responsible for assessing and nominating members to the Board of directors of the Company; making recommendations regarding the composition of the Board of directors, operations and performance of the Board; overseeing the Company's CEO and Senior Management succession planning process; ensuring good corporate governance of the company.

The Committee is also be responsible for making recommendations to the Board regarding compensation plans, the evaluation of management performance and establishing whether the Human Resource plans and initiatives will enable the Company to achieve its strategic objectives.

Audit Committee

The objective of the Board Audit Committee is to assist the Board in discharging its responsibilities in relation to financial reporting and regulatory conformance. The Committee also reviews and assesses the Company’s risk management process and the adequacy of the overall control environment.

Legal and Compliance Committee

The objective of the Board Legal and Compliance Committee is Assessing and recommending to the Board strong policies and recommendations to
ensure the company complies with its Regulatory Bodies.

12. The company secretary

The Company Secretary will be appointed by the Board, must be registered with the Institute of Certified Public Secretaries of Kenya (ICPSK) and should be a member in good standing.

The Company Secretary's roles and responsibilities include but are not limited to the following:

- Providing guidance and advice to the Board, and within the Company, on matters of good governance;
- Providing the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company;
- Facilitating the induction training for new Directors and assisting with Directors' professional development as required. This includes identifying and facilitating on-going Board education;
- In consultation with the Chief Executive Officer, ensure effective information flows within the Board and its Committees and between Senior Management and non-executive Directors. This includes distribution of Board papers and minutes and communication of resolutions from Board meetings;
- Seeing to the proper development of Board meetings and providing Directors with clear advice and information;
- Ensuring compliance by the Company of provisions of the Company's Act, the Capital Markets Act, Nairobi Securities Exchange' listing guidelines and any amendments thereof;
- Assisting in updating the Board and Committee charters, preparation of Board work plans;
- Assisting in the Board and Committees' regular evaluation;
- Guiding the Company in taking the initiative to not only disclose corporate governance matters as required by law, but also those of material importance to the decision-making of institutional investors, shareholders, and other stakeholders;
- Keeping safe custody of the common seal of the Company and accounting to the Board for its use;
- Maintaining and updating the register of conflicts of interest by the Directors.

13. Conflict of interest

The directors of the Company are under a fiduciary duty to act honestly and in the best interests of the company. Directors should avoid putting themselves in positions where their self-interests conflict with their duty to act in the best interests of the Company.

It is the Company's policy that directors, their immediate families and companies where directors have interests must not transact business with the Company without the express approval of the Board of Directors. Any business transacted with the Company must be at arm's length and:

- such business interests must be fully disclosed to the Board;
- such business interests must be considered and approved by the Board through an annual declaration.

All directors shall be required to sign an annual declaration on possible or actual conflicts of interest as follows:-

- That the director did not have any personal or business interest in any matters that came up for discussion before the Board; or did not exert any undue influence on the officers of the Company to determine any matter under their consideration;
- that in the event a director did have an interest in any matter that came up for discussion before the Board, such interest was declared as per the provisions of the Charter;
- that a director has not benefited in any way because of being a director except in the normal course of business.

The purpose of such a declaration is to serve as an annual reminder to the directors of the Company, their duty to conduct their affairs with the Company at arm's length and to avoid situations in which their interests may conflict with those of the Company.

14. Performance of directors

The Board shall have in place a process for evaluation of its performance.

An annual evaluation will be carried out on the Board's own performance, performance of the Chairman, individual directors, that of its committees and of the Company Secretary.

14. Performance of directors

The results of the assessment should be used to determine the strengths and weaknesses of the Board and where appropriate, new members should be appointed to the Board to address any key gaps identified, or resignations sought as may be necessary.

The results of the assessment should also be used to identify training needs.

15. Directors shareholding

The Directors who held shares in the Company as at 30 June 2018 are as detailed below:-

Name	Number of Shares
John Karani Ndiwa & Charles Thinwa	13,000
John Karani Ndiwa	4,184

THE DIRECTORS' REMUNERATION REPORT

The Directors' remuneration report sets out the policy that the Group and Company has applied to remunerate executive and non-executive Directors. The report has been prepared in accordance with the relevant provisions of the Capital Markets Authority (CMA) code of Corporate Governance and the requirements of the Kenyan Companies Act, 2015.

Executive Directors are remunerated as determined by the Board of Directors. Their remuneration package comprises a base salary, pension and other benefits designed to recognize the skills and experience of executive Directors.

The sections of the Directors' remuneration include:

a) Annual fees

The fees for the Non-Executive Directors are considered annually and are determined in light of market best practice and with reference to the time commitment and responsibilities associated with the roles. The annual fees are payable at the end of the financial year or as shall be agreed by the Directors, and are subject to relevant tax at the prevailing rates.

b) Sitting allowance

The Non-executive Directors receive a sitting allowance for every meeting attended as dictated by the annual calendar of activities. In recognition of the responsibility borne, chairing the Board or any of the Board Committees is given a higher weighting. The sitting allowance is payable following each meeting and is subject to the prevailing rates of tax.

c) Medical

The directors are eligible to be covered under the Uchumi medical scheme and are subject to comply with the medical scheme policy and guidelines.

d) Reimbursement of expenses

Non-executive directors are provided with support and reasonable company business travelling expenses. Where these has been incurred, reimbursement for all reasonable travelling and subsistence expenses including any relevant tax incurred in carrying out their duties, will be made upon request and submission of relevant documentation.

e) Indemnification and insurance

Non-executive directors have the benefit of indemnity in relation to liability incurred in their capacity as a Director of the Company.

f) Review of Non-Executive Directors remuneration

The Board of Directors reviews the Directors' remuneration annually in order to ensure the Company appropriately adapts to changing market circumstances and any changes in the responsibilities of the Directors. The changes in Directors' remuneration are approved by shareholders at the Annual General Meeting (AGM).

g) Directors remuneration

The aggregate number of emoluments earned by the executive and non-executive Directors from the Company and its subsidiaries during the year ended 30th June, 2024 was KShs. 3,319,780 (2023 – KShs. 732,856) as disclosed at Note 29(e). The emoluments for each of the directors is as follows:

2024	Sitting Allowance	Car Allowance	Total
	Kshs.	Kshs.	Kshs.
Mr. John Karani	1,300,681	-	1,300,681
Mr. Baiju Shah	489,056	-	489,056
Mr. Erastus Njoroge	449,427	-	449,427
Mr. George Karanja	228,034	-	228,034
Mr. John Mwara	852,582	-	852,582
Total	**3,319,780**	**-**	**3,319,780**

2023	Sitting Allowance	Car Allowance	Total
	Kshs.	Kshs.	Kshs.
Mr. John Karani	183,214	-	183,214
Mr. Baiju Shah	183,214	-	183,214
Mr. Erastus Njoroge	183,214	-	183,214
Mr. George Karanja	91,607	-	91,607
Mr. Kennedy Wanderi	45,804	-	45,804
Mr. Joash Akuma	45,804	-	45,804
Total	**732,856**		**732,856**

h) Performance of Directors

The Board is committed, on an annual basis, to review and assess its composition and performance to ensure that: -

- The mix of membership is appropriate and compatible with the requirements of both the Board and the Company;
- Non-executive directors commit adequate time and contribute effectively to the Board.

i) Directors' term of office

The dates of appointment of directors and expiry of contracts of expected rotation as required by regulations is as follows:

Name	Appointed	Resigned	Term
	Date	Date	End
John Karani	2017		By Rotation
Ministry of Trade	N/A		N/A
ICDC	N/A		N/A

i) Directors' term of office (continued)

Name	Appointed Date	Resigned Date	Term End
Baiju Shah	2018		By Rotation
George Karanja	2018		By Rotation
John Mwara	2023		By Rotation
Lawrence Ngao	2024		By Rotation

Bv order of the Board

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Company Secretary

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Introduction

Uchumi Supermarket PLC is a public listed Company and we recognize that as a business, we play a crucial role in supporting the development of a sustainable and prosperous society that is intertwined with environmental, social, and governance (ESG) concerns.

ESG is fundamental to our reputation as a business and represents an opportunity to build a more sustainable business and also serves as a critical differentiator for enhancing relevance, trust and creating value.

2. ESG approach

Our goal is to integrate ESG into our operations, hence our approach is structured around three pillars relevant to our business and aligned with our values and culture.

