



Pharo  
Foundation

A vibrant, stylized illustration of a diverse group of people in various settings. In the foreground, a man carries a large blue box filled with books on his shoulder, and a woman carries a large brown box on her head. Other people are shown carrying baskets of fruit, holding bags, and walking in different directions. The background is a bright blue sky with white clouds. The overall scene conveys a sense of activity and community.

# Annual Report 2023





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# Reference and Administrative Information

Trustees	Mr Matthieu Baumgartner Mr Guillaume Fonkenell - Chairman Mr Mustafa Jama Ms Farah Jirdeh-Fonkenell Mr Nicolas Sagna
Chief Executive Officer	Ms. Gulden Kazandag – (Resigned - 31/12/23) Mr. Guillaume Fonkenell – (Interim – 31/12/23)
Principal Office	154 Brompton Road 3rd Floor London SW3 HIX
Charity Registration Number	1143152
Company Registration Number	07678862 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal Bankers	HSBC Bank 16 King Street Covent Garden London WC2E 8JF
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

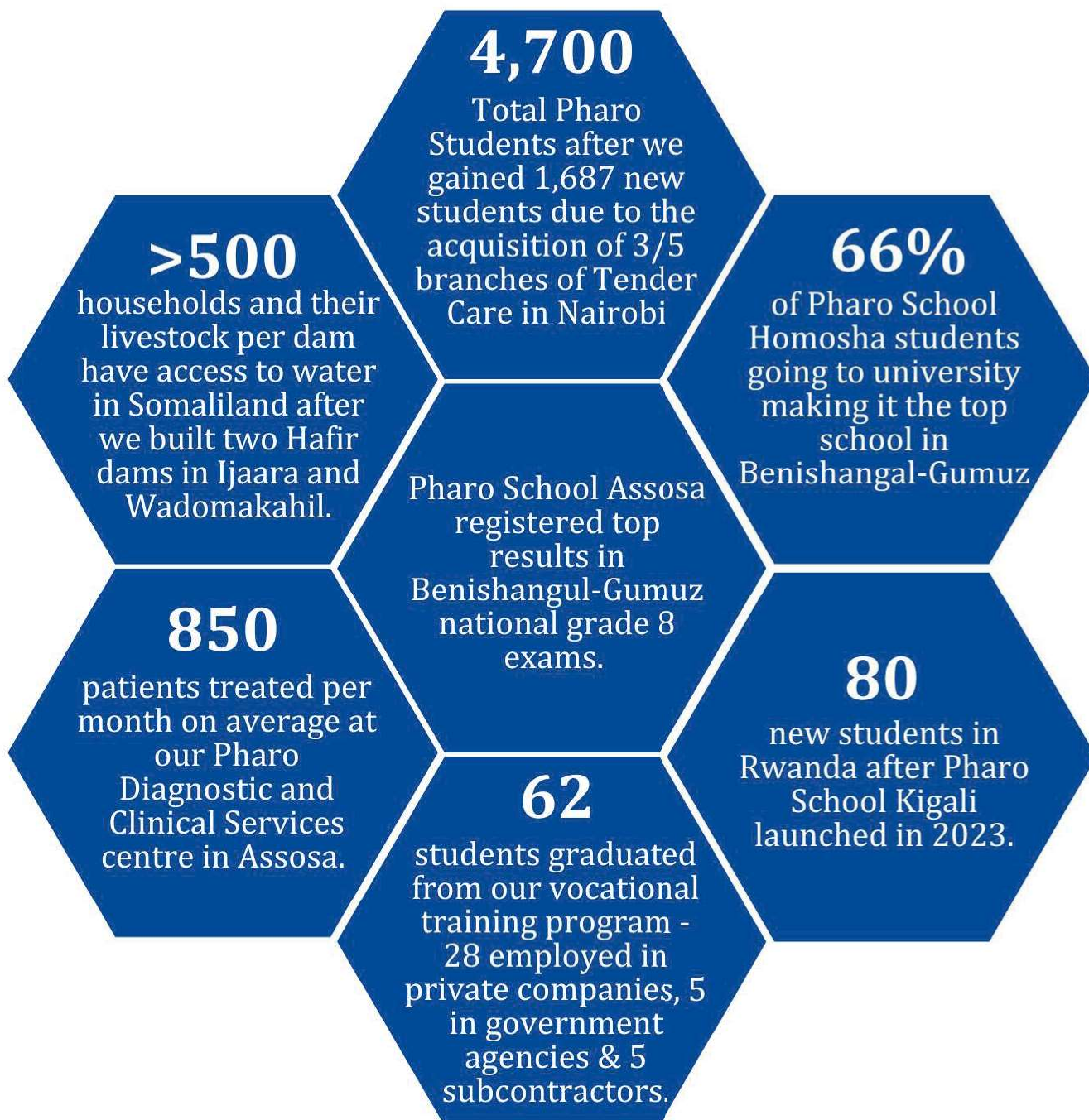




**PHARO  
FOUNDATION  
AT A GLANCE**



# Key Results in Numbers





# Trustees Report (Strategic Report)



## Development on a Mission

**Pharo Foundation is a mission-driven, impact-oriented organisation that designs, funds, and operates economic development programmes towards a vibrant, productive, and self-reliant Africa.**

**2023** has been quite a year for Pharo Foundation. We have opened new schools, built new dams and created a robust system to measure the impact of our work. It has been a year of transformation, both conceptually and practically. As always, these changes are geared towards realising our core vision which is a vibrant, productive and self-reliant Africa.

For the Foundation to contribute meaningfully towards a thriving continent, it has to have a clear purpose and to be shaped accordingly. That's why we have a new strategy and structure.

Strategically, we are now focussing on three core missions. As the future is our children, a key focal point is education. As there can be no life without water, another Pharo priority is providing safe drinking water especially in areas ravaged by near-constant drought. And as people cannot work unless they are healthy and have the right skills, our third target is to remove barriers to productivity and employment. In conjunction with this, our for-profit arm, Pharo Ventures, is contributing to the development of a dynamic private sector which is essential to the foundations of a strong economy. To implement our strategy effectively, we have devised a new structure for Pharo Foundation which reflects our central belief in country ownership of our programmes. We have also refreshed our leadership team.

One of the most rewarding milestones of 2023 was gathering concrete data on the impact of our projects. For its first study our research team focused on the Early Childhood Education centre in Berbera, Somaliland. The evidence showed a significant increase in attainment, especially in literacy, even compared with studies of similar educational interventions in other countries. Another study found that graduates from our vocational training centre in Somaliland are more than twice as likely to find employment than those who have not been on the course. They also earn more.

When it comes to programmes, Pharo Foundation has made giant strides in all three of our mission areas. In education, we have expanded into two more countries: Rwanda and Kenya. In 2023 we opened a brand new school in Kigali and acquired an existing one in Nairobi which is now Pharo's largest school with nearly 1,800 pupils.

It's not just about the numbers. It's about quality too. Our primary and secondary schools in Ethiopia's Benishangul-Gumuz region are ranked top in the state, with 66% of graduates going to university. We took a step further by pooling our knowledge to develop a blueprint for education, the Pharo Hallmark. This will be finalised in 2024 and will enable us to spread the word about our unique approach to learning.

2023 was a year of great progress for our water programmes. We started work on five rural water supply projects in Ethiopia. In Somaliland we completed the construction of two giant dams to harvest rainwater, each serving 500 households and their livestock. We are now working on an even bigger dam which will provide water for 5,400 households.

When it comes to removing barriers to productivity and employment, we focused on raising awareness about non-communicable diseases in Somaliland as they are a major cause of death and long-term sickness in the territory. We also added to our existing Diagnostic Center in Ethiopia by providing onsite clinical services with a doctor.

In addition to working towards a healthier and therefore more productive population, the Foundation in August welcomed its third cohort of students to its vocational training centre in Somaliland. Here they learn much sought-after skills in construction, leading to employment and a reduction in the need for imported labour.

With its clear vision and structure in place, we decided it was time to fully launch Pharo Foundation out into the world. Our new website provides a window to our activities and our core mission statements. Now is the time to branch out further, focusing on partnerships with institutions that will help us extend the scale of our projects for greater impact. This includes enterprises which have a specific expertise in one of our missions which we lack, multilaterals which can add financial leverage to our work and want to tap into our own expertise/community network, as well as academic institutions that can provide us with external validation of our work, also allowing us to add our experience to the global repository of knowledge on development. To all of the above, we are open for collaboration.

# Our Central Missions

Education

Water

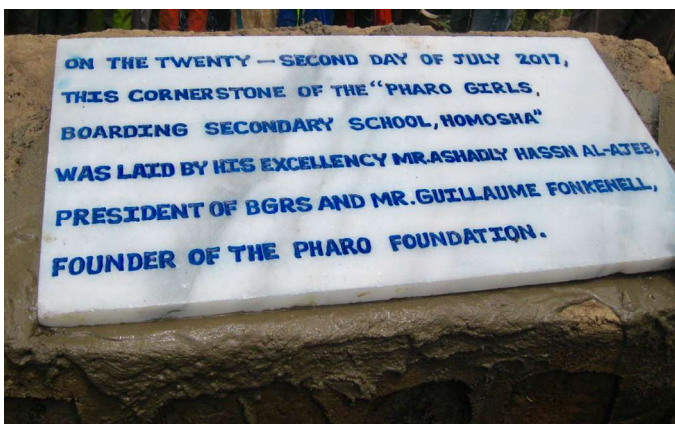
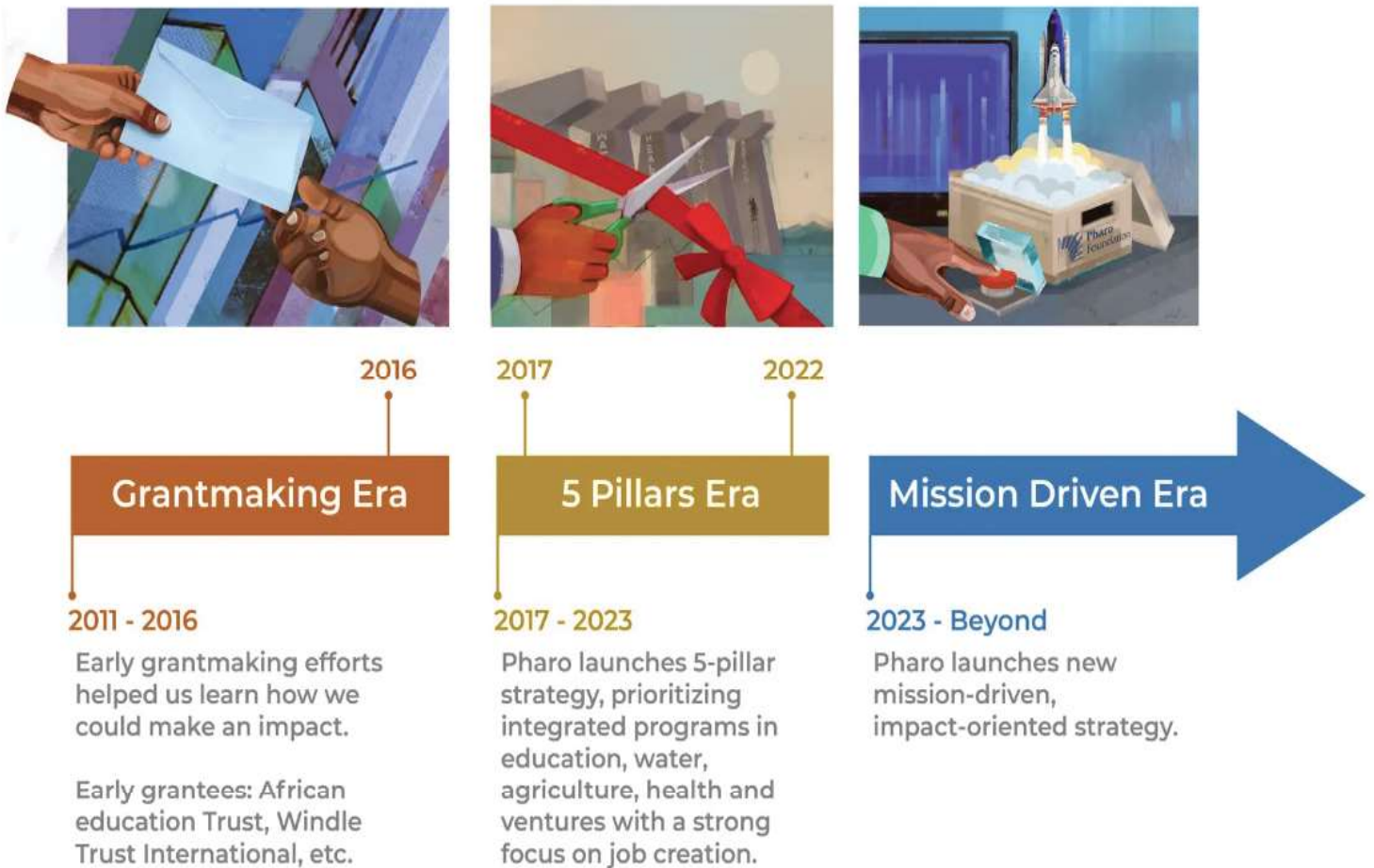
Productivity





# Our History

Our mission-based approach is the result of a long history where we found the organisation adapting to suit our agendas and to adequately represent our goals to the communities we serve. The result is that the Foundation has gone through phases in its history, starting with an era of grant giving in its early conception. Building on the experiences which the Foundation accumulated in its grant-giving phase, the Foundation reached a turning point in 2017, when our Board decided that it wanted the Foundation to be on the ground, operating the projects it invested in. Thus we adapted to an approach centred around 5 pillars. This era allowed us to see which projects had the potential to make the biggest impact, allowing us to strategize our next step. Now our mission-based approach allows us to reach for the moon with ambitious targets and goals.



