

UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

**UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
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UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
PROFESSIONAL ADVISORS
FOR THE YEAR ENDED 31 DECEMBER 2024

**FUND MANAGERS AND
ADMINISTRATORS**

Mayfair Asset Managers Limited
Mayfair Centre, 7th Floor, Ralph Bunch Rd
P. O. Box 45161 – 00100
Telephone: +254 (20) 2916000
Nairobi, Kenya.

CUSTODIAN

Stanbic Bank Kenya Limited
Investor Services, 1st Floor
Stanbic Bank Centre, Westlands Road
P.O. Box 72833- 00200
Tel: +254 20 326 8000 / +254 20 363 8112 / +254 02 326 8285
Nairobi, Kenya.

CORPORATE TRUSTEE

KCB Bank Kenya Limited
KCB Tower, 7th Floor, Kenya Road, Upperhill
P.O. Box 30664 - 00100,
Tel: +254 711 087000 / +254 732 187000
Nairobi, Kenya.

AUDITORS

Moore JVB LLP
Certified Public Accountants (K)
The Pride Rock
No. 6, Donyo Sabuk Avenue
P.O Box 69952 - 00400
Nairobi.

REGISTERED OFFICE

Mayfair Centre, 7th Floor, Ralph Bunch Rd
P. O. Box 45161 – 00100
Telephone: +254 (20) 2916000
Nairobi, Kenya.

UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER 2024

The trustee has the pleasure of submitting the fund's report together with the audited financial statements for the period ended 31 December 2024.

ESTABLISHMENT, NATURE AND STATUS OF THE SCHEME

The scheme was established and is governed by a trust deed dated 11th December, 2023 as Umbrella Mayfair Investment Collective Scheme (the "Trust"). The scheme is registered with the Kenyan Capital Markets Authority and approved under the Income Tax Act. The scheme is tax exempt and only withholds tax on interest distributed to unit holders.

INVESTMENT OBJECTIVES

The Umbrella Mayfair Collective Investment Scheme comprises of four funds; Money Market Fund, Fixed Income Fund, Equity Fund and Balance Fund. Two of the funds have been activated (Money Market Fund and Fixed Income Fund) each of which is described below;

- The investment objective of the Mayfair Money Market Fund is to endeavor to maximize the level of total return to investors by generating a reasonable level of current income and maximum stability for the capital invested, whilst minimizing the volatility of the portfolio. To achieve this, the Fund invests in a diversified portfolio consisting principally of short-term fixed income securities that offer comparative yields to a current/savings account as well as similar liquidity benefits.
- The investment objective of the Mayfair Fixed Income Fund is to endeavor to maximize the level of total return to investors by generating a reasonable level of current income and maximum stability for the capital invested, whilst minimizing the volatility of the portfolio. To achieve this, the Fund will invest in a diversified portfolio consisting principally of high yielding fixed income securities.

The funds are all unit trusts and the interest of the individual members is determined by the value of their units. It is administered by the trustee who is responsible for its affairs.

The funds are an approved collective investment scheme within the meaning of the Kenyan Capital Markets Act; and the unit holders are not liable for the debts of the fund.

FINANCIAL REVIEW

The financial position of the funds was as below;

The statement of profit or loss and other comprehensive income for the Mayfair Money Market Fund on page 11 shows a profit for the period of KShs 3,401,200 and the statement of financial position on page 12 shows that the unit holder balances as at 31 December 2024 amounted to KShs 71,226,983.

The statement of profit or loss and other comprehensive income for the Mayfair Fixed Income Fund on page 28 shows a profit for the period of KShs. 6,052,106 and the statement of financial position on page 29 shows that the unit holder balances as at 31 December 2024 amounted to KShs. 45,967,723.

PERFORMANCE RECORD

The performance record of the funds, for the period is as shown in the fund managers report.

There has not been any amalgamation or reconstruction of the current units in the funds that have had a material effect on the size of the funds.

INVESTMENT

Under the terms of their appointment, Mayfair Asset Managers Limited are responsible for the investments of funds. The overall responsibility for investment and performance lies with the Trustee.

**UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER 2024**

MEMBERSHIP

As at 31 December 2024, the Mayfair Money Market Fund had 165 unit holders,

As at 31 December 2024, the Mayfair Fixed Income Fund had 57 unit holders,

FUND ADVISORS

The names and addresses of the fund manager and administrator and corporate trustee and custodian are as shown on page 1.

AUDITOR

Moore JVB LLP, appointed during the period, continue in office in accordance with the Fund's Trust Deed and section 55(4) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002.

