Pharo Foundation

England & Wales · Charity number 1143152

Details

Other names	THE PHARO FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	07678862
Registered	2011-07-28
Register	View on the Charity Commission register

Contact

Address	154 Brompton Road 3rd Floor London
Phone	02078380266
Email	info@pharofoundation.org
Website	www.pharofoundation.org

Activities

Objects: THE OBJECTS OF THE CHARITY ARE TO FACILITATE ECONOMIC INDEPENDENCE FOR THE PEOPLE AND NATIONS OF AFRICA THROUGH THE ADVANCEMENT OF EDUCATION AND HEALTH, THE RELIEF OF UNEMPLOYMENT, THE PROVISION OF FINANCIAL AND TECHNICAL ASSISTANCE TO BUSINESSES, THE PROMOTION OF SUSTAINABLE DEVELOPMENT, THE PROVISION OF PROFESSIONAL TRAINING AND THE RELIEF OF POVERTY AND (SAVE FOR PURPOSES INCIDENTAL AND ANCILLARY TO THOSE OBJECTS), NO OTHER PURPOSES.

Activities: Our Vision is an inclusive and economically vibrant Africa. Our Mission is to achieve our vision by investing in Africa's human and physical capital, with a strong focus on job creation. Our Values are passion and respect, creativity and entrepreneurship, trust and accountability.

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Classification

- **How:** Makes Grants To Organisations, Provides Human Resources, Provides Services
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Animals, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Children/young People, The General Public/mankind

Geography

- Ethiopia
- Kenya
- Rwanda
- Somalia

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£40,791,301	£15,831,510	£52,113,212	702
2023-12-31	£20,710,984	£14,698,535	£29,634,076	557
2022-12-31	£18,035,034	£12,338,904	£24,960,289	463
2021-12-31	£15,022,663	£8,190,430	£17,871,444	3777
2020-12-31	£7,184,832	£5,413,714	£11,117,044	265

Trustees

Name	Role	Appointed
Farah Fonkenell		2011-07-28
Folorunso Olugbemiga ALLU		2024-12-06
GUILLAUME HENRI ANDRE FONKENELL		2011-07-28
MATTHIEU BAUMGARTNER		2011-07-28
Papa Mbor Nicolas Sagna		2016-06-01

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Pharo Foundation

England & Wales - Charity number 1143152

Accounts

Pharo Foundation



2024 ANNUAL 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.

Company Limited by Guarantee | Registration Number: 07678862 (England and Wales) | Charity Registration Number: 1143152