3. Environmental

Climate change is one of the most significant risks to our world ,we aim to embed environmental stewardship in everything we do, implementing best practices and responsibly managing environmental risks. Our environmental policy sets the basis for our goals and activities in this field. Its purpose is to ensure the company's environmentally sound and sustainable short and long-term development and minimise negative environmental impacts.

Our commitments on climate change and protection of the environment

We are committed to driving down our energy and carbon impacts. Our sustainability program focuses on environmentally initiatives that deliver near-term efficiency, value, and health for our business. We select the scope of business, methods of operation and types of resources which affect the environment to the minimum possible extent.

During the last year, we have implemented several waste management initiatives across our major offices to recycle plastics and minimise paper usage.We have also shifted to a paperless system by implementation of a new ERP system and shifted all non-essential communication online instead of by printed papers.

Furthermore, we actively planted trees around our locations with an aim of reducing greenhouse gas emissions, investing in renewable energy, and improving energy efficiency in operations

4. Social

Corporate social responsibility is at the core of our corporate values. Our primary focus is fostering an environment that promotes individual growth and prosperity by making our business a fun, exciting, safe and rewarding workplace. We also have a long history of providing meaningful and often transformational support to the communities in which we operate.

Our social commitments

- **Compensation and Benefits**

  We create inspiring workplaces where people feel valued. We offer competitive compensation and benefits to all regular full-time employees, including but not limited to paid holiday and sick leave.We also built a staff canteen where our employees can access their meals at a highly subsidized fee this is in addition to the tea and snacks already provided for by the company.

- **Culture, Engagement and Growth**

  We create fun, spirited work environments that reward collaboration at all levels. We encourage leaders to demonstrate an 'open door policy' and to ensure a 'zero retaliation policy' whenever an employee reports a concern.

  We aim to foster personal and professional growth for employees at all levels of the organization through annual performance reviews, role-specific training and professional development opportunities.

- **Health and Safety**

  We create and maintain a safe and healthy working environment to ensure safety in our work practices, improve labour conditions, and the occupational health, safety and well- being of employees, vendors and customers.

5. Governance

We consider governance practices essential to creating and preserving value for its shareholders and other stakeholders. These include a sound approach to corporate governance that aims to comply with all applicable laws, rules, regulations and policies and adhere to our corporate values and business principles.

5. Governance (Continued)

Our Governance commitments

Business Risk, compliance and ethics

We continue cultivating a culture of integrity that holds Uchumi and its employees accountable to the highest moral and ethical standards. Educational tools and periodic training of our workforce in compliance and operational topics, including ESG topics and responsible management, are priorities on the business agenda.

Our Legal and Compliance Committee oversees the company's legal and compliance function to gain assurance that appropriate operational and compliance controls are in place and operating effectively; identifying, evaluating and managing risk.

We are reviewing our Board composition to ensure we have an independent, effective, highly skilled and diverse Board of Directors that will ensure alignment with our values and generally accepted best practices. Our Board diversity and inclusion policy is our first step towards this goal, underpinning how we will embrace board diversity in all facets, including skills, experience, gender, ethnicity, and race.

UCHUMI SUPERMARKETS PLC
Under Company Voluntary Arrangement

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Uchumi Supermarkets PLC set out on pages 31 to 76, which comprise the consolidated and company statements of financial position as at 30 June 2024, and the consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Repo1ting Standards and in the manner required by the Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Companies Act, 2015 the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the operating results of the Group for that year. It also requires the directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of its operating results.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Group and the Company's ability to continue as a going concern and have prepared the Company and Group financial statements on the bases of accounting applicable to a going concern. The directors, however, are aware of the existence of a material uncertainty that may cast significant doubt about the Group and Company's ability to continue as a going concern. Directors have put in place initiatives disclosed at note 2(e) to the financial statements to enable the Group and Company to continue meeting its obligations as and when they fall due.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 30th May, 2025 and were signed on its behalf by:

__________________________ ____________________

Date:

Mugo Waweru & Associates
Certified Public Accountants of Kenya
Brunie House, 2nd Floor, Witu Road Next to G4S Security
P.O. Box 27705-00506, Nyayo Stadium,
Tel: 020 244 6879 / 80, 0723 818588 / 0738 828 105
NAIROBI.
Email: info@mugowaweru.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UCHUMI SUPERMARKETS PLC

Report on the consolidated and company financial statements

We have audited the consolidated and company financial statements of Uchumi Supermarkets PLC set out on pages 31 to 76, which comprise the consolidated and company statements of financial position as at 30 June 2024, and the consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 28, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity ' s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis for disclaimer of opinion

As disclosed in Note 39(b), Insolvency Petition Number 25 of 2018 against the Company was marked as settled consequent to the Court's approval of the Company's Voluntary Arrangement ("CVA") with creditors

Basis for disclaimer of opinion (Continued)

dated 2nd March, 2020. The Arrangement is dependent on the disposal of the investment property disclosed in Note 22.

In 2019, Kenya Defence Forces forcefully entered the property and claimed ownership. The Company instituted Case Number ELC E010 of 2022 against the Forces.

On 19th May, 2025, the Court entered judgement against the Company and revoked the certificate of title. As a result, successful realization of the proposed arrangement with creditors remained doubtful. We were in the circumstances unable to determine the suitability of the preparation of the financial statements on a going concern basis.

Because of the significance of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated and company financial statements. Accordingly, we do not express an opinion on the consolidated and company financial statements.

Report on other legal requirements

Because of the significance of the matters described in the Basis of Disclaimer, we are unable to report on other legal requirements.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is **CPA Gabriel W Wainaina P.764**

Fagoh Wanene & Associates

Date: 16th September, 2025.

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Kshs. "000"	2023 Kshs. "000"
Revenue			
Sales	**7**	**65,408**	**36,135**
Cost of sales	**8**	**(49,916)**	**(30,565)**
Gross profit		**15,492**	**5,570**
Other income	**9**	32,114	8,295
		47,606	**13,865**
Expenses			
Administration Costs	**11**	(36,129)	(28,159)
Staff Costs	**12**	(18,118)	(24,550)
General Expenses	**13**	(13,484)	(2,466)
Legal & Professional Expenses	**14**	(119,041)	(8,493)
Selling and Distribution	**15**	(12,972)	(212)
		(199,744)	**(63,880)**
Loss from operating activities		**(152,138)**	**(50,015)**
Provisions and write offs	**16**	(15,695)	(148,244)
		(167,833)	**(198,259)**
Finance costs (Net)	**17**	-	(18,709)
Loss before tax	**18**	(167,833)	(216,968)
Income tax (expense)/credit	**19**	-	-
Loss for the year		**(167,833)**	**(216,968)**
Other comprehensive income			
Non Trading Income / (Loss)	**10**	**189,793**	**(94,630)**
Total comprehensive income / (loss)		**21,960**	**(311,598)**
Earnings /(Loss) per share (Basic and diluted)	**20**	**0.06**	**(0.85)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Kshs. "000"	2023 Kshs. "000"
Revenue			
Sales	7	**65,408**	**36,135**
Cost of sales	8	**(49,916)**	**(30,565)**
Gross profit		**15,492**	**5,570**
Other income	9	13,538	8,295
		29,030	**13,865**
Expenses			
Administration Costs	11	(30,576)	(28,159)
Staff Costs	12	(18,118)	(24,550)
General Expenses	13	(13,484)	(2,466)
Legal & Professional Expenses	14	(15,625)	(8,493)
Selling and Distribution	15	(942)	(212)
		(78,745)	**(63,880)**
Loss from operating activities		**(49,715)**	**(50,015)**
Provisions and write offs	16	(15,695)	(148,244)
		(65,410)	**(198,259)**
Finance costs (Net)	17	-	(18,709)
Loss before tax	18	(65,410)	(216,968)
Income tax (expense)/credit	19	-	-
Loss for the year		**(65,410)**	**(216,968)**
Other comprehensive income			
Non Trading Income / (Loss)	10	**170,484**	**(94,630)**
Total comprehensive income / (loss)		**105,074**	**(311,598)**
Earnings /(Loss) per share (Basic and diluted)	20	**0.29**	**(0.85)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 June ASSETS	Notes	2024 KShs "000"	2023 KShs "000"
Non - Current Assets			
Property and equipment	21	772,835	782,938
Investment Property	22	2,210,000	2,600,000
Intangible Assets	23	2,000	-
Prepaid operating lease	24	18,027	18,284
		3,002,862	**3,401,222**
Current Assets			
Inventories	27	12,784	11,689
Trade and other receivables	28	34,853	21,464
Bank and cash balances	30	107,927	(930)
		155,564	**32,223**
TOTAL ASSETS		**3,158,426**	**3,433,445**
EQUITY AND LIABILITIES			
Equity			
Share Capital	31	1,824,808	1,824,808
Share premium account	32	1,371,057	1,371,057
Revaluation reserve	32	755,569	755,569
Retained Earnings (Deficit)	32	(11,013,759)	(11,035,719)
		(7,062,325)	**(7,084,285)**
Non Current Liabilities			
Deferred Tax	26	106,888	125,750
Term loans	33	1,987,122	2,071,886
Finance Leases	34	162,091	163,591
		2,256,101	**2,361,227**
Current Liabilities			
Trade and other payables	35	7,091,506	7,157,249
Related Party Balances	29	-	35
Deferred revenue	36	104,962	87,854
Tax payable	19(a)	8,182	9,167
Bank overdraft	30	760,000	902,198
		7,964,650	**8,156,503**
TOTAL EQUITY AND LIABILITIES		**3,158,426**	**3,433,445**