Pharo School Homosha - Foundation stone Ethiopia



Pharo savings group,



## Mission 1: Education

Our mission is to ensure that all students have an opportunity to access a high-quality and affordable education and become productive citizens in a rapidly changing world.

**E**ducation systems in Africa face many challenges. First amongst them is low enrolment rates. For many families, education-related expenses are too costly, or the need for labour is prioritised over school. Second, even for enrolled children, gaps in school, teacher, and pedagogical quality mean that many children struggle to master the future-oriented skills that they will need to pursue productive lives. Third, even where access to quality education is available, it is often unaffordable. Fourth, despite massive gains in educational outcomes over the past couple of decades, pandemic-related disruptions to schooling have set a generation of African learners back. The World Bank looked at the participation rate of the share of households with children engaged in learning across Burkina Faso, Ethiopia, Malawi, Mali, Nigeria and Uganda, before and after COVID. They compared it with the enrolment rate to measure the reduction in learning that could be attributed to pandemic-driven school closures. They found a substantial negative impact from the pandemic, with the differences ranging from 30 to 80 percentage points. With the world's fastest-growing young population, empowering the next generation of Africans with a high-quality and affordable

education is perhaps the most critical and urgent task on the continent today.

We are working towards our mission in two ways. First, at Pharo Schools, we are building and operating an international network of locally relevant and globally competitive schools, covering early childhood education (ECE), primary, and secondary school. The majority of Pharo Schools are private, but we also have partnerships to run programs in public schools. Our goal is to develop students and young adults who will be lifelong learners and locally rooted global citizens. In their pursuit of academic excellence, we encourage them to be curious, respectful, creative and responsible and prepare them to solve 21st century problems. Second, outside Pharo Schools, we are committed to increasing the quality and relevance of education in public schools. For instance, we co-created the Somaliland national curriculum for ECEs with the government of Somaliland. Similarly, our education acceleration programme for public schools in Benishangul-Gumuz Regional State (BGRS) is introducing structured pedagogy and computer-assisted learning to these schools.





## Mission 2: Water

Our mission is to ensure that people and communities across Africa have access to a safe and affordable source of water.

Across the Horn of Africa, multiple years of poor rainfall and high temperatures have killed crops, pasture, and livestock. In some regions, the extended drought, which is now the longest in around 70 years of reliable rainfall records, has brought communities to the brink of famine. As temperatures rise, Somaliland, Somalia, Ethiopia, and Kenya are expected to experience even more frequent and severe drought periods, the effects of which will be magnified by (or will magnify) underlying political and economic vulnerabilities. This trend will place a further strain on the region's limited water resources, exacerbating food insecurity, destroying household assets, displacing populations, and increasing the risk of disease and conflict.

Our water mission is to ensure that people and communities across Africa have access to a safe and affordable source of water. We have already created a network of water infrastructure points and reservoirs, which has reduced the average distance that people have to travel to access water, especially in rural Somaliland. In Ethiopia, we have upgraded the water supply coverage in Assosa town by 8%, while also providing 24-hour water supply to Assosa General Hospital. Beyond providing new water infrastructure,

we are now looking to scale up our impact across Africa and provide a systemic solution to water scarcity. Because a systemic solution to water scarcity must also improve the quality and affordability of water, the resolution of the water problem will require the cooperation of partners which have more expertise in solving these specific aspects of the problem.



Wado-Makahil dam





## Mission 3: Productivity

Our mission is to eliminate health, financial and structural barriers to employment and productivity for working people.

All programs of Pharo Foundation follow the premise that economic development, measured by GDP growth have a positive impact on the development indicators of the respective community and improve the well-being and dignity of the population. Eventually, Pharo Foundation wants to become the biggest employer in Africa. Pharo Foundation is striving to achieve tangible outcomes, which will be achieved through creation of jobs, strengthening the private sector and investing in entrepreneurs.

Our mission is focused on the creation of jobs and the direct or indirect contribution of these jobs to the overall economy. We recognise that barriers to employment and productivity can manifest in various forms, including education, peace, security, customs, politics, and others. However, by focusing on health, financial, and structural obstacles, we aim to create a conducive environment where individuals can secure gainful employment, contribute meaningfully to the workforce, and achieve their full potential.

African economies face the dual challenges of high unemployment and low productivity. In urban areas, the lack of salaried jobs means that many young, working-age

people must decide whether to relocate, work informally, or remain unemployed, resulting in them becoming disenchanted and sometimes violent in the absence of prospects, while depriving cities of what could be a natural engine of growth. Even if salaried jobs exist, job search frictions, skills and knowledge gaps, financial constraints, or health problems, might lead to job mismatches, lowering expected productivity and stalling economic growth.

In rural areas, remoteness means that poor access to healthcare aggravates low productivity from employees' sick days and absences. Obstacles to the smooth functioning of the labour market extend to societal norms, which may for instance limit female workforce participation, or lead to gender-based job segregation, thereby reducing economic efficiency. Failing to address these constraints will hamper long-term economic growth. By 2050, Africa will be home to nearly half of the world's young workers entering the labour force for the first time. Thus, before creating jobs for them, we must remove obstacles to the functioning of the labour market, so that they can enter a market which functions smoothly.



*We are working towards our mission goals by focusing on three types of constraints: (1) structural; (2) financial; and (3) health.*

In terms of structural constraints, we have witnessed mismatches between private employer needs and the skills provided by the education system, which exacerbate unemployment. We have also seen persistent pockets of unemployment, particularly in the young unskilled labour force, hence we created a Technical and Vocational Training Centre in Hargeisa, Somaliland, to address these problems. We focus the training on subjects that could lead to direct employment after training, such as solar electrical training, painting and decorating, or plumbing. Graduates are given placements in private companies to facilitate access to formal employment.

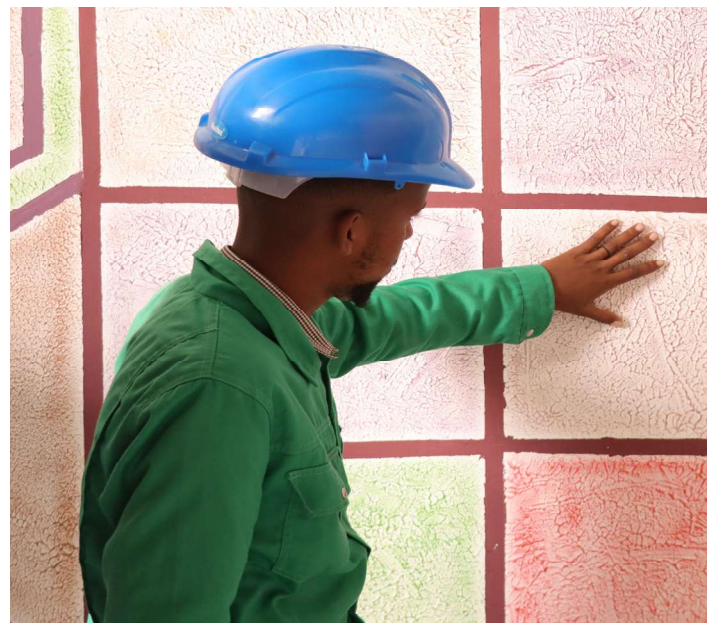
Meanwhile, the lack of urbanisation in rural Ethiopia has limited farmers' access to financial services, storage facilities and transportation of inputs and technologies. Hence, we created a four-year diminishing subsidy initiative, over which an investment of approximately USD 500 per farmer is channelled towards the distribution of improved seeds, fertilisers, and customised training sessions. In health, we have created joint diagnostic and clinical services in Benishangul-Gumuz, which facilitate illness treatment as the first step towards a more productive labour force.



Pharo TVET - Electrical training practical lesson



Pharo TVET - Plumbing practical session



Pharo TVET - Plainting

Below, for each mission, we will track the quantitative and qualitative progress made over the year and the milestones achieved on the way to mission completion.



**MISSION  
ACHIEVEMENTS  
IN 2023**



# M1: Empowering the Next Generation through Education

On Mission 1, quantitatively the greatest outcome of 2023 was that we added two more Pharo schools to our portfolio, leaving us with 8 schools, 4 countries and more than 3600 pupils.



Official opening of Pharo School Kigali



Handover ceremony for Tender Care - Pharo School Nairobi

Despite the significant progress made in recent years, we remain acutely aware of the millions of children in Africa who still struggle to access a quality education and of the support they need to thrive.

In this perspective, our new Pharo School Kigali, which opened in September, is dedicated to reaching and providing education to more children. As we reflect on the months gone by since it started in September 2023, we have successfully enrolled more than 80 students, a number that continues to grow daily. This is a testament to the hard work, dedication, and collaborative efforts of our team and partners.

Over 15 teachers and 5 support staff from pre-nursery to Grade 3 have been recruited. Play-based learning is a priority at Pharo School Kigali, especially for the preschool and primary levels. We also provide learning resources for children to manipulate and explore learning content with. Pharo School Kigali also provided 7 scholarships to underprivileged students within the community. The scholarship announcement was put through the sector leaders who then help in identifying the homes with needy students. This ensured that there was collaboration with the local community.



Pharo School Kigali classroom





In October, we also acquired an existing school in Nairobi called Tender Care Junior Academy (TCJA) with main campuses in Komarock and Umoja in Nairobi's Eastlands. We renamed it Tender Care Pharo School Nairobi. It brings us 1687 new Pharo pupils, now making it the largest Pharo School in existence.



Tender Care - Pharo School Nairobi classroom

As a result of the conclusion of the acquisition, we successfully transferred 150 staff members (94 teaching staff and 56 administrative staff) from TCJA to Pharo Schools. **We have increased parental engagement through the launch of the termly newsletter amongst other communication through our social media pages. And the Staff training** includes drivers' training on road safety and defensive driving, pension training for all staff (this is a new initiative introduced by Pharo as staff members did not have pensions prior to the acquisition), training on changes in the curriculum, child safeguarding training for all staff etc.

However, it is worth noting that we have already inherited an above-average school performance from Tender Care, which provides us with a solid foundation:

- Tender Care placed its female primary students into 21 different reputable high schools across Nairobi in 2023
- Students scored well in the (National Exams) Kenyan Certificate of Primary Education (KCPE) with 14 achieving top grades between 380-400, 24 scoring between 350-380, and 33 scoring between 300-350.
- Shenelle Akinyi scored top marks in the KCPE exams with 420, the KCPE mean score was 369.
- In 2022 the best-performing primary schools in Nairobi had a mean of 375 and in 2023 the national average was 250.



Tender Care - Pharo School Nairobi campus





Pharo Secondary Sheikh graduation

**B**yond these two international expansions, we have continued to deliver on our education programs in our first countries of operation, i.e. Somaliland and Ethiopia, at an impressive scale, not just in our own Pharo brand schools, but also in our partnership with Ministries of Education. This is because our new missions emphasise the achievement of systemic impact above and beyond the expansion of our existing network of fixed assets such as our own schools, in the pursuit of partnerships that move us into the realm of policy-relevant, large-scale change. In sum, our imprint is not just our Pharo Schools.



Pharo ECD students

There is no better example of this than the development of our flagship Early Childhood Development (ECD) programme in collaboration with the Ministry of Education. This year, 1096 public school children benefited from our Early Childhood Development programme and under the same programme, 245 mothers also benefited from our literacy and skills development modules. Indeed, we continued to display our commitment to a multi-dimensional Early Childhood Development programme, which extends beyond the provision of children's early years education to that of their mothers and to the provision of adequate nutrition to support enhanced learning. Out of the total 245 mothers involved, 200 mothers received literacy training and 45 received skills development training.

Furthermore, 241,120 meals were provided to the Early Childhood Development students during the academic year via the Early Childhood Development school meals component. Finally, as part of Pharo Foundation's health involvement in Pharo Schools, its medical team conducted health assessments of Early Childhood Development students in 17 schools (including assessments of malnutrition), with a view to increase their learning capabilities.



Pharo ECD school meals



Similarly, the scale of our work beyond the confines of our own schools and into the public schools that we support is also evident in Ethiopia, where we have engaged in a pilot project called the Benishangul-Gumuz Education Acceleration Programme (BEAP). BEAP aims to improve the test scores of students in two public primary schools in Assosa town, through the introduction of structured pedagogy that combines teaching at the right level and computer-as-sisted learning. Commenced in October 2023, the project is already making significant strides towards achieving its objectives. Teaching and learning materials for foundational literacy and numeracy have been developed, through a participatory workshop which was held on 22-24 November at Pharo School Homosha. Education experts from the regional state and Assosa city administration education bureau, Pharo education programme staff and Pharo Schools’



BEAP teacher training at Pharo School Homosha



Camara Education computer-assisted learning lab

leadership participated in the workshop, facilitated by Teaching at The Right Level experts from Street Child UK and Africa Educational Trust.

On the computer support front, in partnership with Camara Education, two computer-assisted learning labs equipped with 25 computers each were established in both Benishangul and Assosa primary schools. Following the establishment of the centres, high-level, regional, and zonal officials including the mayor of Assosa City have been further briefed on ICT in education. Through this project, we train teachers to teach at the right level of methodology, and we equip them with basic computer skills. We also ensure that all teachers can effectively manage computer-assisted learning labs (e-learning labs) so that they are used to their full potential.