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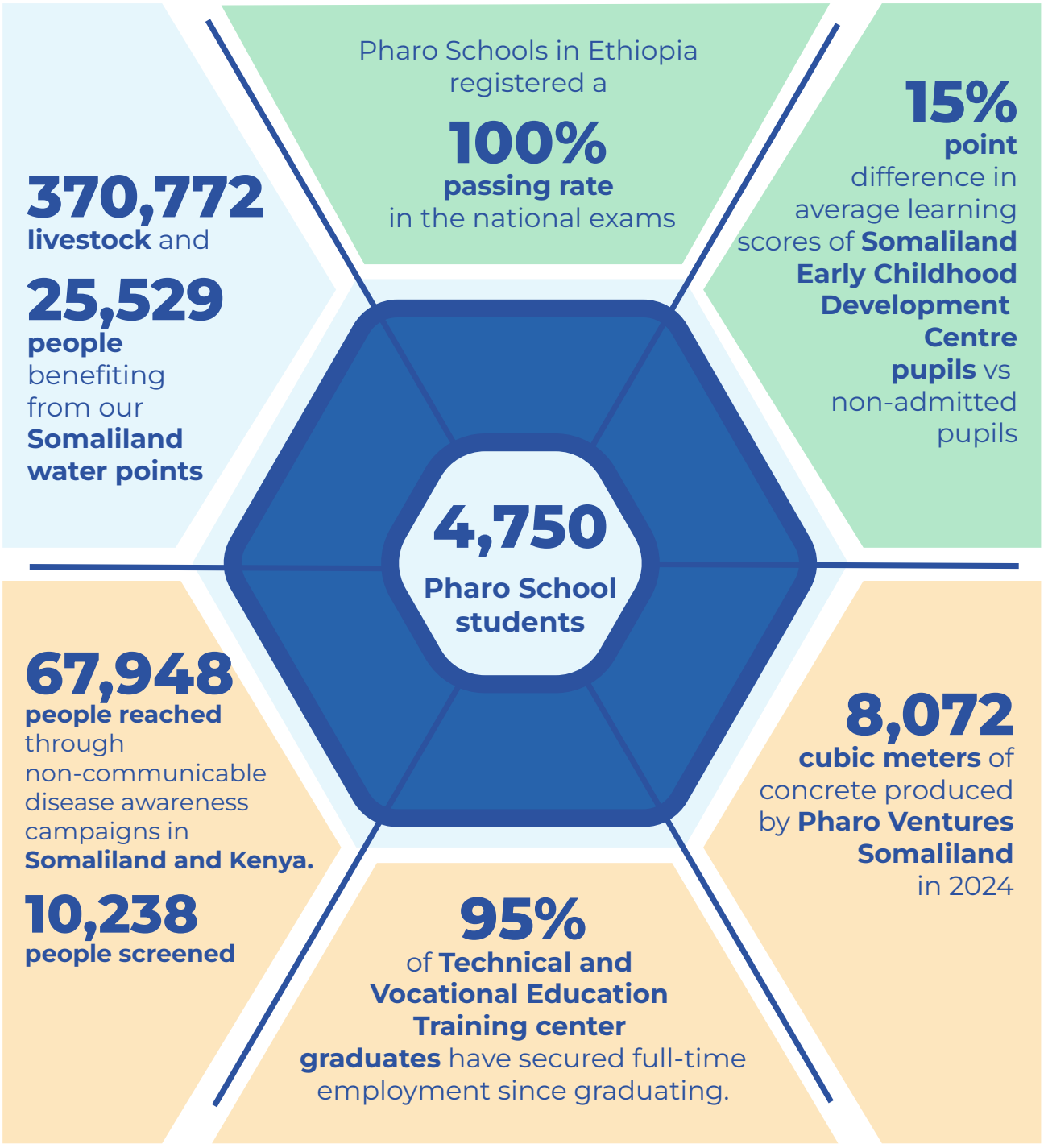
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Reference and Administrative Information

Trustees	Mr Guillaume Fonkenell (Chairman) Mr Matthieu Baumgartner Mrs Farah Jirdeh Fonkenell Mr Nicolas Sagna Mr. Folorunso Allu (Appointed 6th December 2024) Mr Mustafa Jama (Resigned 31st December 2024)
Chief Executive Officer	Mr Thomas Mason (Appointed in January 2025) Mr Guillaume Fonkenell (Interim – up to December 2024)
Principal office	154 Brompton Road 3rd Floor London SW3 1HX
Charity registration number	1143152
Company registration number	07678862 (England and Wales)
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Principal Bankers	HSBC Bank Plc 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



Key

- Mission 1 (M1) - Education
- Mission 2 (M2) - Water
- Mission 3 (M3) - Productivity

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 around three central missions. We have over 700 employees across Kenya, Rwanda, Ethiopia, Somaliland and London. We operate through two main divisions:

Pharo Development - Focuses on fostering long-term socio-economic development by educating the next generation, addressing water scarcity, and unlocking economic productivity in the countries we operate.

Pharo Ventures - A permanent capital fund that provides patient capital and takes a long-term investment approach. Our goal is to de-risk opportunities, attract additional capital, and accelerate economic transformation in the markets where we operate.

2023 was a major turning point for the Foundation from a strategic standpoint. We joined the world of 'moonshot philanthropy', as we streamlined our activities into three key missions: empowering the next generation through education, solving Africa's water shortage, and removing obstacles to productivity and employment. With a much clearer brief in hand, we have taken our first steps towards mission achievement in 2024 and consolidated our strategy, refraining from further geographical expansion this year. Regardless, a look at our achievements in 2024 makes it clear that we are a 'do-tank', not a 'think-tank', i.e. we are an organisation that thinks deeply about how best to do development and turns these thoughts into measurable action.