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

Signed on behalf of the trustee:

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

.....25th March.....2025

UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
STATEMENT OF TRUSTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

The Kenyan Capital Markets Act requires the trustee to prepare financial statements for each financial period that give a true and fair view of the financial position of the funds at the end of the financial period and of its profit or loss for that period. The trustee is responsible for ensuring that the funds keeps proper accounting records that are sufficient to show and explain the transactions of the funds; keep with reasonable accuracy at any time the financial position of the Fund; and that enables them to prepare financial statements of the funds that comply with prescribed financial reporting standards and the requirements of the Kenyan Capital Markets Act. They are also responsible for safeguarding the assets of the funds and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustee accepts responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Capital Markets Act. They also accept responsibility for:

- (i) Designing, implementing, and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and then apply them consistently, and
- (iii) Making judgements and accounting estimates that are reasonable in the circumstances

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

The Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Trustee on 25th March 2025 and signed on its behalf by:

By order of the Trustees:

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
FUND MANAGER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

We would like to thank the unit holders for their continued trust in the Umbrella Mayfair Collective Investment Scheme since its inception. During the past one year, the Funds remained focused on obtaining a high level of current income for investors while preserving capital and ensuring high liquidity. We remain committed to our investment philosophy of capital growth, providing our clients with competitive returns and cushioning them from market volatility.

Economic Review For 2024

The Central Bank of Kenya expects economic growth as measured by Gross Domestic Product (GDP) to increase by 4.6% in 2024 compared to 5.6% in 2023. The decline is largely due to decelerated growth across majority of the sectors with construction and mining activities expected to contract.

Inflation:

Average headline inflation for 2024 declined to 4.53% compared to 7.69% in 2023 as cost of food and energy declined because of good weather conditions, easing of international crude oil prices and appreciation of the KES against the USD. Core inflation, which excludes volatile components such as food and energy, remained largely stable at 3.34% in 2024 compared to 3.92%. The low core inflation indicates the negative impact of declining disposal incomes which reduced aggregate demand in the economy.

Exchange Rate:

The Kenya Shilling (KES) appreciated against the USD, Euro and Pound by 24.33%, 29.53% and 25.59% respectively. The appreciation was largely due to the country navigating debt default fears arising from the USD 2bn maturing Eurobond and high interest rates that attracted foreign investor inflows into government securities especially in infrastructure bonds.

Interest Rates (CBK and Government Securities):

In response to the weakening of the shilling that spilled over from 2023, the Monetary Policy Committee (MPC) of the Central Bank increased the benchmark Central Bank Rate (CBR) from 12.50% to 13.00% in February and maintained it till August. Yields on Treasury bills followed a similar trend, and the 91-day, 182-day and 364-day Treasury Bills hit a high of 16.00%, 16.85% and 16.92% respectively in July. Thereafter, the MPC cut the CBR thrice to close the year at 11.25%. Treasury bill yields followed suit with the 91-day, 182-day and 364-day yields closing the year at 9.89%, 10.02% and 11.41% respectively.

Equity Markets:

Equity prices recorded significant gains across the board as investors saw opportunities for capital gains from depressed stock prices with declining inflation, an appreciating currency and expectation of interest rate declines precipitating gains in equities. The indices that track stock prices at the Nairobi Securities Exchange (NSE) gained in value in the range of 34.32% to 43.10%.

Economic Outlook for 2025

The CBK expects real GDP growth for 2025 to improve to 5.4% on the back of improved private sector credit growth following the easing of interest rates and resilience of the main sectors of the economy. Interest rates are expected to remain low to spur economic growth as the exchange rate and inflation are expected to be within the CBK target. Equities and other real assets are expected to record another positive year as low interest rates might entice investors to take up a higher level of risk in search of returns.

Fund Performance

The Money Market Fund (MMF) and Fixed Income Fund (FIF) had gross returns of 16.44% and 31.46%, respectively. The Fixed Income Fund in addition to earning from the high interest rates, earned capital gains from the appreciation of prices of bonds the fund had invested in.

UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
FUND MANAGER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

Fund Performance (Continued)

Money Market Fund Performance.

The closing lowest and highest daily and annual yield of the units of the fund;

| | Daily yield | Annual Yield |
|--------------------|-------------|--------------|
| Closing unit price | 11.46% | 12.14% |
| Lowest unit price | 9.24% | 9.68% |
| Highest unit price | 14.50% | 15.60% |

The total fund value, number of units and net income distributed is as shown below:

| | |
|---|------------|
| Total fund value(Kshs) | 71,226,983 |
| No. of units in issue | 71,226,983 |
| Net income distributed (%age of units held) | 5% |

Fixed Income Fund Performance.