## Achieving Consistency and Quality in Pharo Education

Conceptually, one of our achievements this year has been that we have explicitly formulated what constitutes the principles of a Pharo Hallmark of education, which will help us maintain consistency across schools. The educational expertise which we have accumulated over the years has culminated in this process. The Hallmark is built on the following:

**A rigorous curriculum:** For our schools’ curriculum to be rigorous, we have incorporated some elements including offering an in-depth coverage of core subjects, mathematics, sciences, language arts, and social studies. This has allowed our students to explore each subject comprehensively. We conduct formative and sum-

ative assessments that support progressive maturing and the building of skills and competencies to measure student progress and understanding. These include exams, projects, and presentations, which allow students to demonstrate their knowledge and skills. We have embraced personal discipline for students to take ownership of their academic journey.

### Competent and well-trained teachers:

We have highly qualified teachers with a deep understanding of the subject matter who can guide students through complex concepts. Our teachers encourage exploration and critical thinking. With their engaging learning experience, they have fostered children’s natural curiosity and enthusiasm for learning.



**State-of-the-art infrastructure:** Top-notch facilities are geared towards helping children thrive. The school environment helps children nurture creativity and independence. The school structure promotes good relationships between teachers and students. The school environment fosters love and care for the children. At Pharo Schools, we make sure students are kept healthy and safe in all corners of the school.

### **Effective teaching and learning practices:**

As we prepare our students to be global citizens, we believe we need to use modern hands-on learning activities. At Pharo School Kigali we integrate learning through play in our content delivery. This approach makes learning fun, interesting, relatable and meaningful. We believe learning should equip the learners with enough skills, knowledge, values and a positive attitude. Learning at our school is hands-on, and children are encouraged to discover knowledge on their own, learn from peers and get inspired by their teachers. We are geared towards producing learners with 21st-century skills who will be lifelong learners.



International Women's Day with Pharo School Homosha girls



Pharo School Homosha girls chemistry experiment

A good example of the impact of the definition of a Pharo School Hallmark comes from Pharo School Homosha in Ethiopia. The Pharo Hallmark pillars have supported Homosha in aligning its practices and goals. It has enabled it to go beyond traditional academic subjects and enrich its curriculum to include Clubs, Science, Technology, Engineering, Mathematics and Life Skills Education to provide a well-rounded education and foster 21st-century values like creativity, self-expression, problem-solving, communication, decision-making, research and critical thinking skills. In 2023, two of its students participated in a national debate on the refugee moot court, by dissecting emerging trends and relevant international and regional legal frameworks on refugees, allowing them to explore the refugee phenomenon from an analytical point of view.

Our portfolio of schools is characterised by its academic excellence, which is now widely recognised at regional/national level and is evident from an examination of our leavers' destinations.

**For instance, in Benishangul-Gumuz (BGRS) at Homosha secondary boarding school, in the year 2023, our**

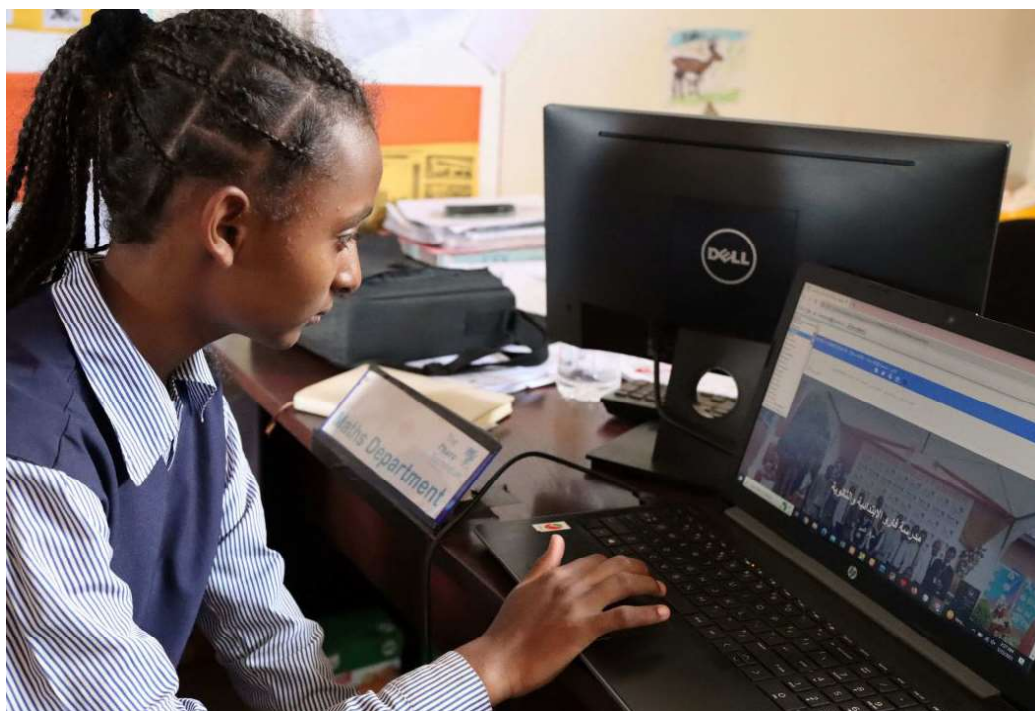
**school continued to top the region in the Ethiopian Secondary School Leaving Certificate Exams for the second year running. 66% of our students attained the 50% pass mark. In BGRS, 147 out of 8,601 (1.7%) and in Ethiopia 27,267 out of 845,099 (3.2%) achieved the same feat. Most importantly, one of our students scored 500 out of 600 (83%), making her not only the top female student in the region but also one of the top 16 students nationally in the Social Science stream.**

Another scored 489 out of 600 (82%), ranking her 3rd best student overall in BGRS. Both students have joined Özyeğin University which is among the top Turkish Universities to pursue Economics and Business Administration respectively. In the Natural Science stream, one student scored 526 out of 700 (75%) and another scored 522 out of 700 (75%) to be ranked 2nd and 3rd top female students in Natural Science in the BGRS region. Both are looking forward to joining The African Leadership University in Rwanda to pursue software engineering. Another qualified to pursue medicine at the prestigious St. Paul's Hospital Millennium Medical College in Addis Ababa.



Similarly, our Ethiopian primary, Pharo School Assosa is the top primary school in BGRS. Our grade 8 students as a whole reached the highest school average in the BGRS grade 8 exams with an average of 76%.

One of its pupils was recognised as one of the top 3 STEM pupils in the province, winning a regional STEM competition with a website that she programmed and designed herself. She won this prize after teaching herself to code online.



Pharo School Assosa student Helen Tekalign working on the school website



Pharo Sheikh Secondary graduation

**In Somaliland, in total 53 students from the 2023 graduating class are attending (or will be attending) university:**

- 34 students are currently enrolled in universities in Somaliland
- 7 students are currently enrolled in universities in Ethiopia
- 3 students are attending universities in India, China, and Egypt
- 9 have been awarded the prestigious Pharo Scholarships and will be going to universities abroad and are currently waiting for their acceptance letters.

## Assessing Impact

In Q3, our research, evaluation and design (RED) team focused on M1 and specifically on our ECD centre in Berbera. They found a large and statistically significant impact of our ECD on International Development and Early Learning Assessment (IDELA) scores. Our pupils' scores increased by 15pp compared to non-participants, especially in emerging literacy. Parental stress induced by nutrition also dropped significantly because of our snack programme. The average effects from our pilot experiment in Berbera were over double those found in similar studies in the Gambia, Mozambique and Bangladesh. Finally, in the research literature, pedagogy interventions consistently produce the largest impact on test scores. Berbera ECD impacts were multiple times greater than many of these. Of

course, the study was based on a small sample of 165 students from one school only in one city, but we are hopeful that these results will be replicated in our ongoing extension of the study to all our Hargeisa ECDs in 2024.



ECD teacher training



# M2: Solving East Africa's Water Shortage



Undulu town water tower

In Ethiopia, after focusing on our Assosa urban water infrastructure project in 2022, we moved to rural water supply projects in 2023, with completion expected in April 2024.

Their primary objective was to ensure safe water access for various communities by utilising the six existing drilled wells in foundation programme areas, including Shaga sub-district, Undulu rural town, Alhamer sub-district, and Homosha town. We also constructed five water points in Alhamer Kebele, and an elevated water tank with a volume of 50 cubic metres and 5 water points in Shaga Kebele. We also constructed all pipelines, security fences and boreholes at Shaga Kebele and Alhamer Kebele.

**These projects aimed to transform and empower over 16,500 people.**

Shaga Kabele water collection point

They included installing solar-powered water pumps, laying over 17.5km of pipelines, constructing reinforced concrete elevated water tanks, and establishing public water points.

Additionally, capacity-building activities enhanced community knowledge of water and sanitation for the best benefit from these projects. These projects provide safe water access, benefiting households in terms of the time taken to acquire clean water and the distance travelled to do so, giving children, especially girls, improved opportunities to attend school regularly. The saved time and money from treating waterborne diseases is also redirected to valuable economic activities.

Here again, Pharo Foundation does not only build dams, it is considering the systemic implications of water access and how this access opens up a variety of all-encompassing developmental benefits.



Community water management and sanitation training



**I**n Somaliland, we also focused on the rural context, continuing to build our trademark hafir dams, which are artificially constructed water catchment basins with a circular earthen wall and a plastic geomembrane to prevent water seepage into the earth.

We constructed one in Waddo Makaahil Village, which was completed in June and handed over to the community in October, and another in Ijaara Village (here, we also conducted hygiene training for the local community). They serve over 500 households each. We have also started working on one of the country's largest hafir dams in Shanshacadde with a capacity of 66,000 cubic meters.

This project will benefit 8 villages, 5,400 households and their livestock. Currently, the only water sources for these communities are berkedes, which are rectangular elongated basins with vertical walls, and during dry seasons, the communities have to transport water from Burco, which is 120km away. In addition, we completed the construction of Geed-Deeble sub-surface dam, and that of Taysa berkhed.



It goes without saying that the Foundation's aspirations to solve East Africa's water shortage on a sustainable basis cannot be met by the Foundation alone. 2024 will set the foundations for partnership with other organisations, which are required to source hydrology and water management expertise and will help us achieve scale in this particular mission.

## Assessing Impact



RED team water quality testing

**O**ur RED team has gathered evidence on our Somaliland dams. In particular, they found that over the dry season, 8,755 households visited the Illinta dam which we built in Somaliland in 2022, confirming that communities use our dam as an insurance policy outside the rainy season. The dam had mostly repeat visitors, with 62.8% coming from Illinta village. In 2024, our emphasis will be on using Artificial Intelligence to automatise our assessment processes and identify more specific patterns in terms of the frequency of usage and the typical profile of the user of our dams.



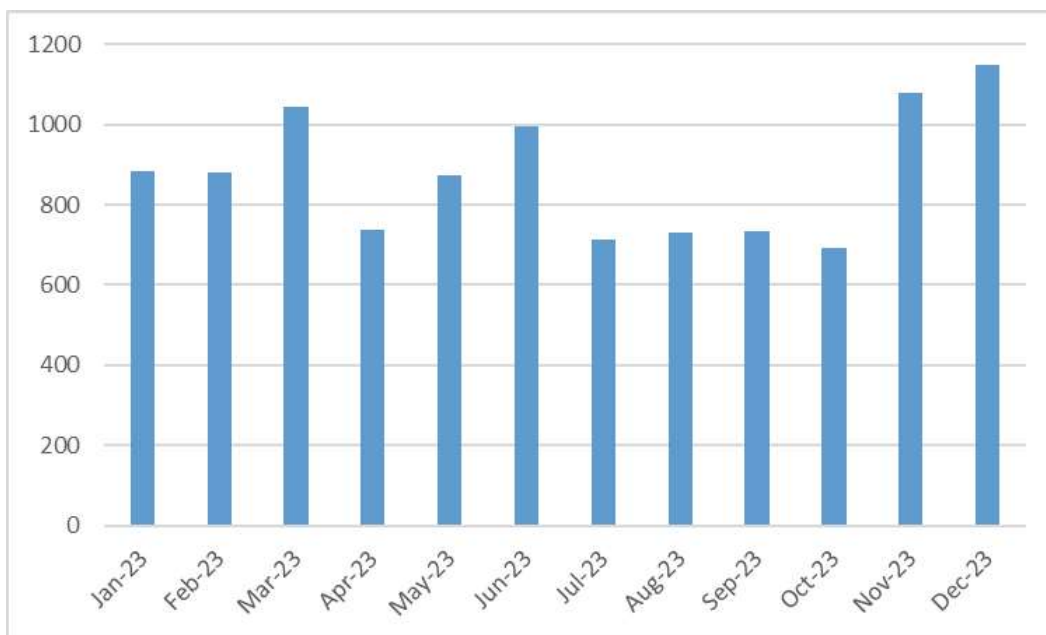


# M3: Removing Barriers to Productivity and Employment

A lot falls under the removal of barriers to productivity and employment mission. This year we focused on two areas within the mission: **removing barriers to health**, for productivity is not compatible with chronic illness, and **facilitating the transition from school to employment**.