In terms of individual mission achievements, the highlights have been many, but the key ones have been the following. On education, if we look at the performance of our Pharo branded schools, our Pharo Schools in Ethiopia have outperformed, by attaining a 100% passing rate in the national exams at both Grade 8 and Grade 12. Another highlight was the donation by Pharo Management and Pharo Foundation of a piano to the Homosha school, where we hosted a concert by Ethiopia's greatest concert pianist. The event brought us global media coverage. But our impact does not end with our own schools. Our intervention in the public schools of the countries we operate in are equally important. Here, the highlight this year is our Teacher Capacity Building Programme in Rwanda, which is revolutionising learning.

On water, we confirmed our decision to make our Somaliland hafir dams the central means of delivering our water mission. These dams are the traditional large rectangular catchment basins to which we add a high-quality plastic geomembrane. By the end of the year, we had 4 such dams with an average size of 40,000 cubic meters, and a fifth one was under construction.

On productivity and employment, on the one hand, we strengthened our commitment to the fight against non-communicable diseases (NCDs) by creating an NCD centre at Hargeisa hospital, reaching more than 67,000 people through mass awareness campaigns in Somaliland and 750 in

Kenya. On the other, we continued to develop our Technical Vocational Education and Training centre in Hargeisa, with the offer of a new course on Gypsum Board Decoration and we saw 73 students graduate, with 95% of them finding employment in the space of three months.

On Ventures, in the Amhara region of Ethiopia, our first project, which is a processing facility of speciality oils for the export market, almost completed construction by December 2024. In the same month it was inaugurated ahead of plans to begin commissioning the plant production and sale of speciality oils in 2025. The facility is designed to process 50 tons of oilseeds daily, primarily sesame and niger seeds, with plans to expand capacity. It is located in the state of Amhara. Meanwhile, we also streamlined our activities at Somaliland Ventures by closing down Pharo Construction and focusing on our more profitable Ready-Mixed Concrete business.

At a strategic level, we continue to deliver impact. Our Research, Evaluation and Design (RED) team was starting to set the foundations of rigorous processes for monitoring impact in 2023. These processes have been developed at scale in 2024. We have moved to a position where we can share our unique approach to capturing impact with the world. Three of the RED team's contributions in 2024 have been the generation of a Global Monitoring Framework, an innovative camera monitoring system, and the analysis of its randomised controlled trial results on the learning effects of Somaliland Early Childhood Education (ECE) centres..

Finally, we launched the first-ever Pharo Schools website, which provides a framework to understand the breadth and unified vision of our education offering, whilst also individualising each school's interface with the world through school-specific pages.



Teacher Capacity Building session



Our History

Our current achievements are the culmination of a long and evolving history. The Foundation has gone through various phases, 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 adopted 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 strategise for our next steps. Now our current mission-based approach allows us to reach for the moon with ambitious targets and goals.



Play-based learning being implemented at a partner school in Rwanda

Grantmaking Era
(2011–2016)

Focus: Learning through giving.
Activity: Issued grants to organizations like African Education Trust and Windle Trust International.
Goal: Understand how to make meaningful impact.



2011 >

Pillars Era
(2017–2023)

Focus: Structured strategy.
Strategy: Introduced a 5-pillar approach focusing on:
- Education
- Water
- Agriculture
- Health
- Ventures (job creation)



2017 >

Mission Driven Era
(2023–Beyond)

Focus: Deep, impact-oriented execution.
Strategy: A shift to mission-driven operations, signifying maturity, sustainability, and measurable results.



2023 >



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.

Education 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-Makahiil dam



12

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.