The closing lowest and highest unit prices of the units of the fund;

| | Bid price | Offer Price |
|--------------------|-----------|-------------|
| Closing unit price | 13.24 | 13.24 |
| Lowest unit price | 10.00 | 10.00 |
| Highest unit price | 13.25 | 13.25 |

The total fund value, number of units and net income distributed at the end of the year:


| | |
|--|------------|
| Total fund value (Kshs) | 45,967,723 |
| No. of units in issue | 3,470,860 |
| Net income distributed per unit (kshs) | 0.08 |

Conclusion:

2024 was a record year as high interest rates and high returns from equities were a boon for investors. 2025 will experience lower interest rates as CBK aims to spur economic activity using lower interest rates to encourage private sector credit growth and improve circulation of money. Therefore, we expect that equities and real assets which benefit in a low-interest rate environment to deliver better returns in 2025. Bonds purchased in 2024 are expected to also record further capital gains due to the inverse relationship between bond prices and interest rates.

Signed on behalf of the Fund Manager:
Mayfair Asset Managers Limited

Vishal Patel
Chairman.


Felistus Njoki
Managing Director.

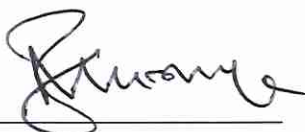
.....25th March.....2025

UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME
REPORT OF THE CUSTODIAN
FOR THE YEAR ENDED 31 DECEMBER 2024

In accordance with the Capital Markets (Collective Investments Schemes) Regulations, 2023 (the regulations) and the Custody Agreement between Stanbic Bank Kenya Limited as the custodians and Mayfair Asset Managers Limited, we confirm that we have discharged the duties prescribed for a Custodian under Regulation 68 of the regulations, to Umbrella Mayfair Collective Investment Scheme.

For the period 1 January 2024 to 31 December 2024, we have held the assets for the Umbrella Mayfair Collective Investment Scheme; including securities and income that accrue thereof, to the order of the Trustees and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund manager.

By order of the Custodian: _____



25/03/2025

Stanbic Bank Kenya Ltd.
Custody Dept.
P. O. Box 30550 - 00100
Nairobi

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF UMBRELLA MAYFAIR COLLECTIVE INVESTMENT SCHEME

Report on the financial statements

Opinion

We have audited the accompanying financial statements of the following funds of the Umbrella Mayfair Collective Investment Scheme:

- Mayfair Money Market Fund for the period ended 31 December 2024, set out on pages 10 to 26;
- Mayfair Fixed Income Fund for the period ended 31 December 2024, set out on pages 27 to 43;

(the "Fund(s)") which comprise the respective Fund's statement of financial position at 31 December 2024 and the statements of profit or loss and other comprehensive income, changes in unit holder balances and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies set out on pages 15 to 26 & 32 to 43.

In our opinion, the financial statements give a true and fair view of the financial position of Umbrella Mayfair Collective Investment Scheme at 31 December 2024 and of their financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code)* and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Trustees for the Financial Statements

The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023 and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

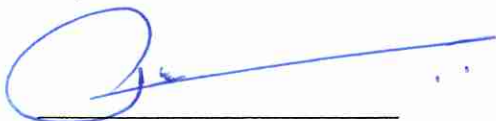
Report on other legal requirements

The Capital Markets Authority (Collective Investments schemes) Regulations, 2023 also requires that in carrying out our audit we consider and report to you on the following matters:

- i. If the auditor is of the opinion that proper accounting records for the collective investment scheme have not been kept or that the accounts are not in agreement with those records;
- ii. If the auditor has not been given all the information and explanation which, to the best of his knowledge and belief, are necessary for the purpose of his audit; or
- iii. If the auditor is of the opinion that the information given in the report of the Trustee for that period is inconsistent with the accounts.

We confirm that there are no matters to report in respect of the foregoing requirements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Joy V Bhatt, Practicing certificate No. P992.



Moore JVB LLP
Certified Public Accountants (K)
Nairobi.