## Barriers to Health

In Ethiopia, we decided to build on our existing Pharo Diagnostic Centre, which received an average of 876 patients per month over 2023, clearly gaining momentum. At the end of August, we opened a complementary clinic on the same site, with a doctor who prescribes medicines, leading to a renaming of our facility to Pharo Diagnostic and Clinical Services Centre.



Number of patients at the PDCS Centre

To enhance service uptake of our renamed centre, the programme organised a one day workshop with potential partners on advanced laboratory services for public and private health care workers on April 7-8 2023, in Assosa town. A total of 62 people were in attendance and among the participants, 15 were medical doctors from Assosa General Hospital and the rest were health officers and nurses from the same facility and adjacent districts. These types of efforts are successful at increasing the visibility of the Foundation's health programmes in BGRS.



PDC team in Assosa



Sadly, the lack of availability of diagnosis also affects Somaliland and conditions which are particularly underdiagnosed are non-communicable diseases (NCDs) like diabetes, hypertension or cancer.

It is easy to dismiss these illnesses as developed country problems but they also kill in Africa, which is why we have decided to tackle them in Somaliland, where they cause around 40% of deaths, though estimates vary. So we carried out a pilot project to create awareness of NCDs, whose goal is to reduce premature mortality for 15-50 year-olds in Hargeisa. The programme had three components: community-based screening for diabetes and hypertension, training for health workers and the set up and construction of an NCD centre.

Screening started on 22 October and as of 17 December, 1627 people had been screened. Information, education and communications messages about diabetes and

hypertension were developed. There were awareness-raising sessions at universities on risk factors, complications and prevention strategies. 74% of people with hypertension did not know they had it, while 50% with diabetes did not.

Ten health centres were selected from the 21 health centres in Hargeisa for training on the prevention, control and clinical case management of these diseases. After our initial screening on 29-30 November, trainers of trainers started training other health workers on 19 December. Finally, the stone-laying ceremony for the construction of an NCD centre at Hargeisa Group Hospital was held on 12 November. The centre will be the first of its kind in the country and provide high-quality curative, preventive and follow-up services for people with NCDs.



NCD Centre construction in Hargeisa



NCD Programme - Diabetes awareness and testing



# Barriers to Employment

As for the removal of obstacles to employment, Pharo Foundation believes in the power of a vocational education that offers exactly what employers are looking for, in the economy's sectors where there is a high demand for labour. Hence our Technical and Vocational Education Training (TVET) Centre, which saw its 3rd cohort starting training in September in painting/



Pharo TVET Solar and Electrical students graduation

decoration, plumbing, and solar/electricity installation. The second cohort of the programme successfully completed their training in plumbing, painting, electrical, and solar energy. They graduated in September 2023. Out of a total of 62 graduates, 28 are now employed in private companies, 5 in government agencies, 23 are freelancers and 5 are subcontractors, while only 2 are looking for jobs. The programme now boasts a total of 115 alumni.



Pharo TVET Painting & Decorating Students



Pharo TVET Plumbing Students

## Assessing Impact

In November 2023, the research and evaluation team conducted a tracer study for programme graduates. The study revealed a high return on investment. The tracer study also highlighted positive feedback from graduates. Approximately 49% rated their experience as excellent, while 56% expressed a high likelihood of recommending the course to others. Furthermore, 96% of respondents felt that the course content fully prepared them for the real world. Additionally, 87% of employed graduates stated that their current job directly relates to the TVET course they undertook. Around 80% of program graduates secured employment, indicating a high rate of successful job placement. In terms of earnings, TVET graduates earned USD 1,600

more than non-admitted applicants in annualised terms.



Pharo TVET Electrical students in practical

A stylized sunburst graphic on the left side of the page, consisting of multiple light blue rays of varying lengths radiating from a central point towards the right. The rays are set against a dark blue background.

**PHARO  
VENTURES**



# Pharo Ventures

The above three missions provide the foundations of a strong economy, which is at the heart of our Board's aspirations. Yet there is one more equally important means of fulfilling this objective, which is the creation of a dynamic private sector through Pharo Ventures. At the heart of the Foundation is the objective of accelerating economic development in Africa, and a key factor towards its achievement is the development of a dynamic and profitable private sector. The Foundation is set on investing in social enterprises on the basis of their potential for employment and value-added, and it is aiming directly to set the foundations for long-term development and African self-reliance through this process. Such is the function of Pharo Ventures within the Pharo Foundation ecosystem.

Conversely, in so far as the Foundation acts as an investor that invests differently in Africa, belonging to the ecosystem of the Foundation gives Pharo Ventures unique characteristics relative to a typical commercial enterprise.

## Pharo Ventures Ethiopia

Pharo Ventures Ethiopia is steeped in that long-term strategy. Indeed, the profits generated by a venture are reinvested into the same venture or invested in other Ethiopian businesses that match the Foundation's long-term development vision. Hence Pharo Ventures Ethiopia's agro portfolio speaks to the long-term developmental aspirations of the Foundation. For one thing, it is based on the value of circularity in food production. Its first venture is set to change the landscape of high-quality sesame oil production, through processes that contribute to social sustainability by cutting out the middleman from the sourcing process and dealing directly with farmers instead.

This year, Pharo Ventures Ethiopia started the construction of its specialty oils factory in Debre Birhan at the end of 2023. Pharo Ventures Ethiopia is in a good place to start producing sesame oil and pitching to global buyers in 2024. The construction of the plant progressed well, the first phase of the foundation work was completed and installation of the steel structure was commenced. 50% of the steel



Pharo Ventures Ethiopia specialty oil

structure frame was completed in 2023. Parts of the machinery manufactured in China arrived and assembly of the oil tanks and related equipment began in Pharo Ventures Ethiopia suppliers' workshop. Pharo Ventures Ethiopia has signed an MoU with the Agriculture Transformation Institute (ATI) to collaborate on various activities but most importantly around sourcing of raw materials. ATI has a good track record in supporting organizations investing in food processing by setting up a successful out-grower model. This collaboration will help Pharo strengthen its sourcing network and the impact it can bring to small-holder farmers. Furthermore, the partnership will explore how to diversify crop selection and implement sustainable agronomy practices such as organic options. The team have started taking the required food safety, quality management and environmental management training for the different certification programmes they will apply for once installation is completed



Pharo Ventures specialty oil factory



# Pharo Ventures Somaliland

Pharo Ventures Somaliland also embodies Pharo Ventures goals, in that its focus on construction as an employment intensive means of accelerating development and adding domestic value to the Somaliland economy. This year, it completed:

- Numerous residential projects, many with fittings for solar panels, wheelchair-accessible spaces, rainwater harvesting systems and water filters.
- Airport commercial real estate projects, including the construction of 29 commercial offices and 6 external toilets at Egal International Airport.
- It began the construction of the new Gollis University facility in Hargeisa. The new building will be a 7-storey building with 28 classrooms, 4 labs, a cafeteria and restaurant, kitchen and elevators. The concrete for this project is supplied by Pharo Ready Mix Concrete (RMC), whose profitability has been consistently high this year and which also began participation in the reconstruction of the historic Waheen market.
- It also built a new research laboratory at Sheikh University for DP World.
- It completed the construction of Ijaara dam in September, along with an elevated tank, water troughs and kiosks.
- It constructed the Pharo Foundation Kindergarten classroom extension, which takes its capacity to over 200 students.



Pharo Construction Ltd at Gollis University



RMC machinery

Pharo Construction Ltd (PCL), a portfolio company of Pharo Ventures Somaliland, aims to offer top-quality construction goods and services at affordable prices. The company has the capacity to construct big projects due to our numerous heavy-duty vehicles and our state-of-the-art construction machinery. Although we are a young enterprise, Pharo Ventures is truly prepared to change the face of construction industry in Somaliland and deliver large scale projects. Part of this capacity requires having state-of-the-art equipment. Having access to this essential machinery brings Pharo Ventures one step closer to their goal of participating in large scale infrastructure construction with significant social benefits.



Pharo Sheikh Secondary students at Ventures construction site



RMC concrete pouring at Waheen Market





**STRUCTURE,,  
GOVERNANCE  
AND  
MANAGEMENT**

# Structure, Governance and Management

## 1.1 Governing document

Pharo Foundation is constituted as a company limited by guarantee (Company No. 07678862) and operates under the terms of its Articles of Association. It is registered with the Charity Commission (No. 1143152).

## 1.2 Organisational structure

Pharo Foundation is a growing organisation with its Trustees overseeing its work routinely. The group ownership and control of various entities are listed under Note 11 in the financial statements.

Pharo Foundation includes both a non-profit operation and a for-profit arm, Pharo Ventures. Both of them are working towards the achievement of our missions, but they are doing it with different tools: The non-profit invests in development of public goods and not-for-profit projects, while Pharo Ventures invests in the private sector and for-profit ventures. Pharo Ventures was created by Pharo Foundation in 2019. Pharo Ventures' social enterprises provide sustainability to the vision of the Foundation for a self-reliant Africa, by creating a dynamic local private sector that will ultimately drive African economic growth. They do so by maximising economic value added, maximising the number of jobs created and reaching profitability within a few years. Pharo Ventures Somaliland is currently focused on a ready-made concrete plant, while Pharo Ventures Ethiopia is focused on agro-processing.

Trustees of the Foundation are appointed as a trustee through an ordinary resolution. Trustees serve for three years and thereafter they have an opportunity to seek re-appointment. The current Trustees were appointed based on the skills and experience that they offer Pharo Foundation and their interest in the charitable objectives of Pharo Foundation. All Trustees are given an induction pack that explains the legal obligations of the Trustees and includes Pharo Foundation's governing document and other key policy documents.

The Trustees who held office during the period ending 31 December 2023 and up to the date of approval of these financial statements were:

- Mr Matthieu Baumgartner
- Mr Guillaume Fonkenell
- Mr Mustafa Jama
- Ms Farah Jirdeh Fonkenell
- Mr Nicolas Sagna

No Trustee received any remuneration for services as a Trustee, nor had any beneficial interest in any contract with Pharo Foundation, during the year. Expenses reimbursed to Trustees are disclosed in Note 8 of the financial statements.

The day-to-day management of the charity's activities and the implementation of its policies are delegated to the foundation's Chief Executive Officer (CEO). The last CEO, Gulden Kazandag, left the Foundation in December 2023 and the Foundation has since been led by Guillaume Fonkenell as interim CEO and over the course of the search for a new suitable candidate, which is progressing well. The management reporting lines are clearly defined, and the Trustees receive regular reports on both programme and grant activities, enabling them to fulfil their responsibilities effectively.



The key management personnel responsible for directing, controlling, running, and operating the charity on a day-to-day basis include the CEO, who is guided by the Trustees. The Executive Team is composed of the CEO, the Chief Financial Officer, Chief Operating Officer, and Chief Research and Evaluation Officer. Their names are listed below:

- Interim CEO: Mr Guillaume Fonkenell
- Chief Financial Officer: Kudzai Munyavi (appointed in July 2023)
- Chief Operating Officer: Tim Kasperidus (appointed in October 2023)
- Chief Research and Evaluation Office: Ken Lee

### **1.3 Statement of Trustees responsibilities**

The Trustees (who are also directors of Pharo Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable that the United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirm that:

- so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 1.4 Risk management

The Trustees continuously assess the major risks to which the charity is exposed. As part of this process, we reviewed and updated our risk management matrix in July 2023.

Our updated risk management matrix contains 20 potential risks under eight major headings, including governance and management, law and regulation compliance, investment, operational, financial, external and reputational. For each potential risk, we have identified potential consequences and the controls we have put in place to manage the risk. We have also rated (low, medium and high) the likelihood of each potential risk happening and the impact it will have on the Foundation if the risk materialised.

The following are the major risks that the Trustees have identified and established effective controls to mitigate them:

- Failure to meet legal/regulatory requirements with potential consequences of fines/penalties, legal challenge, loss of reputation and loss of license. Trustees track legal/regulatory requirements in relevant countries through annual legal reviews and seek legal advice before registration in new countries.
- Insecurity and instability with potential consequences of programme disruption and loss of assets, and harm to staff members. Trustees encourage and monitor strong and positive relationships with local governments and communities and they monitor country risk assessments and security plans that management puts in place. They have also put in place travel and accident protection insurance policy.
- Fraud, mismanagement or error with potential consequences of loss of money, loss of reputation, inefficiency and regulatory action. Trustees have put in place clear accounting policies and procedures and monthly reporting arrangements. There are also annual external audits.
- The Foundation being at the risk of not meeting stakeholders' expectations with potential consequences of reputational damage, legal/regulatory challenges and inability to attract high calibre staff. Trustees have formulated a risk management system and appointed a dedicated Trustee who oversees risk management; and, a strong internal control environment and external audit are in place.

## 1.5 Fundraising

The Foundation does not actively seek donations from the public therefore it has not registered with the Fundraising Regulator. It does not use the services of any third-party organisation to help in its fundraising activities and no complaints were received about its fundraising activities during the financial year.

## 1.6 Public benefit

All the Trustees are conversant with the Charity Commission's guidelines concerning charities and public benefit and have given consideration to them when assessing the charity's activities. The Trustees believe that they have complied fully with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Commission.



## 1.6.1 Compliance with Trustees Duties under Section 172(2) Companies Act 2006

Trustees must act in the way they consider, in good faith, would be most likely to promote success to achieve its charitable purposes. The Trustees, in doing so, delegate day to day management and decision-making to the Chief Executive, who, with other key management, is required to act to further its strategy and to ensure that the activities are carried out in compliance with agreed plans and policies. The Trustees receive updates on performance and plans at each Board of Trustee meeting. In carrying out their duties, the Trustees have regards (among other matters) to:

## 1.6.2 Foster the charity's business relationships with suppliers, customers and others

Our network of collaborations includes working with various stakeholders such as vendors, individuals' communities and various government sectors in a move to positively contribute towards improving the livelihood of people through increase access to education, agriculture, health and water.