The financial statements on pages 39 to 76 were approved and authorized for issue by the Board of Directors on 30th May, 2025 and signed on its behalf by:

John Karani
Chairperson

Lawrence Ngao
Chief Executive Officer

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 June		2024	2023
ASSETS	**Notes**	**KShs "000"**	**KShs "000"**
Non - Current Assets			
Property and equipment	**21**	765,082	782,938
Prepaid operating lease	**24**	18,027	18,284
Investment in Subsidiaries	**25**	200	200
		783,309	**801,422**
Current Assets			
Inventories	**27**	12,784	11,689
Trade and other receivables	**28**	33,618	21,464
Due from related parties	**29**	-	146,046
Bank and cash balances	**30**	9,819	(930)
		56,221	**178,269**
TOTAL ASSETS		**839,530**	**979,691**
EQUITY AND LIABILITIES			
Equity			
Share Capital	**31**	1,824,808	1,824,808
Share premium account	**32**	1,371,057	1,371,057
Revaluation reserve	**32**	755,569	755,569
Retained Earnings (Deficit)	**32**	(13,113,896)	(13,218,970)
		(9,162,462)	**(9,267,536)**
Non Current Liabilities			
Term loans	**33**	1,987,122	2,071,886
Finance Leases	**34**	162,091	163,591
		2,149,213	**2,235,477**
Current Liabilities			
Trade and other payables	**35**	6,916,175	7,012,531
Related party balances	**29**	63,460	-
Deferred revenue	**36**	104,962	87,854
Tax payable	**19(a)**	8,182	9,167
Bank overdraft	**30**	760,000	902,198
		7,852,779	**8,011,750**
TOTAL EQUITY AND LIABILITIES		**839,530**	**979,691**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital KShs "000"	Share Premium KShs "000"	Revaluation Reserve KShs "000"	Retained Earnings (Deficit) KShs "000"	Total KShs "000"
2024:					
At 1st July, 2023	**1,824,808**	**1,371,057**	**755,569**	**(11,035,719)**	**(7,084,285)**
Profit for the year	-	-	-	21,960	**21,960**
Total comprehensive income				21,960	**21,960**
At 30th June, 2024	**1,824,808**	**1,371,057**	**755,569**	**(11,013,759)**	**(7,062,325)**
2023:					
At 1st July, 2022	**1,824,808**	**1,371,057**	**755,569**	**(10,724,121)**	**(6,772,687)**
Profit for the year	-	-	-	(311,598)	**(311,598)**
Total comprehensive income				(311,598)	**(311,598)**
At 30th June, 2023	**1,824,808**	**1,371,057**	**755,569**	**(11,035,719)**	**(7,084,285)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital KShs "000"	Share Premium KShs "000"	Revaluation Reserve KShs "000"	Retained Earnings (Deficit) KShs "000"	Total KShs "000"
2024:					
At 1st July, 2023	**1,824,808**	**1,371,057**	**755,569**	**(13,218,970)**	**(9,267,536)**
Profit for the year	-	-	-	105,074	**105,074**
Total comprehensive income				105,074	**105,074**
At 30th June, 2024	**1,824,808**	**1,371,057**	**755,569**	**(13,113,896)**	**(9,162,462)**
2023:					
At 1st July, 2022	**1,824,808**	**1,371,057**	**755,569**	**(12,907,372)**	**(8,955,938)**
Profit for the year	-	-	-	(311,598)	**(311,598)**
Total comprehensive income				(311,598)	**(311,598)**
At 30th June, 2023	**1,824,708**	**1,371,057**	**755,569**	**(13,218,970)**	**(9,267,536)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 KShs "000"	2023 KShs "000"
Net cash flows from operating activities			
Profit / (Loss) before income tax		**21,960**	**(311,598)**
Adjustments for:			
Depreciation of property and equipment	21	18,083	18,858
Gain on Disposal of Investment Property	22	390,000	-
Amortisation of prepaid operating lease	24	257	258
Net Interest Expense	17	-	18,709
Operating loss before working capital changes		**430,300**	**(273,773)**
Deffered Tax	26	(18,862)	-
Inventories	27	(1,095)	2,130
Trade and other receivables	28	(13,389)	163,528
Related party balances	29	(35)	-
Trade and other payables	35	(65,743)	105,577
Defered Revenue	36	17,108	-
Cash outflows from operations		**348,284**	**(2,538)**
Investing activities			
Purchase of Fixed Assets	21	(7,980)	-
Purchase of Intangible Assets	21	(2,000)	-
Net cash used in investing activities		**(9,980)**	**-**
Tax paid	19	(985)	-
Net cash generated from/(used in) operating activities		**337,319**	**(2,538)**
Financing activities			
Net Interest Expense	17	-	(18,709)
Increase /(Decrease) in Long Term Borrowings	33	(84,764)	18,709
Repayment of Finance Lease Obligation	34	(1,500)	-
Net cash (used in) /generated from financing activities		**(86,264)**	**-**
Net decrease in cash and cash equivalents		**251,055**	**(2,538)**
Cash and cash equivalents at the beginning of the year		**(903,128)**	**(900,590)**
Cash and cash equivalents at the end of the year	30	**(652,073)**	**(903,128)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 KShs "000"	2023 KShs "000"
Net cash flows from operating activities			
Profit / (Loss) before income tax		**105,074**	**(311,598)**
Adjustments for:			
Depreciation of property and equipment	21	18,083	18,858
Amortisation of prepaid operating lease	24	257	258
Finance expense	17	-	18,709
Operating loss before working capital changes		**123,414**	**(273,773)**
Inventories	27	(1,095)	2,130
Trade and other receivables	28	(12,154)	163,528
Related party balances	29	209,506	-
Trade and other payables	35	(96,356)	105,577
Deferred Revenue	36	17,108	
Cash outflows from operations		**240,423**	**(2,538)**
Investing activities			
Purchase of Fixed Assets	21	(227)	-
Net cash used in investing activities		**(227)**	**-**
Tax paid	19	(985)	-
Net cash generated from/(used in) operating activities		**239,211**	**(2,538)**
Financing activities			
Finance cost	17	-	(18,709)
Increase /(Decrease) in Long Term Borrowings	33	(84,764)	18,709
Repayment of Finance Lease Obligation	34	(1,500)	-
Net cash (used in) /generated from financing activities		**(86,264)**	**-**
Net decrease in cash and cash equivalents		**152,947**	**(2,538)**
Cash and cash equivalents at the beginning of the year		**(903,128)**	**(900,590)**
Cash and cash equivalents at the end of the year	30	**(750,181)**	**(903,128)**

The notes on page 39 to 76 are an integral part of these financial statements

1. REPORTING ENTITY

Uchumi Supermarket Plc (formerly Uchumi Supermarkets Limited) (the "Company") is a limited liability Company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The Company operates retail supermarkets in Kenya. The address of its registered office is as shown on page 1.

The Company's shares are listed on the Nairobi Securities Exchange.

2. BASIS OF PREPARATION

a) Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2015.

For Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis of accounting except for land and buildings and investment properties, which have been measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Kenya shillings (KShs), which is the Company's functional currency. Except as otherwise indicated, financial information presented in Kenya shillings has been rounded to the nearest thousand (KShs'000).

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 4.