Date: 25th March 2025

MAYFAIR MONEY MARKET FUND

MAYFAIR MONEY MARKET FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>Note(s)</i> | 2024 Kshs. |
|---|----------------|-------------------------|
| INCOMES | | |
| Interest income | 5 | 4,229,283 |
| <i>Total income from investing activities</i> | | <u>4,229,283</u> |
| EXPENSES: | | |
| Service fees and other expenses | 6 | (828,083) |
| Profit before tax | | <u>3,401,200</u> |
| Income tax expenses | 7 | - |
| Profit after tax | | <u><u>3,401,200</u></u> |

MAYFAIR MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>Note(s)</i> | 2024 Kshs. |
|--|----------------|-----------------------------|
| ASSETS | | |
| Government securities at amortised cost - treasury bonds | 8 | 7,353,020 |
| Fixed deposits with financial institutions | 10 | 58,604,961 |
| Demand deposits with financial institutions | 10 | 5,348,150 |
| Bank balances | 10 | <u>223,721</u> |
| TOTAL ASSETS | | <u>71,529,852</u> |
| LIABILITIES | | |
| Payables and accruals | 11 | <u>302,869</u> |
| | | <u>302,869</u> |
| Unit holders balances | | <u>71,226,983</u> |
| | | <u>71,226,983</u> |
| TOTAL LIABILITIES | | <u>71,529,852</u> |

The financial statements were approved by the trustee on 26th March 2025 and were signed on their behalf by:

For: KCB BANK KENYA LTD.

.....
CORPORATE TRUSTEE

Corporate Trustee

For: KCB BANK KENYA LTD.

.....
CORPORATE TRUSTEE

Corporate Trustee

MAYFAIR MONEY MARKET FUND
STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>Note(s)</i> | 2024 Kshs. |
|---|----------------|-------------------------------|
| Unit holder balance at 1 January | | - |
| Net proceeds from units traded in the year | 13 | 71,533,874 |
| Profit before distributions to unit holders | | 3,401,200 |
| Distributions payable in the year | 14 | (3,708,091) |
| | | <hr/> |
| Unit holder balance at 31 December | | <hr/> 71,226,983 <hr/> |

MAYFAIR MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 Kshs. |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Profit before tax | 3,401,200 |
| Operating profit before working capital changes | <u>3,401,200</u> |
| <i>Changes in operating assets and liabilities:</i> | |
| Purchase of treasury bonds | (7,353,020) |
| Increase in payables and accruals | <u>302,869</u> |
| Net cash used in operating activities | <u>(3,648,951)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Net proceeds from units issued | 71,533,874 |
| Distributions paid in the year | <u>(3,708,091)</u> |
| Net cash generated from financing activities | <u>67,825,783</u> |
| Net increase in cash and cash equivalents | 64,176,832 |
| Cash and cash equivalent at beginning of year (Note 10) | <u>-</u> |
| Cash and cash equivalent at end of year (Note 10) | <u><u>64,176,832</u></u> |

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1 General Information

Mayfair Money Market Fund is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated 11th December, 2023. The address of its registered office is:

Mayfair Centre, 7th Floor, Ralph Bunch Rd
P. O. Box 45161 – 00100
Nairobi, Kenya.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Measurement basis

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

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Changes in accounting policy and disclosures

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards and interpretations affecting amounts reported in the current period.

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective.

b) Translation of foreign currencies

Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which the Fund's functional and presentation currency. The figures shown in the financial statements are stated Kenya Shilling (Shs), rounded to the nearest thousand.

Transactions and balances

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

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

b) Translation of foreign currencies (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

d) Financial instruments (continued)

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and how managers are compensated

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

Derecognition other than on a modification (Continued)

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as “pass through” transfers that result in derecognition if the Fund:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

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

Unit holder balances are classified as liabilities.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund 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.

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

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 recognised as interest expense.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers under direction of the Mayfair Asset Managers Limited Board. The Mayfair Asset Managers Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The Mayfair Asset Managers Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings over the past two years:

| | 2024 Kshs. |
|----------------------|---------------|
| Annual redemption | 18,398,292 |
| Annual daily average | 70,763 |

The table below shows the Funds' investments in cash and near cash equivalents at 31 December 2024.

| | 2024 Kshs. |
|--|-------------------|
| Cash | 223,721 |
| Cash-call & fixed deposits and treasury bills maturing in less than 3 months | 16,120,660 |
| Total | 16,344,381 |

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3 Financial risk management (continued)

Maturity analysis of financial liabilities and Unit Holders Balances (all on demand)

| | 2024 Kshs. |
|-----------------------------|-------------------|
| Unit holder balances | 71,226,983 |
| Accruals and other payables | 302,869 |
| Total | 71,529,852 |