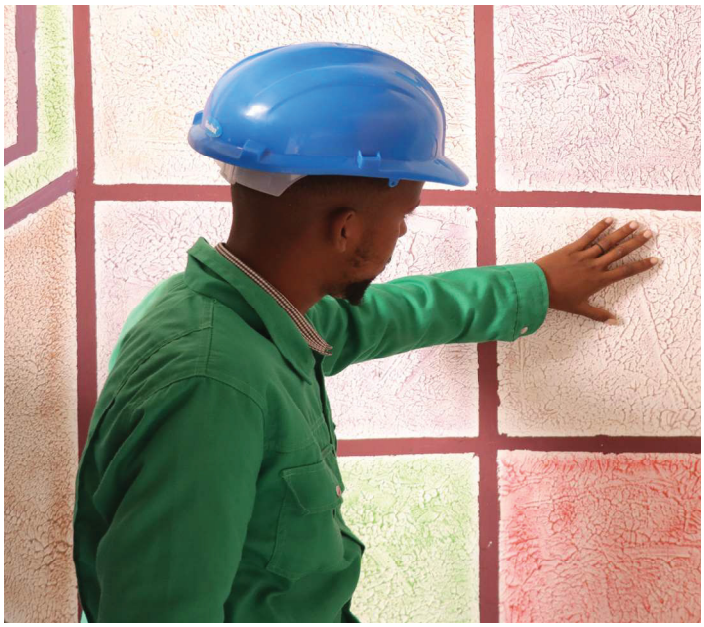


Pharo TVET - Electrical training practical lesson





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 2024

Mission Achievements in 2024

Mission 1: Education

By the end of 2024, we had 4,750 students across 4 countries and 8 schools. It is undoubtedly a challenge to create a uniform education approach across such different contexts, but we have made a lot of headway in this direction, whilst preserving local colour. Whether we look at the diversity of ages, language, socio-political contexts, or remoteness, our schools are addressing complex challenges on a daily basis. First and foremost, we have affirmed our commitment to excellence in Science, Technology, Engineering and Mathematics (STEM). This is particularly evident in the partnership we have kicked off at Pharo School Nairobi with Code.org, which is a non-profit dedicated to expanding free access to computer science and Artificial Intelligence education throughout the world. We have signed an agreement with them to develop connections, train our educators, and raise awareness via an Hour of Code Event and video. This collaboration in the context of Pharo School Nairobi is a pilot, which we will be looking to extend in our other countries of operation if it proves successful with Code.org and other organisations. We are determined to equip our pupils with the tools to become the technology shapers of tomorrow, not the technology takers, as in those who merely utilise artificial intelligence and will eventually be replaced by it.

Second, we remain determined to providing a global education that is locally rooted. This starts with the creation of opportunities for our students to engage with global counterparts in the rest of the world. For example, we have continued our initiative of weekly English conversation sessions between Sheikh School pupils in Somaliland and Latymer Upper pupils in London. Similarly, we have continued to run English conversation sessions between Homosha school pupils and staff members from Pharo Management in London. But the ultimate global exposure comes from our continued volunteer programme, whereby



Students and concert pianist with new piano – Pharo School Homosha

Pharo Management staff volunteers visit Sheikh or Homosha for a period of two weeks, and the exchange between their contrasting world views and realities is an education in itself. Meanwhile, we are ensuring that what makes our pupils distinctive, i.e. their unique culture and traditions, flourishes at our schools. This happens partly as a result of their Pharo School's engagement with the local community. For instance at Somaliland's Sheikh school, senior students taught English lessons at a nearby boarding school and teachers from local schools were invited to join professional development sessions and community elders met with the school administration to discuss ways to strengthen school-community collaborations, which permeates our pupils' educational experience. We also understand that critical thinking is only possible when the individual blends cultural norms with the ideas they retain from the other/the foreign, to form the mix that makes them unique. Our Pharo Schools are providing an ever stronger framework that enables pupils to become such critical thinkers.

Our Pharo Schools in Ethiopia have outperformed, by attaining a 100% passing rate in the national exams at both Grade 8 and Grade 12. For reference the Grade 12 national average passing rate is between 4 and 6%. Still in Ethiopia, another highlight was the donation of an upright piano to Homosha School by staff from Pharo Management UK and Pharo Foundation UK. As the Foundation does not engage in fundraising, this was a unique, staff-led initiative, with funds raised through a concert organised by musically gifted members of our joint staff and their families. We even managed to create a joint choir for this purpose! We succeeded in raising £4.3k which went towards the purchase and shipping of the piano to Ethiopia, where pianos are rarer than gold, as we discovered. We then hosted a concert at Pharo School Homosha in September by Ethiopia's greatest concert pianist, Girma Yifrashewa, who usually performs at Carnegie Hall and the Wigmore Hall. The event and uniquely uplifting story brought us global media coverage from the Guardian, Voice of America and Kenya's Business Daily.