2 BASIS OF PREPARATION (Continued)

e) Going concern

The Group and Company incurred net profit after tax of KShs 112 million and KShs 105 million during the year ended 30 June 2024 (2023 – Net loss after tax - KShs 311 million and KShs 311 million) respectively and as of that date, the Group's and Company's current liabilities exceeded their current assets by KShs 7,719 million and KShs 7,796 million (2023 – KShs 8,124 million and KShs 7,833 million) respectively.

The Directors prepared the Consolidated and Company financial statements on a going concern basis since as at the end of the accounting period, they were confident that the initiatives described here below provided a reasonable expectation that the Group and Company would be able to meet their liabilities as and when they fell due and have adequate resources to continue in operational existence for at least twelve months, from the date of approval of the financial statement:-

(i) Franchising

The Company intended to venture into Franchising as the vehicle to increase sales volume while transferring risks associated with the purchase and management of new sales outlets. The immediate focus of the business was to get the required capital injection to ensure optimal stocking in all branches. The growth strategy pertaining to the franchise model was to depend on the success of the existing branches and the timing and receipt of funds from the investors.

(ii) Strategic investor

The shareholders of the Company had approved the identification of suitable investors to raise funds to a maximum of Kenya Shillings five billion by way of debt capital through the issue of convertible debt instruments or by way of equity capital through private transfer of shares in Uchumi Supermarkets PLC to the investor or a combination of both options.

(iii) Debt restructuring

On 1st October, 2020 the Court approved the Company Voluntary Arrangement entered into with Creditors on 2nd March, 2020.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented in these financial statements.

a) Basis of combinations

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisitions is generally measured at fair value as is the net identifiable assets acquired. Any goodwill that arises is tested annually for

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of combinations (Continued)

(i) Business Combinations (Continued)

impairment. Any gain on bargain purchase is recognized in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(iii) Loss of control

When the Group has lost control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

b) Transactions in foreign currencies

Transactions in foreign currencies during the year are converted into the respective functional currencies of Group entities at rates prevailing at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rates ruling at the reporting date. The resulting differences from conversion are recognized in profit or loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated at the exchange rate ruling at the transaction date.

b) Revenue recognition

Revenue from the sales of goods is recognized in the period in which the Group delivers the product to the customer, the customer has accepted the products and the collectability of the related receivable is reasonably assured. Revenue from the rendering of services is recognized in the period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Revenue recognition (Continued)

Revenue represents the fair value of the consideration receivable for sales of goods and services and is stated net of Value-Added Tax (VAT), rebates and discounts. Other operating revenue is recognized at the time the service is provided.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the Group's rights to receive payment as a shareholder have been established.

c) Customer loyalty programme

The Group estimates the fair value of points earned under the loyalty points programme by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates. As points issued under the programme do not expire, such estimates are subject to significant uncertainty.

Award credits are accounted for as a separate identifiable component of sales. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and other components of the sale.

Revenue is recognized as the risk expires which is based on the number of points that have been redeemed relative to the total number expected to be redeemed.

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of the business including direct material costs and other overheads incurred to bring the asset to the existing location and condition. Cost is determined by the weighted average cost method. Net realizable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

Provision for obsolescence is made on the basis of the historical trend which considers the period an item is projected to take to clear from the shelves for the two main categories of inventory being food and non- food items as follows:

Food items	
Between 3 and 6 months	50%
Between 6 and 9 months	75%
Over 9 months	100%

e) Inventories

Nonfood items	
Between 9 and 18 months	50%
Between 18 and 24 months	75%
Over 24 months	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property and equipment

(i) Recognition, measurement and subsequent expenditure

Land and buildings are initially measured at cost and then are subsequently measured at the fair value on the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses.

Other categories of property and equipment are included in the financial statements at their historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of the property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in profit or loss.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized in profit or loss in the year in which they arise.

(ii) Depreciation

Depreciation is calculated on a straight-line basis to allocate the cost or revalued amount to their residual values over the estimated useful lives. The depreciation rates for the current and comparative year are as follows:

Asset Class	Depreciation Period
Buildings on freehold land	over a period of 45 years
Buildings on leasehold land	Shorter of estimated useful life or the lease term
Buildings on leasehold land	Improvements to premises 10 years
Plant and Machinery	5 Years
Equipment and motor vehicles	6.67 years, 5 years and 4 years (as applicable)

The depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***(iii)* Revaluation**

Land and buildings are revalued every two years. The carrying amounts are adjusted to the revaluations and the resulting increase, net of deferred tax is recognized in other comprehensive income and presented in the revaluation reserve within equity.

Revaluation decreases that offset previous increases of the same asset are charged or recognized in other comprehensive income with all other decreases being charged to profit or loss.

Revaluation surpluses are not distributable. When a revalued asset is disposed of, any revaluation surplus is transferred directly to retained earnings.

***(iv)* Non-depreciable items**

These are items that have not yet been brought to the location and/or condition necessary for it to be capable of operating in the manner intended by management. In the event of partially completed construction work that has necessitated advance or progress payments, or work-in- progress, depreciation will only commence when the work is complete. Fixed assets are classified as work-in-progress if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably.

Amounts held within work in progress that are substantially complete, in common with other fixed assets, are assessed for impairment.

g) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on re-measurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property and equipment is no longer depreciated and any equity accounted investee is no longer equity accounted.

h) Intangible assets - Capitalized software

The costs incurred to acquire and bring to use specific computer software licences are capitalized. Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the cost to complete the development. Internally developed software is stated at cost less accumulated amortization and accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Intangible assets - Capitalized software (Continued)

Subsequent expenditure on software is capitalized only if the definition of an intangible asset and the recognition criteria are met. All other expenditure is expensed as incurred.

The costs are amortized on a straight-line basis over the expected useful lives, from the date it is available for use, not exceeding five years. Amortization methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

i) Leased Assets

(i) Finance Lease

Leases of property and equipment, where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to the profit or loss over the lease period and is included under finance costs. Such property and equipment is depreciated over its useful life.

(ii) Operating lease

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

j) Employee benefits

(i) Short term employee benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iii) Leave accrual
The monetary value of the unutilized leave by staff as at year end is carried in the accruals as a payable and a movement in the year is recognized in profit or loss.

(iv) Defined contribution plan
The Group and all its employees contribute to the National Social Security Fund in, which is a defined contribution scheme in Kenya. Contribution to the defined retirement benefit scheme is as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Employee benefits

The Company contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to KShs.200 per employee per month. In addition the Company operates a provident fund scheme, where employees contribute 5% of their basic salaries and the employer contributes 7 %.

The Group's contributions to defined contribution schemes are charged to the profit or loss in the year to which they relate. The Group has no further obligation once the contributions have been paid.

k) Taxation

Income tax expense comprises current tax and change in deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, or other comprehensive income, in which case it is recognized in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and which affects neither accounting nor taxable profit. Deferred tax is not recognized on the initial recognition of goodwill as well as differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied on the temporary differences when they reverse, based on tax laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional tax and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash in hand, bank balances and short term deposits net of bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognized as a deduction to equity. Any premium received over and above the par value of the shares is classified as "share premium" in equity.

n) Financial instruments

(i) Recognition

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. The Group recognizes loans and receivables on the date when they are originated. These assets are initially recognized at fair value plus any directly attributable transaction cost. All other financial assets and liabilities are recognized on the trade date which is the date on which the Company becomes party to the contractual provisions of the financial instrument.

(ii) Classification

The Group classifies its financial assets into three categories as described below. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified.

Loans and Receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables, amounts due from related parties and cash and bank balances.

These are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities

Other financial liabilities are measured at amortized cost. These include trade and other payables, finance lease obligations, loans and borrowings and provisions for liabilities and charges.

(iii) Measurement

Financial instruments are measured initially at fair value, including transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Financial instruments (Continued)

(iv) De-recognition

A financial asset is derecognized when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished, cancelled or expires.