These partnerships are key to our work in Africa. Mutual respect together with transparency, trust and accountability form the basis of our work with others. Overall, our values govern our procurement process and all our suppliers must comply with our code of conduct and principles of our procurement policy.

## 1.6.3 Carbon Reporting Exemption

Pharo Foundation qualifies for a carbon reporting exemption under the Carbon Reporting (Amendment) Regulations 2018, as our energy consumption within the UK remained below 40,000 kWh during this period. We remain committed to environmental responsibility and will continue to implement sustainable practices to reduce our carbon footprint in line with our mission.

## 1.6.4. Inclusivity Policy for Disabled Individuals

The Foundation ensures fair consideration for job applications from disabled individuals. We are committed to workplace adjustments, tailored training, and career development opportunities, in line with the Equality Act 2010, to support an inclusive work environment.

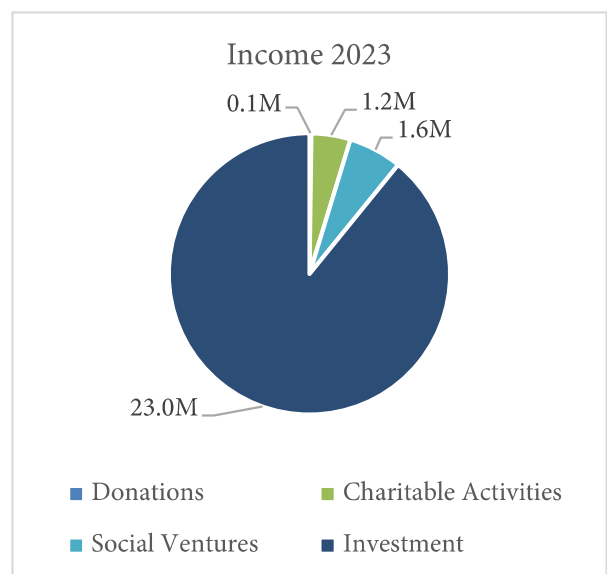
# 2 Financial Review

## 2.1 Financial Performance

During the year, Pharo Foundation's total income was US\$ 25.8 million, derived from donations and legacies, charitable activities, investments, and other trading operations.

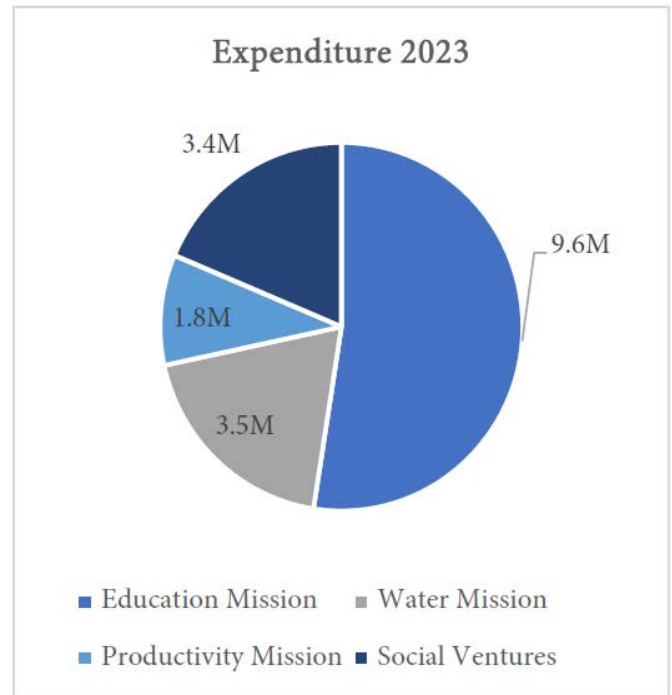
The Foundation received an unrestricted donation of approximately US\$ 22 million from Pharo Development Investment Limited (PDIL) during the period. PDIL serves as a vehicle to distribute profits generated by Pharo Management (UK) LLP.

Donations and legacies increased by 4%, while income from charitable activities rose by 50%, contributing an additional US\$ 0.39 million. This growth was driven by



the addition of extra afternoon classes in Somaliland and the opening of new schools in Kenya and Rwanda. Investment income increased by 13%, attributed to a US\$ 2 million increase in profit share from Pharo Management (UK) LLP and a US\$ 0.7 million increase in bank interest on deposits. Trading income from social ventures grew by US\$ 0.89 million, primarily due to the expansion of the Pharo Construction business.

Expenditures for the year totalled US\$ 18.3 million, a 23% increase from the previous year, reflecting our unwavering commitment to growth. This increase was driven by several key activities, the Education Mission's expenditures increased by 23%, primarily due to the establishment of Pharo School in Kigali and the acquisition of Tender Care Junior Academy in Nairobi. Water Missions saw a 25% increase, mainly due to the creation of large water infrastructure projects in Ethiopia and Somaliland. The Productivity Mission's costs rose by 21%, driven by the expansion of our existing Pharo Diagnostic Centre and the establishment of new health projects to tackle non-communicable diseases (NCDs). Social venture operations increased by 19%, amounting to an additional US\$ 0.55 million, highlighting our belief in the power of sustainable business ventures to drive social change. Support costs increased by 100% amounting to an additional US\$ 0.83 million. This increase is primarily due to the expansion of the head office team to better support the Foundations operations and achieve its objectives.



As of 31 December 2023, the Group's unrestricted funds totalled US\$ 37.7 million. Of this amount, the net book value of the Group's tangible fixed assets was US\$ 11.2 million. Additionally, impact investments was US\$ 1.8 million and an unrestricted fund balance was US\$ 24.7 million. The charity's stand-alone financial statements' unrestricted funds totalled US\$ 45.3 million, comprising a net book value of the charity's tangible fixed assets was US\$ 7.0 million, social ventures was allocated US\$ 13.8 million and impact investments was US\$ 1.8 million, and an unrestricted fund balance of US\$ 22.5 million.

Overall, our operations have shown significant growth compared to last year. We have expanded our footprint by establishing Kenya country office, demonstrating our commitment to broadening our reach and impact. Additionally, our social venture's operations have seen increased activity, reflecting our strategic focus of accelerating economic development through the private sector. Furthermore, we have strengthened our team by hiring several senior staff members throughout late 2022 and 2023, positioning us for continued growth and success in the future.

## 2.2 Investment policy

Pharo Foundation Group had an investment portfolio valued at US\$ 1,804,766 as of 31 December 2023 (2022: US\$ 1,804,766). In the charity's standalone financial statements, the portfolio was valued at US\$ 15,696,815 (2022: US\$ 8,651,552). The Foundation's investment objective is to support African start-ups and build social ventures that create jobs and economic value. These investments provide insights into African operating environments and opportunities, aiding the advancement of the Foundation's charitable objectives.



The Trustees possess significant investment experience and expertise. They conduct thorough due diligence and carefully evaluate each investment proposition in both financial and mission-related terms before making a decision. The performance of investments is monitored periodically by the Trustees on an ongoing basis.

Over the past 12 months, the value of the unlisted/impact investment portfolio has remained unchanged. Furthermore, the investments in subsidiaries have increased to US\$ 7,045,262 in 2023 (2022: US\$ 4,593,846) due to the growth and expansion of social ventures.

## 2.3 Reserves policy

Pharo Foundation has committed to several charitable programmes, projects, and grants with ongoing financial commitments. Accordingly, the Trustees monitor the level of reserves throughout the year to ensure the Foundation can meet these financial commitments and other operational liabilities. Funds committed to our own programmes and social investments are shown as designated funds in the balance sheet and are payable as programmes and projects are implemented across various country offices.

Pharo Foundation's general funds are those not already committed and are therefore available for future programme spending. In light of the ongoing financial commitments, Pharo Foundation maintains at least 12 months of cash reserves, managed in line with the funding needs of the programs and projects it undertakes in any given financial period.

## 2.4 Grant Making Policy

Pharo Foundation's grant making policy underscores its dedication to philanthropy and educational advancement. Grants and scholarships are disbursed to eligible recipients in alignment with the Foundation's predefined criteria and guidelines, ensuring strategic allocation of resources to maximise impact.

Approved by the Trustees and signed on their behalf by:

A handwritten signature in black ink that reads "G Fonkenell". The signature is written in a cursive style and is underlined.

Mr Guillaume Fonkenell  
Trustee

Approved by the Trustees on: 28/06/2024



**INDEPENDENT  
AUDITOR'S  
REPORT**



# Independent Auditor's Report

## (For the year ended 31 December 2023)

### Independent auditor's report to the member of Pharo Foundation

#### Opinion

We have audited the financial statements of Pharo Foundation (the 'foundation') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the consolidated statement of financial activities, the group and foundation balance sheets and consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and foundations' affairs as at 31 December 2023 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the foundation and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept by the group and foundation, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the foundation financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team, and the component auditors of the group, collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the group and charity through discussions the component auditors within the group, with management and representatives of those charged with governance and from our knowledge and experience of the sector in which the group operates;
- We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Companies Act 2006, the Charities Act 2011, the Charities SORP, anti-bribery, employment, safeguarding principles. We considered the impact of the international nature of the charity's operations on its compliance with laws and regulations;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those responsible for legal and compliance procedures and a review of minutes of Trustees' meetings.

**Independent Auditor's Report**  
(For the year ended 31 December 2023)

We assessed the susceptibility of the group and charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud,
- Making enquiries of management and representatives of those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Identifying and testing journal entries, in particular any journal entries posted with unusual characteristics;
- Tested the authorisation of expenditure;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees; and
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.
- Enquiring of auditors of overseas components as to actual and potential non-compliance with significant laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch, (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL  
Date: 10 July 2024



**FINANACIAL  
STATEMENTS**



# Consolidated Statement of Financial Activities

(For the year ended 31 December 2023)

	Notes	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
<b>Income from:</b>			
Donations and legacies	1	59,627	57,243
Charitable activities	2	1,157,084	771,099
Social ventures trading	3	1,584,403	693,007
Investment	4	23,008,123	20,302,185
<b>Total income</b>		<b>25,809,237</b>	<b>21,823,534</b>
<b>Expenditure on:</b>			
Social ventures trading	5	3,417,452	2,866,254
Charitable activities	6	14,899,302	12,064,602
<b>Total expenditure</b>		<b>18,316,754</b>	<b>14,930,856</b>
<b>Minority interests</b>		<b>169</b>	<b>584</b>
<b>Net income before investment gains</b>		<b>7,492,653</b>	<b>6,893,262</b>
<b>Other recognised gains/losses</b>			
(Losses) on foreign exchange		(438,858)	(393,936)
<b>Net movement in funds</b>	7	<b>7,053,795</b>	<b>6,499,326</b>
<b>Total funds brought forward</b>		<b>30,673,493</b>	<b>24,174,167</b>
<b>Total funds carried forward</b>		<b>37,727,288</b>	<b>30,673,493</b>

All the above results are derived from continuing operations apart from Pharo Farm Ethiopia whose operations were discontinued on 30th September 2022. All income and expenditures for the current and prior year are unrestricted. Pharo Foundation has no recognised gains or losses other than those shown above.

Discontinued operations: Pharo Farm Ethiopia	1 Jan 2023 to 31 Dec 2023 Total US\$	1 Jan 2022 to 31 Dec 2022 Total US\$
<b>Income</b>	-	<b>3,180</b>
<b>Expenditure</b>	-	<b>335,766</b>
<b>Net (expenditure) from discontinued</b>	-	<b>(332,586)</b>
Foreign exchange	-	<b>14,992</b>
<b>Net (expenditure)</b>	-	<b>(317,594)</b>

# Statement of Financial Position

(As of 31 December 2023)

	Notes	Group 2023 US\$	Group 2022 US\$	Foundation 2023 US\$	Foundation 2022 US\$
<b>Fixed assets</b>					
Tangible assets	9	11,186,710	5,819,931	7,044,477	3,950,943
Intangible assets	10	791,321	-	791,321	-
Investments	11	1,804,766	1,804,766	15,696,815	8,651,552
Debtors due after one year	12	81,074	14,903	81,074	14,903
		<u>13,863,871</u>	<u>7,639,600</u>	<u>23,613,687</u>	<u>12,617,398</u>
<b>Current assets</b>					
Inventory	13	105,101	163,083	89,388	160,928
Debtors due within one year	14	1,787,152	1,245,672	939,903	556,251
Cash at bank and in hand		24,398,460	23,296,985	22,496,885	20,159,191
		<u>26,290,713</u>	<u>24,705,740</u>	<u>23,526,176</u>	<u>20,876,370</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,426,806)</u>	<u>(1,671,759)</u>	<u>(1,836,573)</u>	<u>(1,034,684)</u>
<b>Net current assets</b>		<u>23,863,907</u>	<u>23,033,981</u>	<u>21,689,603</u>	<u>19,841,686</u>
<b>Total net assets</b>		<u>37,727,778</u>	<u>30,673,581</u>	<u>45,303,290</u>	<u>32,459,084</u>
<b>Minority interests</b>		<u>(490)</u>	<u>(88)</u>	<u>-</u>	<u>-</u>
<b>Net assets attributable to Group</b>		<u>37,727,288</u>	<u>30,673,493</u>	<u>45,303,290</u>	<u>32,459,084</u>
<b>Funds of the charity:</b>					
Unrestricted Funds					
- General funds		24,735,814	23,048,796	22,561,985	19,856,589
- Designated funds	16	12,991,474	7,624,697	22,741,305	12,602,495
		<u>37,727,288</u>	<u>30,673,493</u>	<u>45,303,290</u>	<u>32,459,084</u>

Approved by the Trustees of Pharo Foundation, Company Registration No. 07678862 (United Kingdom) and Charity Registration No.1143152 (England and Wales) and signed on their behalf by:



Mr Guillaume Fonkenell  
Trustee  
Approved on: 28/06/2024



# Statement of Cash Flows

## (As of 31 December 2023)

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
<b>Cash flows from operating activities:</b>		
Net cash (used in) operating activities	(14,332,089)	(12,167,607)
<b>Cash flows from investing activities:</b>		
Income from investments	23,008,123	20,302,185
Purchase of tangible fixed assets	(6,906,292)	(1,850,243)
Purchase of intangible fixed assets	(804,733)	-
Proceeds from sale of fixed assets	-	11,907
<b>Net cash provided by investing activities</b>	<b>15,297,098</b>	<b>18,463,849</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>965,009</b>	<b>6,296,242</b>
<b>Cash and cash equivalents at 01 January 2023</b>	<b>23,296,985</b>	<b>17,157,953</b>
Change in cash and cash equivalents due to exchange rate movements	136,467	(157,210)
<b>Cash and cash equivalents at 31 December 2023</b>	<b>24,398,460</b>	<b>23,296,985</b>

The Foundation has not prepared a separate statement of movements as no difference between cash and cash equivalents and net debt.