In Somaliland, Pharo Primary School approached Qur'an schools which operate in the morning, offering students the opportunity to join Pharo's afternoon school while continuing their Qur'anic studies. This initiative has been well-received by the community. The KG school continues to operate at full capacity, with a waiting list for potential openings. The school also offers scholarships to children from SOS Children's Villages and the Hargeisa orphanage center (HOC), though these students often face challenges in meeting the academic requirements. The Hargeisa orphanage center has made significant progress this year, working hard to integrate its students into the school.

The start of the new academic year saw significant changes in leadership. The Somaliland Kindergarten and primary school has transitioned from having two headteachers who shared responsibilities for the primary school, to appointing a dedicated



An exam at Sheikh Secondary School

principal who oversees both the KG and primary school. A new headteacher has also been appointed to manage the afternoon session, a role created to accommodate the growth of the afternoon school.

As a result, Pharo KG and Pharo Primary School now have four headteachers reporting to one principal.
At our Sheikh secondary school, in 2024 there were 258 students in the school, divided into 184 males (71%), 74 females (29%). This academic year, we were pleased to see that over 40% of the students who passed the entrance exam were female. To further promote gender parity, we implemented a policy ensuring that if a female student declined her place, it would be immediately offered to the next female student on the waitlist. This approach has proven effective, resulting in the proportion of female students in the current intake being twice as high as in previous classes. Meanwhile, the introduction of more rigorous assessments and the enforcement of a zero-tolerance policy for exam dishonesty have played a key role in driving academic improvements. In addition, the new principal introduced an initiative to map out the school curriculum more effectively. As part of this effort, the school will pilot a program where students will complete the IGCSE curriculum by the end of Form 2. This adjustment will allow students in Forms 3 and 4 to focus exclusively on the AS curriculum. We believe this approach will enhance AS results, as one of the key challenges in the past has been the limited time students had to prepare for the AS exams. This challenge not withstanding, nine students from the 2023 graduating class were awarded fully funded undergraduate scholarships. Eight have enrolled and are in their first or second semester. Sadly, some of them who gained acceptance from U.S. universities were denied a visa for political reasons and had to take up a place at other less prestigious universities. Finally, it is worth noting that Sheikh was approved as an SAT test center in 2024 and a Pearson exam center. On the Pearson front, over 500 students registered. Our hosting of the Pearson centre is a life-changing window that is an opening into the world for Somaliland secondary pupils.

Outside our branded Pharo Schools, our path breaking contribution to Early Childhood Education in Somaliland at large continues, quite rightly so given the pivotal role it plays in nurturing young learners. We educated 1,110 ECE pupils in 2024. Their 2024 International Development and Early Learning Assessment (IDELA) results were quite telling, in terms of the baseline performance of our pupils when they come to our ECEs. While pupils demonstrated strong foundational skills in gross motor development, areas such as fine motor skills, literacy, numeracy, executive function, and social-emotional skills require targeted interventions. Specifically, the assessment revealed that pupils have limited prior schooling experience. Many students struggled with letter identification, print awareness, and written calculations. Challenges were observed in executive function skills like problem-solving and self-regulation. To address these gaps, we implement a comprehensive approach that includes targeted instruction, individualised support and engaging learning activities. From the teacher's standpoint, we also collaborated with the University of Hargeisa, resulting in the training of 29 ECE teachers, setting them on a path to delivering innovative and impactful teaching practices.

At Pharo School Kigali in Rwanda, 2024 was a year of consolidation after H2 2023's setup efforts. We had 161 learners by the end of 2024, with the brunt of our learners in Grade 1, which set a great pace for future growth. Grade 1 now has two streams to accommodate the increasing numbers. We have doubled up on our efforts to bring the two streams to full enrolment capacity. In line with our overall Pharo Schools strategy, we are determined



Play-based learning at Pharo School Kigali

to improve low entry levels of English proficiency through early literacy interventions, bolster STEM performance by addressing learning gaps in maths competency which have been identified in Grade 3, and strengthen teacher training which is one of our many Pharo Schools obsessions.