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(vi) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

o) Impairment of Financial assets

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Impairment of Financial assets (Continued)

(ii) Non-financial assets (Continued)

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(ii) Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, those that take substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are recognized as an expense.

q) Provisions for liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

Provisions for legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions for restructuring are recognized when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Provisions for liabilities (Continued)

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

r) Investments in subsidiaries

Investments in subsidiaries are carried in the Company's separate statement of financial position at cost less provisions for impairment losses. Impairment loss is recognized as an expense in the period in which the impairment is identified.

s) Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

t) Dividends

Dividends are recognized as a liability in the period in which they are declared.

u) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

v) Comparatives

Where necessary, comparative information have been adjusted to conform to changes in presentation in the current year.

w) New standards, amendments and interpretations

(i) New and amended standards adopted by the group

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 July 2023:

Amendments to IAS 12, Income Taxes: Deferred Tax related to assets and liabilities arising from a single transaction

Effective from annual periods beginning on or after 1 January 2023.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) New standards, amendments and interpretations (Continued)

(i) New and amended standards adopted by the group (Continued)

Narrow scope amendments to IAS 1 'presentation of financial statements', practice statement 2 and IAS 8 'accounting policies, changes in accounting estimates and errors'

Effective from annual periods beginning on or after 1 January 2023.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules

Effective from annual periods beginning on or after 1 January 2023.

These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The application of the above amendments did not have a material impact on the financial statements.

***(ii)* Relevant New Standards and Interpretations Issued but not effective**

Amendments To IAS 1 - 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.

Amendment to IFRS 16 – Leases On 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.

Amendments To Supplier Finance Arrangements (IAS 7 and IFRS 7)

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company'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.

Amendments to IAS 21 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) New standards, amendments and interpretations (Continued)

***(ii)* Relevant New Standards and Interpretations Issued but not effective (Continued)**

Amendments to IAS 21 lack of Exchangeability (Amendments to IAS 21) (Continued)

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.

***(iii)* Early Adoption of Standards**

The Group did not early adopt new or amended standards in the year ended 30 June 2024.

Adoption of the above interpretations and amendments is not expected to have a material impact on the group's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the reporting date. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgments in respect of measuring financial instruments. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty are set out in the notes below:

a) Critical accounting estimates

***(i)* Property and equipment and intangible assets**

Useful life of assets
Critical estimates are made by Directors in determining the useful lives of property and equipment based on the intended use and economic lives of those assets.

Intangible assets - Capitalized software
Critical estimates are made by management to determine the period over which to amortise both purchased and internally developed software.

***(ii)* Revaluation of land and buildings and investment property**

Certain items of property and equipment are measured at revalued amounts. The fair value is determined based on the market and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. The fair value of investment property is based on assumptions disclosed at Note 19.

***(iii)* Taxation**

Judgment is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) Critical accounting estimates (Continued)

***(iii)* Taxation (Continued)**

different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

***(vi)* Trade receivables**

The Group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

***(v)* Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

All financial instruments are initially recognized at fair value, which is normally the transaction price. In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognized when the valuation technique used is based solely on observable market inputs.

Subsequent to initial recognition, some of the Group's financial instruments are carried at fair value, with changes in fair value either reported within profit or loss or within other comprehensive income until the instrument is sold or becomes impaired.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in the Fair Value hierarchy based on inputs used in the valuation techniques as follows:

b) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, the Directors have made judgments in determining:

- the classification of finance and operating leases.
- whether financial and non-financial assets are impaired.
- the assessment of going concern assumptions.
- The assessment of contingent liabilities.
- Renewal of lease relating to investment property.

5. FINACIAL RISK MANAGEMENT

The Group carries out its activities in an extremely dynamic, and often highly volatile, commercial environment. Therefore, both opportunities and risks are encountered as part of everyday business for the Group. The Group's ability to recognize, successfully control and manage risks early in their development and to identify and exploit opportunities is key to its ability to successfully realize the corporate vision.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Changing market conditions expose the Group to various financial risks and management have highlighted the importance of financial risk management as an element of control for the Group. The policy of the Group is to minimize the negative effect of such risks on cash flow, financial performance and equity. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's

management of capital. Further quantitative disclosures are included throughout these financial statements.

The Group's risk management framework

The Company's Board of Directors has overall responsibility for the establishment of an oversight of the Group's risk management framework. The Board of Directors has established the Risk and Compliance Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk and Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk and Compliance Committee.

The Group maintains a conservative policy regarding currency and interest rate risks and does not engage in speculation in the markets. In addition, the Group does not speculate or trade in derivative financial instruments.

a) Market risk

Market risk is the risk that changes in market prices, such as changes in interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

5. FINACIAL RISK MANAGEMENT

b) Credit risk

The largest concentration of credit exposure within the Group relates to cash held with banks and accounts receivable. The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. In addition, the Group only deals with financial institutions which have a strong credit rating. The Directors have the responsibility of managing the Group's credit risk.

The amount that best represents the Group's maximum exposure to credit risk as at 30 June is made up as follows:

		Group	
		2024	**2023**
	Notes	**Kshs. "000"**	**Kshs. "000"**
Bank Balances	30	-	-
Trade Receivables	28	19,715	21,465
Other Receivables	28	15140	-
		34,855	**21,465**

The Directors believe that the unimpaired amounts that are past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk. The movement in allowance for credit losses has been disclosed at Note 27.

c) Liquidity risk

Liquidity risk concerns the ability of the Group to fulfil its financial obligations as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a portfolio of short-term liquid assets, largely made up of bank balances and short term deposits to ensure that sufficient liquidity is maintained within the Group as a whole. The Group also arranges for overdraft facilities to ensure that the Group's financial obligations are met.

The Group's non derivative financial liabilities analyzed into relevant maturities based on remaining period to end of the contractual maturity date is as below. The amounts are gross and undiscounted and include interest payments.

At 30 June 2024

	Less than 1 Year	**Between 1 -5 Years**	
	Kshs. "000"	**Kshs. "000"**	**Kshs. "000"**
Trade and Other Payables	28,450	6,883,653	6,912,103
Bank Overdraft	-	760,000	760,000
Term Loans	161,502	1,280,097	1,441,599
Obligations under Finance Lease	-	162,092	162,092
Interest Payable on Term Loans	76,738	468,785	545,523
	266,690	**9,554,627**	**9,821,317**

5. FINACIAL RISK MANAGEMENT (Continued)

c) Liquidity risk (Continued)

At 30 June 2023

	Less than 1 Year Kshs. "000"	Between 1 -5 Years Kshs. "000"	Kshs. "000"
Trade and Other Payables	22,628	6,985,832	7,008,460
Bank Overdraft	-	902,198	902,198
Term Loans	-	1,446,599	1,446,599
Obligations under Finance Lease	-	163,592	163,592
Interest Payable on Term Loans	-	625,287	625,287
		10,123,508	**10,146,136**

c) Equity Price Risk

The Group is not exposed to equity securities price risk since it does not have investments in quoted equity.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and ultimately build an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the level of borrowings or equity or sell assets to reduce debt. The Group manages the following components as part of capital.

		Group		Company	
		2024	2023	2024	2023
	Notes	Kshs. "000"	Kshs. "000"	Kshs. "000"	Kshs. "000"
Share Capital	31	1,824,808	1,824,808	1,824,808	1,824,808
Reserves	32	(8,807,133)	(8,919,093)	(10,987,270)	(11,092,344)
		(6,982,325)	**(7,094,285)**	**(9,162,462)**	**(9,267,536)**

6. FAIR VALUE HIERACHY

a) Analysis of all assets and liabilities measured at fair value

The table below shows an analysis of all assets and liabilities measured at fair value in the financial statements or for which fair values are disclosed in the financial statements by level of the fair value hierarchy. These are Grouped into levels 1 to 3 based on the degree to which the fair value is observable at their carrying amounts.

- 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 a price) or indirectly (i.e. derived from prices); and
- 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)

6. FAIR VALUE HIERACHY (Continued)

a) Analysis of all assets and liabilities measured at fair value (Continued)

The table below shows the valuation technique used in level 3 fair value as well as significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Property and equipment (buildings and land)	Market approach: The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land and buildings in an orderly transaction to market participants	Property prices in the locality	The estimated fair values would increase / (decrease):- 1. If property prices near the location of the property were higher / (lower); 2. With improvements / (deterioration) in infrastructure development.
Investment property (Land)		Infrastructure developments	

Group

		Level 1	Level 2	Level 3
		Kshs. "000"	Kshs. "000"	Kshs. "000"
30-Jun-24				
	Property and Equipment	-	-	760,356
	Investment Property	-	-	2,600,000
				3,360,356
30-Jun-23				
	Property and Equipment	-	-	771,467
	Investment Property	-	-	2,600,000
				3,371,467

Company

	2024	2023
	Kshs. "000"	Kshs. "000"
Property and equipment (Level 3)	760,356	771,467

6. FAIR VALUE HIERACHY (Continued)

a) Analysis of all assets and liabilities measured at fair value (Continued)

Investment property and freehold land and buildings

The Group/Company's freehold land and buildings were valued on 12 June 2017, while the investment property was valued as at 30 June 2017. The valuations were based on market value.