(i) *The maturity profile of investments is as below:*

Maturity profile - 2024 (Kshs)

| | On Demand | Due Within 3 to 5 Months | Due Within 6 months and 1 year | Due Within 1 and 5 years | Due After 5 years |
|--------------------------------------|-------------------|--------------------------|--------------------------------|--------------------------|-------------------|
| Assets | | | | | |
| Deposits with financial institutions | 16,120,660 | 12,092,254 | 35,740,197 | - | - |
| Treasury bills and bonds | - | - | - | 7,353,020 | - |
| Total Assets | 16,120,660 | 12,092,254 | 35,740,197 | 7,353,020 | - |
| Liabilities | | | | | |
| Other liabilities | 302,869 | - | - | - | - |
| Total liabilities | 302,869 | - | - | - | - |

Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash. The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

i) *Strategic Asset Allocation (SAA)*

- Is the first step and sets the minimums and maximums for each asset class;
- Long term guideline taking to account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3 Financial risk management (continued)

ii) Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions;
- Identifies actual assets invested in within each investment class but within the overall strategic range;
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund does not invest offshore and is therefore not exposed to foreign exchange risk.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund's investment at 31 December 2024 were all at fixed rates and therefore do not pose interest rate risk.

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3 Financial risk management (continued)

The Government of Kenya has a long term rating of B- (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK).

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2024. The assessed impairment provision is insignificant.

Treasury bonds at amortised costs

Treasury bonds are recognized as financial assets when the entity becomes a party to the contractual provisions of the instrument. The bonds are classified as financial assets measured at amortised cost if they meet the following conditions.

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition, treasury bonds held at amortised cost are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

After initial recognition, treasury bonds are measured at amortised cost using the effective interest method. The carrying amount is adjusted for the amortisation of any premium or discount over the term of the bond. Interest income is recognized in profit or loss using the effective interest rate (EIR) method

The following table presents the Fund's assets that are measured at amortised cost at 31 December 2024.

| | Total Balance Kshs |
|----------------|-----------------------|
| Treasury Bonds | 7,353,020 |
| Total | 7,353,020 |

The fund shall disclose information regarding treasury bonds held at amortised cost in the financial statements, including; the carrying amount of the bonds, the accounting policies applied, interest income recognized, any impairment losses recognized and the methodology applied, any significant changes in credit risk assessment

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCTI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

| | |
|----------------------------------|------------------|
| | 2024 |
| 5 <u>Interest income</u> | Kshs. |
| Interest income - Fixed deposit | 3,711,147 |
| Interest income - Call deposit | 194,023 |
| Interest income - Treasury bonds | 293,550 |
| Interest income - Treasury bills | 30,563 |
| | <u>4,229,283</u> |

| | |
|---|----------------|
| | 2024 |
| 6 <u>Service fees and other expenses</u> | Kshs. |
| Fund management fees | 828,083 |
| | <u>828,083</u> |

The fund manager in its capacity as the sponsor, bears trustee fees, custody fees, audit fees, AGM expenses and publishing cost on behalf of the fund.

7 Tax charge

The Fund is exempt from income tax. However, it withholds tax on interest distributed to unit holders.

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 Kshs. |
|--|------------------|
| 8 <u>Government securities at amortised cost - treasury bonds</u> | |
| As at 1 January | - |
| Additions | 7,353,020 |
| | <u>7,353,020</u> |
| Maturity analysis: | |
| Maturing within 1 year | - |
| Maturing after 1 year | 7,353,020 |
| | <u>7,353,020</u> |

The weighted average effective interest rate on treasury bonds as at 31 December 2024 was 17.63% p.a.

| | 2024 Kshs. |
|--|---------------|
| 9 <u>Government securities at fair value - treasury bills</u> | |
| As at 1 January | - |
| Additions | 969,437 |
| Interest | 30,563 |
| Maturities | (1,000,000) |
| | <u>-</u> |

10 Bank balances

| | At 1 January 2024 Kshs. | Cash Flows Kshs. | At 31st December 2024 Kshs. |
|--------------------|-------------------------------|---------------------|--------------------------------------|
| a) Bank balances | - | 223,721 | 223,721 |
| b) Fixed deposits | - | 58,604,961 | 58,604,961 |
| c) Demand deposits | - | 5,348,150 | 5,348,150 |
| | <u>-</u> | <u>64,176,832</u> | <u>64,176,832</u> |

The weighted average effective interest rate on fixed deposits was 14.63%p.a and demand deposits was 10.62%p.a as at 31 December 2024 .

| | 2024 Kshs. |
|--|----------------|
| 11 <u>Payables and accruals</u> | |
| Management fees payable | 302,869 |
| | <u>302,869</u> |

MAYFAIR MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12 Related party balances and transactions

Mayfair Money Market Fund is managed by Mayfair Asset Managers Limited as its Fund manager. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made or amounts written off on related party balances during the year. The amounts due to related parties are non-interest bearing and the balances are not secured.