At Pharo School Nairobi, we remain committed to providing a holistic and high-quality education experience. We have introduced a range of innovative programmes designed to position our learners for future success. Initiatives like the Read Aloud Campaign are helping our students build confidence in their reading, while the Correct Books programme fosters a love for endless writing. Educational trips, literacy programmes, and skills competitions like the BIC Writing Competition, Kenya Music Festival and Speeling Bee, expanded learning beyond the classroom. Ensuring that children from underprivileged backgrounds can still access a high-quality education is a priority for us. Last year, we came up with a framework to award a small number of scholarships at the school. We decided that these scholarships would combine a screening for academic ability with financial need. In collaboration with local authorities, we gathered information on student aptitudes and visited students in their homes to assess financial need. The outcome of the selection was the announcement of winners in early 2025. We have also continued our Stationery Fund, which has been running for the last five years from Playground to Grade 4, relieving parents from the strain of rushing to bookshops each term. For similar reasons, we have decided to provide snacks for all learners to promote equality and ensure that all students receive the same nutritious snacks.

Extending this logic further, it is clear to us that our educational impact cannot end at the gates of our own schools. Our intervention in the public schools of the countries we operate in is equally important, as it ensures that our schools are not islands of excellence with no influence on the development of national educational capabilities. Hence in 2024, we introduced a Teacher Capacity Building Programme in Rwanda, which is revolutionising learning in ECE centres and primary schools. We started with a pilot which was executed across five sectors and 16 schools within Gasabo District, the nation's most densely populated region. Its aim was to train the school teachers in the play-based learning pedagogy which we have developed at Pharo School Kigali. The need to empower teachers with skills and strategies for active learning through play was clear to Pharo Foundation Rwanda, because the traditional teacher-centred practices in the classroom do not allow for the active engagement and participation of all learners. Upon recommendation by the sector leaders, 6 public schools and 6 community based Early Childhood Development Centres were selected to participate in the pilot, alongside 4 private schools. We also identified a need for nationwide advocacy on effective implementation of play-based learning, which is why the programme was implemented in collaboration with Teach Rwanda. 4 mentors were hired and trained towards this effort. We see the training of school leaders as a strategic investment to create lasting positive change and improve educational outcomes in the partner schools. Hence we engaged in customised continuous teacher training on play-based learning, through school-based individualised coaching and mentorship, structured follow-up through lesson observations and leadership training. The strategic implementation aimed to maximise impact by targeting areas of high population density, thereby enhancing the programme's potential for widespread educational advocacy and transformation. Crucially, we have engaged in data collection from both the treatment group – 16 schools - and control groups – 10 schools – with a view to publish a full analysis report in 2025.



Pharo School Nairobi student reading

Mission 2: Water

On water, the Pharo Foundation continued expanding its network of hafir dams in Somaliland. By year's end, four dams—each averaging 40,000 cubic meters—were operational, with a fifth under construction at Biyo Fadhiisinka to serve 21,000 livestock and 220 households. We also committed to further investment in water storage capacity going forward. Hafir dams, traditional rectangular catchment basins, offer a sustainable, environmentally friendly solution to drought. To improve performance, Pharo has enhanced these structures with high-quality geomembranes to reduce water seepage and extend storage duration.

In 2024, we shifted to a strategy that uses geospatial analysis to guide dam placement—ranking potential sites based on population density, rainwater capture potential, and grazing conditions, while also incorporating local political input and security considerations. This marked a turning point in how we work, enabling us to combine deep community engagement with a more scientific, data-driven approach to project selection.

That said, we are now collaborating with researchers from the University of Massachusetts Amherst to deepen our analysis through satellite imagery. This work aims to identify and evaluate existing water infrastructure, assess its effectiveness in capturing and storing water, and apply demand projections to determine where new dams should be built—or which existing ones should be refurbished—to address water scarcity more cost-effectively. For the first time, we are analyzing satellite data that spans the entire country, enabling a more objective, data-driven approach to site and investment selection, replacing earlier, more opportunistic methods. This scientific foundation also strengthens the long-term investment case for scaling our water strategy, as we build a comprehensive national dataset on Somaliland's water infrastructure.