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>7,492,653</b>	<b>6,893,262</b>
<b>Adjustments for:</b>		
Depreciation charges	961,124	771,576
Amortisation of Goodwill	13,412	-
Disposal of fixed assets	3,467	232,531
Income from investments	(23,008,123)	(20,302,185)
Decrease (Increase) in Inventory	57,982	(163,083)
(Increase) in debtors	(607,651)	(361,138)
Increase in creditors	755,047	761,430
<b>Net cash used in operating activities</b>	<b>(14,332,089)</b>	<b>(12,167,607)</b>

# Principal Accounting Policies

## (As of 31 December 2023)

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### Basis of preparation

These financial statements have been prepared for the year to 31 December 2023. The financial statements are presented in US Dollar and are rounded to the nearest Dollar.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

### Basis of consolidation

The Consolidated Financial Statements incorporate the results of the charity and its subsidiaries, as listed at note 12, for the year ended 31 December 2023. The acquisition method of accounting has been adopted.

Under section 408 of the Companies Act 2006 and the SORP, Pharo Foundation is exempt from the requirement to present its own Statement of Financial Activities.

### Critical accounting estimates and areas of judgement

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 Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The items in the financial statements where significant judgements and estimates have been made include:

#### *Estimating the useful economic lives of fixed assets*

The assets of the Foundation are primarily held overseas. The useful economic life of certain assets, applied for the purposes of calculating depreciation, have therefore been assessed as being shorter than that which would ordinarily be applied to the same asset class located in the UK. This is due to the difference in the accounting standards applicable across different jurisdictions.

#### *Determining the value of assets granted from overseas Governments*

The Foundation has been granted the use of a number of significant assets overseas. Specifically, a 26 and a 484-hectare plot of land from the Environment Forest and Land Administration Office, of Benishangul Gumuz Regional State in Ethiopia and three school sites from the Ministry of Education and Science in Somaliland



Although the risks and rewards of ownership of these sites is held by the Foundation, no value was attributed to these sites in the year of occupation as the Foundation is unable to reliably estimate their value under the specific terms granted and there is no question of disposal for commercial gain. Improvements to these sites are capitalised where they meet the accounting policy criteria for tangible fixed assets.

### *Goodwill Amortisation*

The Foundation made an acquisition of assets and paid an amount exceeding the fair value of the net identifiable assets, resulting in goodwill. This goodwill is amortised over a period of 10 years, reflecting the estimated useful life over which the economic benefits are expected to be derived.

### *The valuation of unlisted investments*

The group holds unlisted investments in three companies. These are included in the financial statements at fair value, using a quoted market price or evidence of recent transactions. If fair value cannot be measured reliably investments are measured at cost less impairment. The trustees have made the following assessment in relation to each holding.

- Pharo Management (UK) LLP: In the absence of readily determined and reliable fair values at the year end, this investment has been held at cost less impairment. The trustees have determined the value of these investments to not be impaired.
- Lynk: In the absence of readily determined and reliable fair values at the year end, this investment has been held at cost less impairment. The trustees' assessment of the impairment on this investment was as a result of financial performance information provided to shareholders.
- New Forest Company: In the absence of readily determined and reliable fair values at the year end, this investment has been held at cost less impairment. The trustees' assessment of the impairment on this investment is determined from either the price offered for a rights issue given to the existing shareholders during the year or as a result of debt restructuring exercise. There was no change in the value of this investment during the year.

### *Impairment of Investments in Subsidiaries*

Determining whether investments in subsidiaries are impaired is a matter of significant judgment and subject to estimation. In assessing whether there is any indication of impairment of investments in subsidiaries, the Trustees calculate the recoverable amounts from such investments based on the conditions and business plans for the subsidiaries at the date of these separate financial statements. This involves evaluating the financial health, future prospects, and operational performance of the subsidiaries.

### *Determination of overseas operations as a branch or subsidiary*

The Group operates in and has a locally registered presence in overseas countries, as detailed in the trustees' report. The legal structures available for these operations vary between countries. For the purposes of these financial statements the trustees have made an assessment of whether the locally registered presence should be classified as a branch or a subsidiary by aligning the local registration type with the most comparable format of registration under UK laws.

Other judgements applied by management include:

- Determination of the appropriate exchange rates to use in the translation of foreign currencies; and
- Estimates in respect of accrued expenditure

## Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. This is because the charity is in a net asset position and received sufficient additional investment income after the year end to meet the cost of its budgeted programme and grant-making activities.

Since 31 December 2023, the Foundation has assessed the potential impact of political unrest and persistent increase in inflation on the Foundation and concluded that while the ability of the Foundation to undertake its activities as planned will be affected, as detailed on page 30-32 of the trustees report, there will be no material impact on the going concern status of the Group because the Foundation has sufficient assets and received a large unrestricted donation in January 2024 which is sufficient to ensure the Foundation can meet its commitments and liabilities.

## Income

Income is recognised in the period in which the charity has an entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Donations, including amounts received under Gift Aid, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable.

Income from charitable activities is recognised in the period in which the service is provided. Where income is received in advance of meeting any performance-related conditions, and there is no unconditional entitlement to the income, it is recognised as deferred and included in creditors as deferred income until the performance conditions are met.

Income from investment is received from PDIL. It is measured at the fair value of the consideration received or receivable, excluding any discounts or rebates.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Construction income from social ventures applies percentage of completion (“PoC”) of the contract to estimate the revenue to be recognized during the year. The stage of completion of a contract may be determined by a variety of ways. Depending on the nature of the contract, revenue is recognised as contractually agreed technical milestones are reached, as units are delivered or as the work progresses.

## Expenditure

Liabilities are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is inclusive of irrecoverable VAT. All expenditure is accounted for on an accrual basis.

Expenditure comprises the following:



- Social ventures' trading expenditure includes direct and indirect costs such as salaries, overheads, and governance costs incurred by the Pharo Ventures companies within the Group.
- Charitable activities include the salaries, overheads, governance costs, and grants payable associated with the furtherance of Pharo Foundation's objectives.
- Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions.

## **Investments**

Investments other than subsidiaries are included in the financial statements at fair value, using a quoted market price or evidence of recent transactions. If fair value cannot be measured reliably investments are measured at cost less impairment. Gains and losses are recognised in the statement of financial activities.

Investments in subsidiaries are held at cost, less any impairment charges.

## **Tangible fixed assets**

All tangible fixed assets costing more than \$500 and with an expected useful life exceeding one year are capitalised. Assets are depreciated when they are brought into use. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

IT equipment	3 years estimated useful life
Furniture and fittings	3 years estimated useful life
Motor Vehicles	2 to 5 years estimated useful life
Plant and Machinery	5 years estimated useful life
Building	20 years estimated useful life
Leasehold Improvement	5 years estimated useful life
Land	No depreciation
Construction in progress	No depreciation

Construction in progress comprises of partially completed proportion of the buildings measured at cost.

## **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the associate's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. This goodwill is included under intangible assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment tests are carried out on goodwill annually and the carrying amount in the statement of financial position is reduced by any impairment losses.

Impairment losses on goodwill charged to profit or loss are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is amortised over a period of ten years on a straight line basis.

## **Foreign currencies**

Assets and liabilities in other currencies are translated into US\$ at the rates of exchange ruling at the balance sheet date. Transactions in other currencies are translated into US\$ at the rate of exchange ruling at the date of the transaction. The income statements of subsidiaries in other currencies are translated at average rates of exchange. Exchange differences are taken into account in arriving at the net movement in funds.

## Principal Accounting Policies

(As of 31 December 2023)

Although the functional and presentational currency, as stated above, is US\$, Pharo Foundation is a UK based charity and certain provisions of legal and regulatory requirements and the charity's operating policies are stated in British Pounds (£). Within these financial statements, amounts relating to these specific requirements have also been stated in British Pounds (£).

The source of the foreign currency conversion is provided by XE.com.

### Operating leases

The costs of operating leases are charged to the statement of financial activities on a straight-line basis over the life of the lease.

### Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### Fund accounting

All of the charity's and the group's funds received to date have been unrestricted.

The general fund comprises those monies that may be used towards meeting the charitable objective of the charity at the Trustees' discretion.

The designated fund comprises monies set aside out of unrestricted general funds for specific future purposes or projects. The details of the specific designations made are detailed at Note 16.

### Taxation

The taxation status of the group and its subsidiaries are disclosed in Note 17. The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available

**Principal Accounting Policies**  
(As of 31 December 2023)

against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



# Notes to the Financial Statements

## (As of 31 December 2023)

### 1 Donations and legacies

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
Donations	59,627	57,243
	<u>59,627</u>	<u>57,243</u>

### 2 Income from charitable activities

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
Pharo schools	917,332	728,369
Pharo laboratories	91,551	30,076
Other income	148,201	12,654
	<u>1,157,084</u>	<u>771,099</u>

### 3 Income from social enterprise trading

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
Pharo Construction income	1,584,403	693,007
	<u>1,584,403</u>	<u>693,007</u>

### 4 Income from investments

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
Profit share from Pharo Management (UK) LLP	22,008,124	20,011,973
Bank interest	999,999	290,212
	<u>23,008,123</u>	<u>20,302,185</u>

### 5 Expenditure on Social Ventures Trading

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
Costs of Sale Social Ventures Group of companies	2,091,722	690,649
Operational costs from the Social Ventures Group of companies	1,241,153	2,126,028
Governance costs	84,577	49,577
	<u>3,417,452</u>	<u>2,866,254</u>

## 6 Expenditure on charitable activities

	Group 1 Jan 2023 to 31 Dec 2023 US\$	Group 1 Jan 2022 to 31 Dec 2022 US\$
Grants to institutions	-	163,799
Scholarship awarded	74,164	14,903
Mission driven programmes	13,175,858	11,070,274
Support costs of grant making and programme activities	1,649,280	815,626
	<u>14,899,302</u>	<u>12,064,602</u>

<b>Analysis of activities</b>	<b>Activities undertaken directly 2023 US\$</b>	<b>Grant funding of activities 2023 US\$</b>	<b>Support costs 2023 US\$</b>	<b>Amount 2023 US\$</b>
Education Mission	8,472,451	74,164	1,063,829	9,610,444
Water Mission	3,121,050	-	388,489	3,509,539
Productivity Mission	1,582,357	-	196,962	1,779,319
	<u>13,175,858</u>	<u>74,164</u>	<u>1,649,280</u>	<u>14,899,302</u>

<b>Analysis of activities</b>	<b>Activities undertaken directly 2022 US\$</b>	<b>Grant funding of activities 2022 US\$</b>	<b>Support costs 2022 US\$</b>	<b>Amount 2022 US\$</b>
Education Mission	7,090,702	178,702	527,080	7,796,485
Water Mission	2,608,475	-	189,132	2,797,606
Productivity Mission	1,371,097	-	99,414	1,470,510
	<u>11,070,274</u>	<u>178,702</u>	<u>815,626</u>	<u>12,064,601</u>

We have restructured the way we analyse and present our activities to align with our new missions. As part of this restructuring, our agriculture and health initiatives have now been combined under the Productivity Mission. Consequently, we have also restructured the presentation of our activities for the year 2022 to ensure consistency. Support costs have been allocated to each of the above activities based on the resources used during the year.