As at 31 December 2024, the balances and transactions with the Mayfair Asset Managers Limited were as follows:

| | 2024 |
|---|------------------|
| | Kshs. |
| a) Investments held on behalf of related party | |
| Mayfair Asset Managers Limited | 3,151,668 |
| | <u>3,151,668</u> |
| b) Transactions with related party during the year are as follows: | |
| Fund management fees (Note 6) | <u>828,083</u> |
| c) Balances due to related party | |
| Due to Mayfair Asset Management Limited (Note 11) | <u>302,869</u> |

13 Transactions of Units

| | 2024 |
|--------------|---------------------|
| | Kshs. |
| Purchases | (89,932,166) |
| Sales | 18,398,292 |
| Net proceeds | <u>(71,533,874)</u> |

14 Distribution

The total income paid to unit holders during the year totaled Kshs 3,708,091

15 Total expense ratio

| | |
|------------------------------|--------------|
| Average value of fund assets | 71,226,983 |
| Operating expenses | 828,083 |
| | <u>1.16%</u> |

16 Currency

The financial statements are presented in the Fund's functional currency, Kenya Shillings (Kshs).

17 Contingent liabilities and commitments

There were no contingent liabilities and commitments during the year.

18 Events after the reporting period

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

MAYFAIR FIXED INCOME FUND

MAYFAIR FIXED INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>Note(s)</i> | 2024 Kshs. |
|--|----------------|-------------------------|
| INCOMES | | |
| Interest income | 5 | 4,750,442 |
| Fair value gain on investments at fair value through the profit or loss | 6 | 2,017,078 |
| <i>Total income from investing activities</i> | | <u>6,767,520</u> |
| EXPENSES: | | |
| Service fees and other expenses | 7 | (715,414) |
| Profit before tax | | <u>6,052,106</u> |
| Income tax expenses | 8 | - |
| Profit after tax | | <u><u>6,052,106</u></u> |

MAYFAIR FIXED INCOME FUND
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>Note(s)</i> | 2024 Kshs. |
|--|----------------|-----------------------------|
| ASSETS | | |
| Government securities at fair value - treasury bonds | 9 | 31,017,078 |
| Fixed deposits with financial institutions | 10 | 13,861,600 |
| Demand deposits with financial institutions | 10 | 1,308,362 |
| Bank balances | 10 | 234 |
| TOTAL ASSETS | | 46,187,274 |
| LIABILITIES | | |
| Payables and accruals | 11 | 219,551 |
| | | 219,551 |
| Unit holders balances | | 45,967,723 |
| | | 45,967,723 |
| TOTAL LIABILITIES | | 46,187,274 |

The financial statements were approved by the trustee on 25th March 2025 and were signed on their behalf by:

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Corporate Trustee

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Corporate Trustee

MAYFAIR FIXED INCOME FUND
STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>Note(s)</i> | 2024 Kshs. |
|---|----------------|---------------------------------|
| Unit holder balance at 1 January | | - |
| Profit before for the year | | 6,052,106 |
| <i>Transactions with unit holders:</i> | | |
| Units purchased | 13 | 44,696,710 |
| Units liquidated | 13 | (4,781,093) |
| Total transactions with unit holders | | <u>39,915,617</u> |
| Unit holder balance at 31 December | | <u><u>45,967,723</u></u> |

MAYFAIR FIXED INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 Kshs. |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Profit before tax | 6,052,106 |
| <i>Adjustments for non-cash income and expenses:-</i> | |
| | (2,017,078) |
| Fair value gain on government securities at fair value through profit or loss | |
| Operating profit before working capital changes | <u>4,035,028</u> |
| <i>Changes in operating assets and liabilities:</i> | |
| Purchase of treasury bonds | (29,000,000) |
| Increase in payables and accruals | <u>219,551</u> |
| <i>Net cash used in operating activities</i> | <u>(24,745,421)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Net proceeds from units issued | <u>39,915,617</u> |
| <i>Net cash generated from financing activities</i> | <u>39,915,617</u> |
| Net increase in cash and cash equivalents | 15,170,196 |
| Cash and cash equivalent at beginning of year (Note 10) | <u>-</u> |
| Cash and cash equivalent at end of year (Note 10) | <u><u>15,170,196</u></u> |

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1 General Information

Mayfair Fixed Income Fund is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated 11th December, 2023. The address of its registered office is:

Mayfair Centre, 7th Floor, Ralph Bunch Rd
P. O. Box 45161 – 00100
Nairobi, Kenya.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Measurement basis

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

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Changes in accounting policy and disclosures

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards and interpretations affecting amounts reported in the current period.