The carrying amounts of the freehold land and buildings are adjusted to the revalued amounts and the resultant surplus net of deferred income tax is credited to the revaluation surplus in equity. The investment property is on LR No. 5875/2 (17.2 acres lease expiring in 2098) and LR No. 23393 (2.9 acres lease expiring in November 2018) while the freehold land and buildings on LR No 206/12593 measures 3.7 acres.

b) Fair value of the Group and Company financial instruments

The Group has not disclosed the fair value of short-term financial assets and financial liabilities as management assessed that the fair value of short-term financial liabilities and financial assets such as bank balances, trade receivables, amount due from related parties, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

7 SALES

	Company 2024 KShs "000"	Company 2023 KShs "000"
Food	51,589	27,103
Personal care	9,993	5,789
General merchandise	3,229	2,579
Textiles	382	520
Others	215	144
	65,408	**36,135**

8 COST OF SALES

	Company 2024 KShs "000"	Company 2023 KShs "000"
Food	38,276	23,392
Personal Care	8,105	4,709
General merchandise	2,485	1,968
Textiles	182	404
Others	868	92
	49,916	**30,565**

9 OTHER INCOME

	Group 2024 KShs "000"	Group 2023 KShs "000"	Company 2024 KShs "000"	Company 2023 KShs "000"
Interest Income	18,576	-	-	-
Rental Income	13,393	8,271	13,393	8,271
Parking Fee	145	24	145	24
	32,114	**8,295**	**13,538**	**8,295**

10 NON TRADING GAIN / (LOSS)

	Group 2024 KShs "000"	Group 2023 KShs "000"	Company 2024 KShs "000"	Company 2023 KShs "000"
Gain on sale of Investment Property	11,000	-	-	-
Other Income on Sale of Investment	8,309	-	-	-
Gain on sale of Miscellaneous Assets	690	10,626	690	10,626
CVA Settlement Discount	242,290	-	242,290	-
Court Settlement - Quality Malt	(72,496)	-	(72,496)	-
Court Settlement - Soma Association	-	(105,256)	-	(105,256)
	189,793	**(94,630)**	**170,484**	**(94,630)**

UCHUMI SUPERMARKETS PLC
(Under Company Voluntary Arrangement)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

	Group		Company	
	2024	2023	2024	2023
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
11 ADMINISTRATION COSTS				
Water & Electricity	5,600	4,169	5,600	4,169
Motor running expenses	1,084	406	1,084	406
Land Rent	4,871	-	-	-
Licenses	600	-	-	-
Amortisation of operating Lease	258	258	258	258
Depreciation	18,083	18,858	18,083	18,858
Bank Charges & Commission	(1,511)	184	(1,593)	184
Computer Expenses	1,546	1,735	1,546	1,735
CIT Cost	1,346	1,259	1,346	1,259
Repairs & Maintenance	4,252	1,290	4,252	1,290
	36,129	**28,159**	**30,576**	**28,159**

12 STAFF COSTS

	2024	2023
Salaries & Wages	16,737	23,421
Other	1,381	1,129
	18,118	**24,550**

The average number of employees engaged by the Group during the year was:

	Number	Number
Management staff	8	7
Other Staff	27	25
	35	32

13 GENERAL EXPENSES

	2024	2023
Printing, Subscriptions and newspapers	321	296
Packaging materials	406	11
Laundry & Sanitary	689	583
Licences	2,296	198
Generator fuel	347	424
Directors Expenses	8,360	733
Distribution expenses	305	29
Other expenses	760	192
	13,484	**2,466**

	Group		Company	
	2024	2023	2024	2023
	KShs "000"	KShs "000"	KShs "000"	KShs "000"

14 LEGAL & PROFESSIONAL EXPENSES

Auditors' remuneration	580	580	580	580
Legal Expenses	15,086	879	4,570	879
Legal Expenses - KML	90,000	-	-	-
CVA Supervison	3,600	3,600	3,600	3,600
Tax Consultant	2,900	-	-	-
Other Consultancies	6,875	3,434	6,875	3,434
	119,041	**8,493**	**15,625**	**8,493**

15 SELLING AND DISTRIBUTION

Marketing Expenses	942	212	942	212
Sales Commission	12,030	-	-	-
	12,972	**212**	**942**	**212**

16 PROVISIONS AND WRITE OFFS

Provision for Bad Debts				146,649
Stocks Write Off			1,943	-
Other provisions and write offs			13,752	1,595
			15,695	**148,244**

17 NET FINANCE COSTS

Interest on Other Loans			-	18,709
			-	**18,709**

	Group		Company	
	2024	2023	2024	2023
	KShs "000"	KShs "000"	KShs "000"	KShs "000"

18 LOSS BEFORE TAX

The loss before tax is stated after charging:	**-**			
Net Interest expense (Note 17)	-	18,709	-	18,709
Depreciation on property and equipment (Note 21)	-	18,858	-	18,858
Amortisation of operating lease rentals (Note 24)	-	258	-	258
Auditors' remuneration (Note 14)	580	580	580	580
Directors' emoluments:				
As executives (Note 29(e))	5,040	-	5,040	-
As directors (Note 29(e))	3,320	733	3,320	733
	8,360	733	8,360	733

		Group		Company	
		2024	2023	2024	2023
19	**TAXATION**	**KShs "000"**	**KShs "000"**	**KShs "000"**	**KShs "000"**
	(a) Statement of financial position				
	Income tax payable / (recoverable)				
	Balance at 1st July	9,167	9,167	9,167	9,167
	Tax charge for the year				
	Tax paid during the year	(985)		(985)	
	At 30th June	**8,182**	**9,167**	**8,182**	**9,167**
	(b) Income Statement				
	Current tax:				
	- Current year	-	-	-	-
	- Prior year under / (over) provision				
		-	**-**	**-**	**-**
	Deferred tax (Note 23(b)):				
	- Current year movement	(226,671)	(111,811)	(226,671)	(111,811)
	- Current year derecognized	-	-	-	-
	Income tax credit	**8,182**	**9,167**	**8,182**	**9,167**
	(c) Tax Reconciliation				
	Accounting loss before tax	**(167,833)**	**(216,968)**	**(65,410)**	**(216,968)**
	Tax calculated at the rate of 30%				
	- Business income	(50,350)	(65,089)	(19,627)	(65,089)
	- Rental income	13,393	8,271	13,393	8,271
	Prior year over-provision	271,810	177,796	241,087	177,796
	Unrecognized deferred tax (Note 25(a))	(226,671)	(111,811)	(226,671)	(111,811)
		8,182	**9,167**	**8,182**	**9,167**
20	**EARNINGS PER SHARE**				
	Profit / (Loss) for the year	21,960	(311,598)	105,074	(311,598)
	Number of ordinary shares	364,962	364,962	364,962	364,962
	Loss per share - Kshs	0.06	(0.85)	0.29	(0.85)

21(a) PROPERTY AND EQUIPMENT

Group & Company

	Buidings and Leasehold land KShs "000"	Improvements to Premises KShs "000"	Machinery KShs "000"	Vehicles and equipment KShs "000"	Total KShs "000"
At 30 June 2024:					
Cost or Valuation	**851,000**	**379,987**	**673,282**	**1,069,162**	**2,973,431**
Additions	**-**	**-**	**-**	7,753	**7,753**
Additions	**-**	**-**	**-**	228	**228**
At 30 June 2024	**851,000**	**379,987**	**673,282**	**1,077,143**	**2,981,412**
Depreciation					
At 1st July, 2023	**78,455**	**369,594**	**673,282**	**1,069,162**	**2,190,493**
Charge for the year	11,111	6,973	-	-	**18,084**
At 1st June 2024	**89,566**	**376,567**	**673,282**	**1,069,162**	**2,208,577**
Carrying amount					
At 30th June 2024	**761,434**	**3,420**	**-**	**7,981**	**772,835**

21(b) PROPERTY AND EQUIPMENT

Group and Company

	Buidings and Leasehold land KShs "000"	Improvements to Premises KShs "000"	Machinery KShs "000"	Vehicles and equipment KShs "000"	Total KShs "000"
At 30 June 2023:					
Cost or Valuation	**851,000**	**379,987**	**673,282**	**1,069,162**	**2,973,431**
Depreciation					
At 1st July, 2022	**67,774**	**361,417**	**673,282**	**1,069,162**	**2,171,635**
Charge for the year	11,111	7,747			18,858
At 1st June, 2023	**78,885**	**369,164**	**673,282**	**1,069,162**	**2,190,493**
Carrying amount					
At 30th June 2023	**772,115**	**10,823**	**-**	**-**	**782,938**

	2024	2023
	KShs "000"	KShs "000"

21 PROPERTY AND EQUIPMENT (Continued)

Revaluation

The Group revalued its land and buildings on Property L.R Number 209/12593 on 12th June 2017 and recognised a revaluation surplus of KShs 393,627,000.The valuation techniques and the significant observable inputs used in measuring fair value are described in Note 6.