<b>Analysis of support costs</b>	<b>1 Jan 2023 to 31 Dec 2023 US\$</b>	<b>1 Jan 2022 to 31 Dec 2022 US\$</b>
Communications & IT	108,277	63,086
Finance costs	743	429
General management	202,917	94,899
Office and premises	68,368	70,233
Staff costs	1,117,856	438,402
Governance costs	151,119	148,576
	<u>1,649,280</u>	<u>815,626</u>

## 7 Net movement in funds

This is stated after charging:

	<b>Group</b> <b>1 Jan 2023 to</b> <b>31 Dec 2023</b> <b>US\$</b>	<b>Group</b> <b>1 Jan 2022 to</b> <b>31 Dec 2022</b> <b>US\$</b>
Staff costs (Note 8)	7,553,353	5,954,835
Parent company auditor's remuneration		
- statutory audit services	69,794	51,642
- other services	5,047	-
Other companies auditor's remuneration		
- statutory audit services	41,291	31,615
- other services	31,578	9,345
Depreciation	961,124	771,576
Loss on disposal of fixed assets	3,467	232,531
Operating lease rentals	477,862	363,556

## 8 Staff costs, key management personnel and trustee's remuneration

	<b>Group</b> <b>1 Jan 2023 to</b> <b>31 Dec 2023</b> <b>US\$</b>	<b>Group</b> <b>1 Jan 2022 to</b> <b>31 Dec 2022</b> <b>US\$</b>
Employees		
- wages and salaries	7,125,259	5,674,622
- social security costs	118,557	38,732
- employer pension contributions	309,537	241,481
	7,553,353	5,954,835

The average number of employees during the period totalled 557 (2022: 462). This is analysed as follows:

	<b>Group</b> <b>1 Jan 2023 to</b> <b>31 Dec 2023</b> <b>No.</b>	<b>Group</b> <b>1 Jan 2022 to</b> <b>31 Dec 2022</b> <b>No.</b>
Number of support staff	12	4
Number of programme staff	481	407
Number of social ventures staff	63	52
	557	463



**Notes to the financial statements**  
(As of 31 December 2023)

	<b>Group</b> <b>1 Jan 2023 to</b> <b>31 Dec 2023</b>	<b>Group</b> <b>1 Jan 2022 to</b> <b>31 Dec 2022</b>
	<b>No.</b>	<b>No.</b>
Employees with emoluments between £60,001 to £70,000 per annum	1	4
Employees with emoluments between £70,001 to £80,000 per annum	4	2
Employees with emoluments between £80,001 to £90,000 per annum	2	1
Employees with emoluments between £90,001 to £100,000 per annum	3	-
Employees with emoluments between £100,001 to £110,000 per annum	4	2
Employees with emoluments between £110,001 to £120,000 per annum	-	1
Employees with emoluments between £120,001 to £130,000 per annum	-	1
Employees with emoluments between £140,001 to £150,000 per annum	1	-
Employees with emoluments between £150,001 to £160,000 per annum	1	-
Employees with emoluments between £160,001 to £170,000 per annum	2	-
Employees with emoluments between £280,001 to £290,000 per annum	1	-
	<b>19</b>	<b>10</b>

The key management personnel of the Group comprise the Trustees of the Pharo Foundation, the CEO of the Foundation, and the Executive Team. The Executive Team, which reports directly to the CEO, includes the Chief Financial Officer, Chief Operating Officer and Chief Research and Evaluation Officer.

The total remuneration of the key management personnel was US\$ 972,955 (2022: US\$ 455,009), mainly due to the hiring of some key staff during the year. The charity's CEO is remunerated with US\$ 353,424 (2022: US\$ 80,969).

No Trustees received any remuneration or reimbursement of expenses in their capacity as trustees. However, the Foundation catered for the Trustees' travel expenses in connection with their duties as Trustees during the year, amounting to \$ nil (2022: 4 Trustees - US\$ 15,222).

## 9 Tangible assets

<b>Tangible fixed assets</b>								
<b>Group</b>	<b>Furniture and fittings</b>	<b>Plant and Machinery</b>	<b>IT equipment</b>	<b>Motor Vehicles</b>	<b>Building</b>	<b>Land</b>	<b>Work in progress</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Cost</b>								
At 1 January 2023	525,778	567,330	292,279	1,897,219	2,855,789	384,645	546,870	7,069,910
Additions	305,005	174,086	95,522	325,108	1,226,758	1,372,546	3,407,267	6,906,292
Transfers	-	5,669	-	-	501,668	-	(507,337)	-
Disposals	(12,200)	(4,705)	(26,127)	-	-	-	-	(43,032)
Write-down	-	-	-	-	-	-	(6,759)	(6,759)
FX on exchange rate	(38,229)	(5,805)	(18,308)	(61,655)	(223,237)	(152,157)	(97,484)	(596,875)
At 31 December 2023	<u>780,354</u>	<u>736,575</u>	<u>343,366</u>	<u>2,160,672</u>	<u>4,360,978</u>	<u>1,605,034</u>	<u>3,342,557</u>	<u>13,329,536</u>
<b>Depreciation</b>								
At 1 January 2023	228,628	110,868	122,945	561,565	225,208	763	-	1,249,977
Charge for the period	198,601	116,878	94,842	385,651	159,841	5,311	-	961,124
Disposals	(6,546)	(784)	(9,178)	-	-	-	-	(16,508)
FX on exchange rate	(13,542)	(1,317)	(7,866)	(16,281)	(12,317)	(444)	-	(51,767)
At 31 December 2023	<u>407,141</u>	<u>225,645</u>	<u>200,743</u>	<u>930,935</u>	<u>372,732</u>	<u>5,630</u>	<u>-</u>	<u>2,142,826</u>
<b>Net book value</b>								
At 31 December 2023	<u>373,213</u>	<u>510,930</u>	<u>142,623</u>	<u>1,229,737</u>	<u>3,988,246</u>	<u>1,599,404</u>	<u>3,342,557</u>	<u>11,186,710</u>
At 31 December 2022	<u>297,148</u>	<u>456,462</u>	<u>169,320</u>	<u>1,335,656</u>	<u>2,630,570</u>	<u>383,883</u>	<u>546,891</u>	<u>5,819,930</u>

**Notes to the financial statements**  
(As of 31 December 2023)

Foundation	Furniture and fittings US\$	Plant and Machinery US\$	IT equipment US\$	Motor Vehicles US\$	Building US\$	Land US\$	Work in progress US\$	Total US\$
<b>Cost</b>								
At 1 January 2023	381,643	122,080	232,773	797,810	2,725,350	100,635	451,693	4,811,983
Additions	285,719	-	92,839	223,394	1,226,758	1,372,546	936,893	4,138,149
Transfers	-	-	-	-	501,668	-	(501,668)	-
Disposal	(8,915)	-	-	-	-	-	-	(8,915)
Write-down	-	-	-	-	-	-	(6,759)	(6,759)
FX on exchange rate	(35,663)	(5,805)	(12,695)	(52,969)	(223,237)	(145,191)	(27,638)	(503,198)
At 31 December 2023	622,785	116,276	312,917	968,234	4,230,538	1,327,990	852,522	8,431,260
<b>Depreciation</b>								
At 1 January 2023	172,588	14,243	102,571	349,810	221,842	-	-	861,054
Charge for the period	149,311	23,894	83,654	164,187	155,111	3,519	-	579,676
Disposal	(5,448)	-	-	-	-	-	-	(5,448)
FX on exchange rate	(12,136)	(1,317)	(5,713)	(14,863)	(14,110)	(360)	-	(48,499)
At 31 December 2023	304,315	36,820	180,512	499,134	362,843	3,159	-	1,386,783
<b>Net book value</b>								
At 31 December 2023	318,470	79,456	132,405	469,100	3,867,695	1,324,831	852,522	7,044,477
At 31 December 2022	209,057	107,839	130,204	447,999	2,503,515	100,635	451,695	3,950,944

The transfers mainly relate to work in progress that was transferred to the building asset category during the year.

## 10 Intangible assets - goodwill

	2023 US\$	2022 US\$
<b>Intangible assets</b>		
Value at 1 January 2023	-	-
Additions	804,733	-
Value at 31 December 2023	<b>804,733</b>	-
<b>Accumulated amortisation</b>		
Value at 1 January 2023	-	-
Charge for the period	(13,412)	-
Value at 31 December 2023	<b>(13,412)</b>	-
<b>Carrying amount</b>	<b>791,321</b>	-

The Foundation acquired Tender Care Junior Academy (TCJA) in Nairobi, Kenya. The acquisition included paying an amount exceeding the fair value of the assets, resulting in the recognition of goodwill. The amortisation expense has been charged under other operating expenses in the statement of profit or loss.

## 11 Investments

	Group 2023 US\$	Group 2022 US\$	Foundation 2023 US\$	Foundation 2022 US\$
Unlisted investments	1,804,766	1,804,766	1,803,221	1,803,221
Investment in subsidiary company	-	-	13,893,594	6,848,331
	<b>1,804,766</b>	<b>1,804,766</b>	<b>15,696,815</b>	<b>8,651,552</b>

**Notes to the financial statements**  
(As of 31 December 2023)

**Analysis of movement in investments**

	<b>Group 2023 US\$</b>	<b>Group 2022 US\$</b>	<b>Foundation 2023 US\$</b>	<b>Foundation 2022 US\$</b>
Value at 01 January 2023	1,804,766	1,804,766	8,651,551	4,057,705
Additions	-	-	7,045,262	4,593,846
Value at 31 December 2023	<u>1,804,766</u>	<u>1,804,766</u>	<u>15,696,813</u>	<u>8,651,551</u>

**Analysis of historical costs**

	<b>Group 2023 US\$</b>	<b>Group 2022 US\$</b>	<b>Foundation 2023 US\$</b>	<b>Foundation 2022 US\$</b>
Unlisted investments	5,151,542	5,151,542	5,151,542	5,151,542
Investment in subsidiary company	-	-	11,795,430	8,318,377
	<u>5,151,542</u>	<u>5,151,542</u>	<u>16,946,972</u>	<u>13,469,919</u>

*Unlisted Investments*

Investment by the Group represents its investment in Pharo Management (UK) LLP, Lynk and New Forests Company Holdings Limited. In the absence of readily determined and reliable fair values, these unlisted investments are stated at a valuation determined by reference to the purchase or sale of shares between existing shareholders.

*Subsidiary undertakings*

At the year end, Pharo Foundation controls the following subsidiary entities, all of which are consolidated in these financial statements:

<b>Name</b>	<b>Parent undertaking</b>	<b>Registration Status</b>	<b>Registration number</b>	<b>Nature of business</b>
Pharo Development Investment Limited ('PDIL')	Pharo Foundation - 100%	Company limited by shares (England & Wales)	Company number 7775576	PDIL's principal activity is to receive profit distributions from Pharo Management (UK) LLP and make charitable donations to Pharo Foundation.
Pharo Enterprises Limited ('PEL')	Pharo Foundation - 100%	Company limited by shares (England & Wales)	Company number 12211206	PEL is a holding company whose principal activity is to establish Social Enterprises in East Africa.
Pharo Ventures Somaliland Limited ('PVSL')	Pharo Ventures Kenya Limited - 100%	Company limited by shares (Somaliland)	Company number 18120	The primary principle activity is to serve as a holding company for social enterprises with overall goal of creating jobs, ensuring positive social impact and generating profits for long-term sustainability of both subsidiaries and the company.
Pharo Construction Somaliland LTD (PCSL)	Pharo Ventures Somaliland Limited -	Company limited by shares (Somaliland)	Company number 1281	The principal activity of the company is that of direct involvement in rendering all types of contractual activities in



**Notes to the financial statements**  
(As of 31 December 2023)

	99.9%			construction including building and rehabilitation, design, surveying, as well as road, airports, wells and dam construction. The company is also involved in hiring construction machinery, concrete and equipment.
Pharo Real Estate Somaliland	Pharo Ventures Somaliland Limited - 100%	Company limited by shares (Somaliland)	Company number 1759	The Real Estate principle activity is provision of real estate services. It is an income-generating entity of Pharo Ventures Somaliland Limited
Pharo Farm LTD Somaliland (PFSL)	Pharo Ventures Somaliland Limited - 100%	Company limited by shares (Somaliland)	Company number 1758	The Farm is an income-generating part of Pharo Ventures Somaliland Ventures.
Pharo Integrated Agriculture & Manufacturing PLC Ethiopia (PVET)	Pharo Ventures Kenya Limited - 99.9%	Company limited by shares (Ethiopia)	Registered number 0073029357	The principle activity is engaging in manufacturing of edible oil, farming and agro-processing of oil seeds, wholesale of own products with the objective of generating profits.
Pharo Foundation Farm ('FARM')	Pharo Foundation - 100%	Company limited by shares (Ethiopia)	Registered number MT/AA10/0050443/2011	The Farm is an income-generating part of Pharo Foundation's Ethiopia programme.
Pharo Ventures Kenya Limited ('PVKL')	Pharo Enterprises Limited - 100%	Company limited by shares (Kenya)	Company number PVT-EYU97BY	The principal activity of the company is to build and grow, commercially and environmentally sustainable businesses, with a focus on maximising creation of economic value and jobs, for the local communities.
Pharo Foundation Kenya	Pharo Foundation - 100%	Company limited by guarantee (Kenya)	Registered number 1951954.1	PFKE is a non-profit making entity whose principal activity is to carry out related charitable programs within the country.
Pharo Schools LLP	Pharo Foundation Kenya - 99% and Pharo Ventures Kenya Limited - 1%	Limited Liability Partnership (Kenya)	Registered number LLP-7R15DJ7	The principal activities of the partnership are those of provision of educational services.