Several new and revised standards and interpretations became effective during the year. The Trustees have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Fund's financial statements.

Standards and interpretations issued but not yet effective

Several other standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2024 or later periods. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the Company.

Early adoption

The Fund did not early adopt any new standards and/or interpretation that are in issue but not yet effective.

b) Translation of foreign currencies

Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which the Fund's functional and presentation currency. The figures shown in the financial statements are stated Kenya Shilling (Shs), rounded to the nearest thousand.

Transactions and balances

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

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

b) Translation of foreign currencies (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument.

Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

d) Financial instruments (continued)

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Contractual characteristics of a financial asset / SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and how managers are compensated

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Summary of significant accounting policies (continued)

Derecognition other than on a modification (Continued)

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as “pass through” transfers that result in derecognition if the Fund:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

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

Unit holder balances are classified as liabilities.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund 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.

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of significant accounting policies (continued)

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 recognised as interest expense.

3 Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the stock exchange and trading in government securities. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers under direction of the Mayfair Asset Managers Limited Board. The Mayfair Asset Managers Limited Board works within policies approved by the Fund's Trustee. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The Mayfair Asset Managers Limited Board provides the investment managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills traded at the Nairobi Securities Exchange. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

The table below illustrates the Fund's typical redemption history and cash/near cash holdings over the past two years:

| | 2024 Kshs. |
|----------------------|---------------|
| Annual redemption | 39,915,617 |
| Annual daily average | 153,522 |

The table below shows the Funds' investments in cash and near cash equivalents at 31 December 2024.

| | 2024 Kshs. |
|--|-------------------|
| Cash | 234 |
| Cash-call & fixed deposits and treasury bills maturing in less than 3 months | 10,069,038 |
| Total | 10,069,272 |

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3 Financial risk management (continued)

Maturity analysis of financial liabilities and Unit Holders Balances (all on demand)

| | 2024 Kshs. |
|-----------------------------|-------------------|
| Unit holder balances | 45,967,723 |
| Accruals and other payables | 219,551 |
| Total | 46,187,274 |

(i) The maturity profile of investments is as below:

Maturity profile - 2024 (Kshs)

| | On Demand | Due Within 3 to 5 Months | Due Within 6 months and 1 year | Due Within 1 and 5 years | Due After 5 years |
|--------------------------------------|-------------------|--------------------------|--------------------------------|--------------------------|-------------------|
| Assets | | | | | |
| Deposits with financial institutions | 10,069,038 | 1,208,374 | 3,892,550 | - | - |
| Treasury bills and bonds | - | - | 1,321,753 | 4,843,516 | 24,851,808 |
| Total Assets | 10,069,038 | 1,208,374 | 5,214,304 | 4,843,516 | 24,851,808 |
| Liabilities | | | | | |
| Other liabilities | 219,551 | - | - | - | - |
| Total liabilities | 219,551 | - | - | - | - |

Market risk

Price risk

The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits. Total universe of assets in which the Fund could potentially invest are divided into various asset classes namely equities, bonds, deposits and cash. The Fund Manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

i) Strategic Asset Allocation (SAA)

- Is the first step and sets the minimums and maximums for each asset class;
- Long term guideline taking to account investment objectives, asset/liability profile and maturity profile of Funds; and
- Guided in-depth research

Moreover, each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
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3 Financial risk management (continued)

ii) Tactical Asset allocation

- Sets the short term (quarterly) ranges for each asset class allowing manager to take advantage of prevailing market conditions;
- Identifies actual assets invested in within each investment class but within the overall strategic range;
- Selection of the specific securities invested in is reviewed monthly by an investment committee.

Foreign exchange risk

The Fund does not invest offshore and is therefore not exposed to foreign exchange risk.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund's investment at 31 December 2024 were all at fixed rates and therefore do not pose interest rate risk.

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
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3 Financial risk management (continued)

The Government of Kenya has a long term rating of B- (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK).

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2024. The assessed impairment provision is insignificant.