22 INVESTMENT PROPERTY

Group	2024 KShs "000"	2023 KShs "000"
As at 1st July	2,600,000	2,400,000
Change in fair value during the year	-	200,000
As at 30th June	**2,600,000**	**2,600,000**
Less		
Sale of LR 23393 - Book Value	(390,000)	-
As at 30th June	**2,210,000**	**2,600,000**

Investment properties related to two pieces of land LR 5875/2 and LR 23393 held by the Company’s subsidiary, Kasarani Mall Limited, under long-term lease arrangements with the Government of Kenya. The land was valued at KShs 2.6 billion by Kiragu and Mwangi Limited, accredited independent valuers, as at 30 June 2017. The unobservable input used in the valuation methodology have been disclosed at Note 6(a).

The Company's Voluntary Arrangement (CVA) passed at the creditors meeting of 2nd March 2020, approved the disposal of the Investment Properties to settle part of the secured and other debts and to finance operations. Land Parcel Number 23393 was sold for Kshs. 401,600,000 during the year. The gain realized on the sale was Kshs, 11,000,000.

The investment property is a subject of various court cases over its ownership. The status of the cases has been disclosed at Note 38. The Directors have not made an impairment provision for the asset as they strongly believe they have a strong case.

		2024 KShs "000"	2023 KShs "000"
		Group	
23	**INTANGIBLE ASSETS**		
	Cost		
	At 1 July	**-**	**-**
	Additions	2,000	-
	At 30 June	**2,000**	**-**
	Amortisation		
	At 1 July	**-**	**-**
	Additions		-
	At 30th June	**-**	**-**
	Net carrying amount		
	At 30th June	**2,000**	**-**

		Company	
24	**PREPAID OPERATING LEASE**		
	Cost		
	At 1 July	**18,284**	**18,542**
	Amortisation for the year	(258)	(258)
	At 30th June	**18,027**	**18,284**

Prepaid operating leases relate to one piece of land held by the company under a long-term lease arrangement, with the Government of Kenya where the company is a lessee. The remaining lease period is 71 years. The leasehold is subject to a first charge as disclosed in note 33.

Company

25 INVESTMENT IN SUBSIDIARIES

Kasarani Mall Ltd

Country of Incorporation - Kenya

Shareholding - 100%	2024 KShs "000"	2023 KShs "000"
Investment (Cost)	**200**	**200**

26 DEFERRED TAX

(a) Unrecognised deferred tax asset

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The accumulated tax losses will be utilised to offset future taxable profits.

The Group did not recognise deferred tax asset in the financial statements since the directors are of the view that future taxable income may not be sufficient to enable the Group and Company to utilise the deferred tax asset and/or tax losses may expire before they are utilised.

At 30 June 2024

Group and Company	1st July	Movement through OCI	Movement through Profit Or Loss	30th June
At 30th June, 2024	**KShs "000"**	**KShs "000"**	**KShs "000"**	**KShs "000"**
Tax losses carried forward	300,530	-	(122,738)	177,792
Property and equipment	368,137	-	(110,441)	257,696
Revaluation reserve	936,026	226,671	-	1,162,697
Other temporary differences	190,129	-	-	190,129
Net deferred tax asset	**1,794,822**	**226,671**	**(233,179)**	**1,788,314**

At 30 June 2023

Group and Company	1st July	Movement through OCI	Movement through Profit Or Loss	30th June
At 30th June, 2023	**KShs "000"**	**KShs "000"**	**KShs "000"**	**KShs "000"**
Tax losses carried forward	187,786	-	112,744	300,530
Property and equipment	283,182	-	84,955	368,137
Revaluation reserve	709,355	226,671	-	936,026
Other temporary differences	190,129	-	-	190,129
Net deferred tax asset	**1,370,452**	**226,671**	**197,699**	**1,794,822**

26 DEFERRED TAX (Continued)

(b) Recognised deferred tax liability
Group

At 30th June, 2024	1st July KShs "000"	Derecognised KShs "000"	Movement through profit or loss KShs "000"	30th June KShs "000"
Investment Property - fair value	(106,888)	-	-	(106,888)
Net deferred tax liability	**(106,888)**	**-**	**-**	**(106,888)**
At 30th June, 2024				
Tax losses carried forward	177,792	(177,792)		-
Property and equipment	49,142	(49,142)		-
Revaluation reserve	(305,912)	305,912		-
Investment Property - fair value	(120,750)		(5,000)	(125,750)
Other temporary differences	56,635	(56,635)		-
Net deferred tax liability	**(143,093)**	**22,343**	**(5,000)**	**(125,750)**

(c) Tax losses

The Group and Company has tax losses carried forward of KShs 7,443,479,395 (2023 – KShs 7,495,175,239). The aging of tax losses was as below at 30 June 2024

Year of Origin	Amount Kshs
2010	465,525,069
2015	1,057,421,083
2016	2,160,224,862
2017	1,598,852,106
2018	1,733,555,088
2019	280,752,457
2020	(409,785,910)
2021	152,215,137
2022	164,673,173
2023	291,742,174
2024	(51,695,844)
	7,443,479,395

	Company	
	2024	**2023**
	KShs "000"	**KShs "000"**
27 INVENTORIES		
Food	8,084	5,794
Non-food	30,170	29,430
Other	627	619
	38,881	35,843
Stock provision	(26,097)	(24,154)
	12,784	**11,689**

The stock provision amount was recognized as an expense for inventories carried at the lower of cost and net realisable value. This is recognised in cost of sales. Other inventory relate to packaging materials and empties and crates.

	Company & Group	
28 TRADE AND OTHER RECEIVABLES		
Trade receivables	19,715	21,465
Prepayments and others	13,903	-
At 30 June - Company	**33,618**	**21,465**
Accrured Interest	1,235	**-**
At 30 June - Group	**34,853**	**21,465**
Ageing of trade receivables		
Not Impaired	14,561	21,465
Impaired - Over 60 days	5,154	-
	19,715	21,465
Allowances for credit losses	-	-
	19,715	**21,465**

The above trade receivables have no collateral, are non - interest bearing and are generally on 30-60 days term. All trade receivables above 60 days are deemed past due and are assessed as impaired. There were no trade receivables written off during the year.

29 RELATED PARTY BALANCES

(a) Due to and from Related Parties

	Group		Company	
	2024	2023	2024	2023
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
Kasarani Mall Ltd	-	-	(63,460)	146,080
Sitatunga Limited	-	(35)	-	(35)
	-	**(35)**	**(63,460)**	**146,045**

The balance due from Kasarani Mall Ltd relates to purchase and maintenance costs of the investment property.

(b) Related party purchases

There are no related party purchases by Uchumi Supermarkets PLC.

(c) Related party sales

There were no related party sales by Uchumi supermarkets PLC (2023-Nil)

(d) Related party loans

	Company	
	2024	2023
	KShs "000"	KShs "000"
ICDC – Loan (Note 32)	172,033	172,033

Industrial and Commercial Development Corporation (ICDC) owns 2% of the shares in Uchumi Supermarkets PLC.

The Company has an existing loan from Industrial and Commercial Development Corporation (ICDC) advanced in 2013 at a fixed rate of 16%.

(e) Directors emoluments

	Group		Company	
	2024	2023	2024	2023
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
Executive Directors	5,040	-	5,040	-
Non - Executive Directors	3,320	733	3,320	733
	8,360	**733**	**8,360**	**733**

30 CASH AND BANK BALANCES

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
Cash on Hand	113,794	1,766	15,688	1,766
Bank Balance	(5,869)	(2,698)	(5,869)	(2,698)
	107,925	(932)	9,819	(932)
Bank Overdraft	(760,000)	(902,198)	(760,000)	(902,198)
At 30 June	**(652,075)**	**(903,130)**	**(750,181)**	**(903,130)**

The overdraft was issued by Kenya Commercial Bank and is secured by a first charge on freehold property Land Reference Number 209/399/3.