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Pharo Foundation Rwanda Ltd ('PFRW')	Pharo Foundation - 100%	Company limited by guarantee (Rwanda)	Registered number 112266894	PFRW is a non-profit making entity whose principal activity is to carry out related charitable programs within the country.
Pharo Ventures Rwanda Ltd ('PVRWL')	Pharo Ventures Kenya Limited - 100%	Company limited by shares (Rwanda)	Registered number 112174801	The principal activity of the company is to build and grow, commercially and environmentally sustainable businesses, with a focus on maximising creation of economic value and jobs, for the local communities. This entity remained dormant during the year.

A summary of the results of the above subsidiaries for the year ended 31 December 2023 is as follows:

	2023 PDIL \$	2023 PEL \$	2023 PVSL \$	2023 PCL \$	2023 RESL \$	2023 FARM SL \$	2023 PIAM ET \$	2023 FARM ET \$	2023 PVKL \$	2023 PVRWL \$
Income	22,008,124	-	-	1,986,946	-	-	-	-	260,772	-
Administrative expenditure	(3,000)	(3,001)	(433,953)	(2,780,109)	-	-	(286,320)	-	(659,482)	-
Operating surplus (deficit)	22,005,124	(3,001)	(433,953)	(793,163)	-	-	(286,320)	-	(398,710)	-
Distributions under gift aid	(22,005,124)	-	-	-	-	-	-	-	-	-
Net result	-	(3,001)	(433,953)	(793,163)	-	-	(286,320)	-	(398,710)	-
Other gains (losses)	18	127	(0)	-	-	-	(55,367)	-	1,260,593	-
Taxation	-	-	-	-	-	-	-	-	(17,224)	-
Net surplus / (deficit)	18	(2,874)	(433,953)	(793,163)	-	-	(341,687)	-	844,659	-
Retained funds at 1 January 2023	821	(7,209)	(459,418)	(885,042)	-	-	(357,850)	(1,193,219)	461,733	-
FX on exchange rate	-	-	-	-	-	-	-	147,322	-	-
Retained funds at 31 December 2023	839	(10,083)	(893,371)	(1,678,205)	-	-	(699,537)	(1,045,897)	1,306,392	-
Called up share capital										
At 31 December 2023	2	10,325,380	4,126,920	3,223,100	1,000	1,000	2,379,036	1,045,897	10,630,950	1,000

A summary of the results of the above subsidiaries for the year ended 31 December 2022 is as follows:

	2022 PDIL \$	2022 PEL \$	2022 PVSL \$	2022 PCL \$	2022 RESL \$	2022 FARM SL \$	2022 PIAM ET \$	2022 FARM ET \$	2022 PVKL \$	2022 PVRWL \$
Income	20,011,973	-	-	807,410	-	-	-	3,180	1,575,387	-
Administrative expenditure	(2,209)	(2,110)	(324,887)	(1,418,375)	-	-	(148,558)	(335,766)	(1,518,780)	-
Operating surplus (deficit)	20,009,764	(2,110)	(324,887)	(610,965)	-	-	(148,558)	(332,586)	56,607	-
Distributions under gift aid	(20,011,914)	-	-	-	-	-	-	-	-	-
Net result	(2,150)	(2,110)	(324,887)	(610,965)	-	-	(148,558)	(332,586)	56,607	-
Other gains (losses)	-	(285)	2	-	-	-	(95,026)	14,992	389,298	-
Taxation	-	-	-	-	-	-	-	-	(32,583)	-
Net surplus / (deficit)	(2,150)	(2,395)	(324,885)	(610,965)	-	-	(243,584)	(317,594)	413,322	-
Retained funds at 1 January 2022	2,971	(4,814)	(134,533)	(274,077)	-	-	(102,022)	(821,354)	47,005	-
FX on exchange rate	-	-	-	-	-	-	(12,244)	(54,271)	1,406	-
Retained funds at 31 December 2022	821	(7,209)	(459,418)	(885,042)	-	-	(357,850)	(1,193,219)	461,733	-
Called up share capital										
At 31 December 2022	2	6,848,327	3,012,697	2,425,000	1,000	1,000	1,217,123	1,140,476	7,241,213	1,000

## 12 Debtors due after one year

	Group 2023 US\$	Group 2022 US\$	Foundation 2023 US\$	Foundation 2022 US\$
Scholarship awarded loans	81,074	14,903	81,074	14,903
	<u>81,074</u>	<u>14,903</u>	<u>81,074</u>	<u>14,903</u>

## 13 Inventory

	Group 2023 US\$	Group 2022 US\$	Foundation 2023 US\$	Foundation 2022 US\$
Inventory - Medical	69,206	146,112	69,206	146,112
Inventory - Fuel	20,182	14,816	20,182	14,816
Inventory - RMC	15,713	2,155	-	-
	<u>105,101</u>	<u>163,083</u>	<u>89,388</u>	<u>160,928</u>

Inventory consists of medical supplies that are used at the Pharo Diagnostic Centre, a depot of fuel stored mainly due to a shortage of fuel in the country and construction materials at hand from Pharo Construction Limited. No inventory was carried forward from the prior year. Medical supplies are valued at FIFO method, fuel is reported at its cost whereas construction materials are valued by a construction engineer at year end.

## 14 Debtors

	Group 2023 US\$	Group 2022 US\$	Foundation 2023 US\$	Foundation 2022 US\$
Accounts receivable	185,573	41,895	32,128	15,108
Prepayments	881,214	622,164	749,978	476,792
Accrued Income	322,462	210,491	90,168	-
Sundry debtors	71,905	198,298	66,238	45,132
Deferred tax asset	325,998	172,824	-	-
Amounts due from subsidiary undertaking	-	-	1,391	19,219
	<u>1,787,152</u>	<u>1,245,672</u>	<u>939,903</u>	<u>556,251</u>

Sundry debtors include rent deposits of US\$ 57,117 (2022 – US\$ 50,065 ). The rent deposit is subject to a charge against all sums due and all Pharo Foundation's obligations under property leases.

## 15 Creditors: amounts falling due within one year

	Group 2023 US\$	Group 2022 US\$	Foundation 2023 US\$	Foundation 2022 US\$
Grants payable	-	62,337	-	62,337
Accruals	884,703	345,894	820,003	256,668
Provision for severance indemnities	672,045	451,345	567,974	419,636
Deferred income	364,771	296,541	40,498	18,265
Corporation tax payable	(2,017)	2,847	-	-
Social security and other taxes	166,392	212,471	157,315	37,038
Trade and other payables	340,912	300,324	250,783	240,740
	<u>2,426,806</u>	<u>1,671,759</u>	<u>1,836,573</u>	<u>1,034,684</u>



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(As of 31 December 2023)

The provision for severance indemnities relates to mandatory schemes which the group has in place outside the UK to provide for staff benefits on cessation of their employment.

**Analysis of movement for severance indemnities**

	<b>Group 2023 US\$</b>	<b>Group 2022 US\$</b>	<b>Foundation 2023 US\$</b>	<b>Foundation 2022 US\$</b>
Value at 01 January 2023	451,345	264,247	419,636	256,862
Less: Amounts paid	(94,708)	(54,812)	(84,942)	(45,208)
Add: Benefits accrued	320,345	241,910	238,217	207,982
FX on exchange rate	(4,937)		(4,937)	-
Value at 31 December 2023	<u>672,045</u>	<u>451,345</u>	<u>567,974</u>	<u>419,636</u>

**Analysis of movement for deferred income**

	<b>Group 2023 US\$</b>	<b>Group 2022 US\$</b>	<b>Foundation 2023 US\$</b>	<b>Foundation 2022 US\$</b>
Value at 01 January 2023	296,541	118,564	18,265	20,612
Less: Amounts released to income in the year	(476,371)	(183,421)	(88,853)	(84,041)
Add: Amounts deferred in the year	544,623	361,397	111,107	81,694
FX on exchange rate	(22)		(21)	-
Value at 31 December 2023	<u>364,771</u>	<u>296,541</u>	<u>40,498</u>	<u>18,265</u>

## 16 Designated funds

<b>Group</b>	<b>At 1 Jan 2023 US\$</b>	<b>Net new commitments/ Investment US\$</b>	<b>Granted / (Reclassified / Impaired / Utilised) US\$</b>	<b>At 31 Dec 2023 US\$</b>
Impact investments	1,803,222	-	-	1,803,222
Investments	1,544	-	-	1,544
Tangible fixed assets	5,819,931	6,259,626	(892,849)	11,186,708
	<u>7,624,697</u>	<u>6,259,626</u>	<u>(892,849)</u>	<u>12,991,474</u>

<b>Foundation</b>	<b>At 1 Jan 2023 US\$</b>	<b>Net new commitments/ Investment US\$</b>	<b>Granted / (Reclassified / Impaired / Utilised) US\$</b>	<b>At 31 Dec 2023 US\$</b>
Impact investments	1,803,223	-	-	1,803,223
Investments	6,848,329	7,045,262	-	13,893,591
Tangible fixed assets	3,950,943	3,619,277	(525,729)	7,044,491
	<u>12,602,495</u>	<u>10,664,539</u>	<u>(525,729)</u>	<u>22,741,305</u>

## Notes to the financial statements

(As of 31 December 2023)

The income funds of the Group and the Foundation include the following designated funds which have been set aside out of unrestricted general funds by the Trustees for specific purposes.

The Impact investments fund represents monies which the Trustees have invested in enterprises which deliver both financial and mission related returns.

The Investments in the group represents the investment of PDIL in Pharo Management (UK) LLP. The Investments in the Foundation represents the investment in the social venture's subsidiaries.

The Tangible fixed assets fund represents the net book value of the group and charity's tangible fixed assets. This value has been set aside to highlight the fact that the tangible fixed assets are required for the group and charity's activities and are not available as a reserve to fund expenditure or meet future contingencies.

## 17 Taxation

Pharo Foundation is a registered charity and, therefore, is exempt from income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. The Foundation's UK subsidiaries gift aids all profits (where applicable) to Pharo Foundation and hence no tax is payable by them.

The Foundation's branches and subsidiaries registered in Ethiopia, Kenya, Rwanda and Somaliland are non-profit making, non-government organisations. Under the respective local laws and regulations, these overseas operations are exempt from income tax.

Pharo Ventures Kenya Limited is an overseas subsidiary resident in Kenya for taxation purposes. The statutory tax rate applicable for the year 2023 was 30% as per the Tax Laws (Amendment) Act 2020. As a result, the tax charge for the year was US\$ 17,224 (2022 US\$ 32,583).

Pharo Ventures Somaliland is a subsidiary of Pharo Ventures Kenya Limited and Pharo Construction Limited is a subsidiary of Pharo Ventures Somaliland and are regulated under the Tax Laws of Somaliland. The statutory tax rate applicable is 12.3% of business profit. No tax charge was reported during the year, as both companies reported losses.

Pharo Integrated Agriculture & Manufacturing PLC is a subsidiary of Pharo Ventures Kenya Limited and is regulated under the Tax Laws of Ethiopia. The statutory tax rate applicable is 30% as per Proclamation No. 979/2016. No tax charge was reported during the year as the company reported losses.

## 18 Related party transactions

Pharo Foundation is funded by a proportion of profits realised by Pharo Management (UK) LLP, US\$ 22,008,124 (2022, US\$ 20,011,973M), where Mr Guillaume Fonkenell is a Managing Member.

During the year, a trustee, Ms. Farah Jirdeh Fonkenell, entered into a lease agreement with Pharo Foundation Somaliland, granting a 99-year lease term starting 1 July 2023, at an annual rent of US\$ 1.

## 19 Analysis of net assets between funds

Group	General	Designated	Total
	funds	funds	
	2023	2023	
	US\$	US\$	US\$
Tangible fixed assets	-	11,186,710	11,186,710
Intangible assets	791,321	-	791,321
Investments	-	1,804,766	1,804,766
Net current assets	23,944,493	(2)	23,944,491
	24,735,814	12,991,474	37,727,288

Foundation	General	Designated	Total
	funds	funds	
	2023	2023	
	US\$	US\$	US\$
Tangible fixed assets	-	7,044,477	7,044,477
Intangible assets	791,321	-	791,321
Investments	-	15,696,815	15,696,815
Net current assets	21,770,664	13	21,770,677
	22,561,985	22,741,305	45,303,290

Group	General	Designated	Total
	funds	funds	
	2022	2022	
	US\$	US\$	US\$
Tangible fixed assets	-	5,819,931	5,819,931
Investments	-	1,804,766	1,804,766
Net current assets	23,048,796	-	23,048,796
	23,048,796	7,624,697	30,673,493

Foundation	General	Designated	Total
	funds	funds	
	2022	2022	
	US\$	US\$	US\$
Tangible fixed assets	-	3,950,943	3,950,943
Investments	-	8,651,552	8,651,552
Net current assets	19,856,589	-	19,856,589
	19,856,589	12,602,495	32,459,084



## 20 Financial commitments

At 31 December 2023, Pharo Foundation had the following future commitments:

	2023	2022
	US\$	US\$
<b>Land &amp; Buildings: minimum operating lease commitments</b>		
- Less than one year	373,011	199,078
- Between two to five years	639,020	349,346
	<u>1,012,032</u>	<u>548,424</u>
<b>Scholarships Awarded:</b>		
- Less than one year	175,505	93,522
- Between two to five years	456,800	187,043
	<u>632,305</u>	<u>280,565</u>
<b>Plant &amp; Machinery Commitments: contracted for and authorised but not contracted for</b>		
- Less than one year	3,081,286	-
	<u>3,081,286</u>	<u>-</u>
	<u>4,725,623</u>	<u>828,989</u>

## 21 Post balance sheet event

No significant event happened from the date of this report.