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

| | Level 1 Kshs | Level 2 Kshs | Level 3 Kshs | Total Balance Kshs |
|----------------|-----------------|-------------------|-----------------|-----------------------|
| Treasury Bonds | | 31,017,078 | - | - |
| Total | | 31,017,078 | - | - |

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

The Fund had no financial instruments classified as level 3 at 31 December 2024. There were no transfers between levels in 2024. The carrying value of all other financial assets and liabilities represents their fair value due to their short datedness and ability to reprice.

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
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4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCTI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

| | |
|----------------------------------|------------------|
| | 2024 |
| 5 <u>Interest income</u> | Kshs. |
| Interest income - Fixed deposit | 1,706,165 |
| Interest income - Call deposit | 317,537 |
| Interest income - Treasury bonds | 2,726,740 |
| | <u>4,750,442</u> |

| | |
|---|------------------|
| | 2024 |
| 6 <u>Fair value gains on financial assets at fair value through profit or loss</u> | Kshs. |
| Fair value gains on Government bonds | 2,017,078 |
| | <u>2,017,078</u> |

| | |
|---|----------------|
| | 2024 |
| 7 <u>Service fees and other expenses</u> | Kshs. |
| Fund management fees | 715,414 |
| | <u>715,414</u> |

The fund manager in its capacity as the sponsor, bears trustee fees, custody fees, audit fees, AGM expenses and publishing cost on behalf of the fund.

MAYFAIR FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
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8 Tax charge

The Fund is exempt from income tax. However, it withholds tax on interest distributed to unit holders.

| | 2024 Kshs. |
|--|-------------------|
| 9 <u>Government securities at fair value - treasury bonds</u> | |
| As at 1 January | - |
| Additions | 27,580,013 |
| Discount/premium | 1,419,987 |
| Fair value gain | 2,017,078 |
| | <u>31,017,078</u> |
| Maturity analysis: | |
| Maturing within 1 year | 1,321,753 |
| Maturing after 1 year | 29,695,325 |
| | <u>31,017,078</u> |

The weighted average effective interest rate on treasury bonds as at 31 December 2024 was 16.56% p.a.

10 Bank balances

| | At 1 January 2024 Kshs. | Cash Flows Kshs. | At 31st December 2024 Kshs. |
|--------------------|-------------------------------|---------------------|--------------------------------------|
| a) Bank balances | - | 234 | 234 |
| b) Fixed deposits | - | 13,861,600 | 13,861,600 |
| c) Demand deposits | - | 1,308,362 | 1,308,362 |
| | <u>-</u> | <u>15,170,196</u> | <u>15,170,196</u> |

The weighted average effective interest rate on fixed deposits was 16.01%p.a and demand deposits was 11%p.a as at 31 December 2024 .

| | |
|--|----------------|
| 11 <u>Payables and accruals</u> | 2024 Kshs. |
| Management fees payable | 219,551 |
| | <u>219,551</u> |

12 Related party balances and transactions

Mayfair Fixed Income Fund is managed by Mayfair Asset Managers Limited as its Fund manager. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made or amounts written off on related party balances during the year. The amounts due to related parties are non-interest bearing and the balances are not secured.

MAYFAIR FIXED INCOME FUND
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FOR THE YEAR ENDED 31 DECEMBER 2024

12 Related party balances and transactions (Continued)

As at 31 December 2024, the balances and transactions with the Mayfair Asset Managers Limited were as follows:

| | 2024 Kshs. |
|---|------------------|
| a) Investments held on behalf of related party | |
| Mayfair Asset Managers Limited | 2,170,503 |
| | <u>2,170,503</u> |
| b) Transactions with related party during the year are as follows: | |
| Fund management fees (Note 7) | 715,414 |
| | <u>715,414</u> |
| c) Balances due to related party | |
| Mayfair Asset Management Limited (Note 11) | 219,551 |
| | <u>219,551</u> |

13 Unit holders liabilities

| | 2024 Kshs. |
|-----------------------------------|-------------------|
| Balance at 1 January | - |
| Creations | 44,696,710 |
| Liquidations | (4,781,093) |
| Income available for distribution | 6,052,106 |
| Balance at 31 December | <u>45,967,723</u> |

14 Total expense ratio

| | |
|------------------------------|--------------|
| Average value of fund assets | 45,967,723 |
| Operating expenses | 715,414 |
| | <u>1.56%</u> |

15 Currency

The financial statements are presented in the Fund's functional currency, Kenya Shillings (Kshs).

16 Contingent liabilities and commitments

There were no contingent liabilities and commitments during the year.

17 Events after the reporting period

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