31 SHARE CAPITAL

	Company	
Authorised		
500,000,000 ordinary shares of KShs 5 each	2,500,000	2,500,000
25,000,000 redeemable preference shares of KShs 20 each	500,000	500,000
	3,000,000	**3,000,000**
Issued and fully paid		
364,961,594 ordinary shares of KShs 5 each	**1,824,808**	**1,824,808**

At 30 June 2017 and 30 June 2016, there were 25,000,000 authorized but not issued redeemable preference shares. Each share has a par value of KShs 20.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and ultimately build an optimal capital structure to reduce the cost of capital.

32 RESERVES

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
Retained earnings-(deficit)	(11,013,759)	(11,035,719)	(13,113,896)	(13,218,970)
Share premium	1,371,057	1,371,057	1,371,057	1,371,057
Revaluation reserve	755,569	755,569	755,569	755,569
	(8,887,133)	**(8,909,093)**	**(10,987,270)**	**(11,092,344)**

32 RESERVES (Continued)

Share premium

The share premium arose from issuance of shares at a premium as shown below

Years of Issue	Number of Shares	Premium Per Share (Kshs)	Share Premium KShs "000"
2014	99,534,980	4	398,140
2011	85,426,614	5	427,133
2005	120,000,000	4.5	545,784
			1,371,057

Revaluation Reserve - The revaluation reserve represents the surplus on the revaluation of buildings and freehold land net of deferred income tax. The reserve is non-distributable.

	2024 KShs "000"	2023 KShs "000"
33 TERM LOANS		
Non-current		
Government of Kenya Loan	-	1,576,849
	-	**1,576,849**
Current		
Government of Kenya Loan	1,576,849	-
United Bank of Africa (UBA)	238,240	323,004
Industrial and Commercial Development Corporation	172,033	172,033
	1,987,122	**495,037**
Total borrowings	**1,987,122**	**2,071,886**
The movement in term loans during the year was as follows		
At 1 July	**2,071,886**	**2,053,177**
Repayment	(84,764)	-
Accrued Interest	-	18,709
At 30 June	**1,987,122**	**2,071,886**

(a) ICDC Loan

The loan is secured by a first charge on leasehold property LR No. 209/12593.

The loan attracts interest at the revisable base rate of 16% per annum.

33 TERM LOANS (Continued)

(b) KCB Bank facilities (Continued)

- Rental facility dated 12 January 2015 between Uchumi Supermarkets and Rentco EA Ltd channelling business proceeds through the Uchumi supermarkets bank A/C with KCB;
- Facility agreement dated 22 June 2015 by borrower, KCB (Uganda) Ltd (as a lender) and KCB Ltd (as a security Agent);
- Director's resolution dated 8 January 2015 authorizing lease arrangement with Rentco EA Limited;
- Board resolution by the borrower for KShs 1,278,177,361 dated 20 January 2016; and
- Board resolution by the borrower authorizing facilities and security arrangements dated 10 November 2016.

The overdraft facility was made available to Uchumi until 30 November 2016, this has not been reviewed by the bank, the bank can demand payment at any time after the 30 November 2016 due date. In 2016 the rate of the overdraft facility was KBRR plus a variable margin of 8.37% subject to a floor of 18.24%. The rate is currently 14%.

('c) UBA Loans

The loan is secured by:

□ Registered Charge for the sum of KShs 250 million dated 31 March, 2016 registered at the Land Titles Registry as IR 66890/10 and at the Companies Registry on 8th February, 2016;

□ Registered Debenture dated 14 June, 2016 over the Borrower's assets for the sum of KShs 303 million; and

□ Partially registered Further Legal Charge dated 14 June, 2016 over property LR No. 209 /12593 for the sum of KShs 300 million ranking pari passu with the charge securing facilities over the same property issued in favour of ICDC.

The loan was advanced in March 2016 for a period of 24 months. The current rate for the loan is 14% (2016 – 8.63% plus the prevailing KBRR).

(d) Government of Kenya Loan

The loan was disbursed on 19 January 2017 and is for a period of 7 years and an interest rate of 11.5% per annum on a reducing balance basis. The loan is charged to the land LR No. 5875/2 and 23393 on Thika Road measuring 20 acres by way of first floating charge. The loan has a grace period of 24 months after which repayments commence.

34 FINANCE LEASES

The Group has commercial leases on property plant and machinery. These leases have an average life of over four years. Future minimum payments under the finance leases together with the present value of the net minimum lease payments are as follows:

	2024 KShs "000"	2023 KShs "000"
At 1st July	163,591	163,591
Interest and Penalties	(1,500)	-
At 30 June	**162,091**	**163,591**

35 TRADE AND OTHER PAYABLES

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
Trade payables	4,932,043	5,001,564	4,857,266	4,856,846
Accrued expenses	2,148,909	2,155,685	2,058,909	2,155,685
Tax Payable -CGT	10,554	-	-	-
At 30 June	**7,091,506**	**7,157,249**	**6,916,175**	**7,012,531**

36 DEFERRED REVENUE

	2024 KShs "000"	2023 KShs "000"
At 1st July	87,854	87,854
Deferred during the year	17,108	-
At 30 June	**104,962**	**87,854**

Deferred revenue is the fair value of the consideration received from customer's loyalty points. The redemption of loyalty points was suspended in the year that ended on 30th June, 2017.

	2024 KShs "000"	2023 KShs "000"

37 SHAREHOLDERS

The top ten shareholders and number of shares held as at 30 June 2024 is as below

Name of Shareholder	Percentage	Number of Shares
Jamii Bora Bank Limited	14.9%	54,409,539
Government Of Kenya	14.7%	53,537,573
Equity Nominees Limited A/C0142	5.8%	21,219,898
Paul Wanderi Ndungu	4.6%	16,869,272
Standard Chartered Nominees Non-residents. A/C Ke8723	3.9%	14,058,020
Standard Chartered Nominees Limited Non-residents A/Cke11663	3.7%	13,371,407
Brunei Investment Limited	3.5%	12,830,103
Standard Chartered Nominees Non-residents. A/C 9289	3.2%	11,800,000
Co-Op Custody A/C 4018	2.3%	8,402,800
Standard Chartered Nominees Non-residents. A/C 9913	2.2%	8,166,000
Others	41.2%	150,296,982
		364,961,594

38 CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2024 (2023: Nil)

39 EVENTS AFTER THE REPORTING PERIOD

(a) Sidhi Investment Limited

Sidhi Investment Limited in 2005 filed a suit against Uchumi Supermarkets Plc and Kasarani Mall Limited for specific performance, arising from a contract for the sale of the Investment Property disclosed at Note 22. In 2018, the Plaintiff, Defendants and Kenya Commercial Bank entered into a tripartite agreement towards the settlement of the Plaintiff's claim. It was agreed that the claimant was to receive a third of the proceeds to be realized upon the sale of the subject property.

(b) Company Voluntary Arrangement (CVA)

On 26th September, 2019, Insolvency Petition Number 25 of 2018 against the company was marked as settled consequent to the Court's approval of the Company's Voluntary Arrangement ("CVA") entered into with creditors, dated 2nd March, 2020. The fulfilment of the Arrangement depends on successful disposal by the Company of the Investment Property disclosed in Note 22 and on the settlement of part of the outstanding debts, in accordance with the CVA.

(c) Kenya Defence Force

In 2019, Kenya Defence Forces forceffuly entered the Investment Property disclosed in Note 22 and claimed ownership. In 2022, the Company instituted Case Number ELC E010 of 2022 against the trespasser and other parties. On 19th May, 2025 judgment was entered against the Company. Among other things, the Company's certificate of title was cancelled. The Company has appealed against the judgement. The Directors are confident of a positive outcome of the appeal and believe the investment property is not impaired as a result of the said judgement.

40 CONTINGENT LIABILITIES

In the ordinary course of business, the Group and Company are subject to various litigations claims by employees, landlords and other parties. The Directors have made adequate provisions for claims that are likely to crystallise.

The Directors are not aware of other significant contingent liabilities that would require disclosure in the financial statements.