Pharo Foundation already has strong evidence that its dams are making a significant impact. We've pioneered an innovation known as the "*Camel Cam,*" a computer vision system that uses high-resolution video linked to object detection algorithms to track both the number of users and the volume of water extracted from each dam. This allows us to monitor usage by humans and livestock in near real time.

At our Illinta dam, located in an area that has experienced a 56.5% loss in livestock over the past four years, the *Camel Cam* recorded 21,399 human visits and 223,431 livestock visits between November 2022 and March 2024. That translates to an average of 1,337 human and 13,965 livestock visits per month. Given that Somaliland has an exceptionally high livestock-to-human ratio, the potential impact on livelihoods is clear. Importantly, the data also reveals a strong seasonal pattern: dam usage spikes during dry periods as other water sources disappear. This underscores the critical role our dams play in safeguarding water access and livelihoods during times of scarcity.

Thanks to the *Camel Cam*, the Pharo Foundation has clear evidence that its hafir dams are delivering real results. But while effective, building two dams per year is not enough to solve Somaliland's water scarcity crisis. Each dam costs approximately USD 500,000, and with a current budget of USD 1 million annually, we can only fund two new sites per year. Solving this challenge at scale will require broader collaboration. That's why we are actively seeking partners to help us scale a proven, high-impact solution, not just across Somaliland, but in drought-affected regions beyond, where the need is just as urgent.

Beyond Somaliland, Pharo Foundation also delivered high-impact water initiatives in Kenya and Ethiopia. In Kenya, we responded to the May 2024 floods with a relief drive in partnership with the Mathare Social Justice Centre, matching public donations to support over 100 families affected by the flooding in Nairobi. In Ethiopia, we launched solar-powered water projects in April across five kebeles (Homosha, Shaga, Tumet Aziz, Undulu, and Alahamer) in the Benishangul-Gumuz region. These systems include deep wells, elevated reservoirs, extensive pipelines, and multiple community water points, and now provide safe, sustainable water to over 25,000 people. Solar panels and pumps ensure reliable access, even in off-grid areas. This work was delivered in partnership with Grundfos. Across all our project sites, we also prioritize water access for clinics and schools, recognizing that clean, reliable water is essential for improved health services and a safe, supportive learning environment.



Ethiopia water project



Shanshacade dam construction progress



Our solar-powered water systems in Benishangul-Gumuz

Mission 3: Productivity

Our mission to remove obstacles to productivity and employment has continued to be delivered through two means: the reduction of ill-health and the facilitation of the transition from education to employment. On the one hand, we strengthened our commitment to the fight against non-communicable diseases (NCDs), as we have identified them as a silent and under-diagnosed killer in our countries. We opened a new NCD centre at Hargeisa Hospital as public service to the Hargeisa city. 12,000 people have been screened since inception 16 months ago, 271 health workers trained, and 67,948 people reached through mass awareness campaigns. Similarly, in Kenya we embarked on a mission to raise awareness about diabetes and the importance of early detection through a comprehensive screening camp initiative in November. The campaign was part of our commitment to enhance community health and fostering impactful engagements within Komarock, Kayole, Umoja, Donholm, and Saika. Through our collaboration with Komarock Modern Hospital, we provided free screenings for blood sugar levels, blood pressure, Body Mass Index (BMI), and general wellness. Alongside the health screenings, we facilitated lifestyle improvement discussions to empower attendees with actionable knowledge on improving their quality of life, thereby reaching 750 patients.

On the other hand, with a view to continue facilitating the transition from education to the world of employment, we further developed our Technical Vocational Education and Training centre in Hargeisa, with the offer of an additional course of Gypsum Board Decoration and we saw 73 students graduate for 633 applicants, with 95% of them finding full-time employment in the space of three months. One particularly uplifting story on this front is that the Hargeisa Water Agency advertised for 5 plumbers at the end of 2024, received 34 applications, of which 13 were our graduates. Our graduates secured four of these positions, which is a great milestone and a testament to the quality of our training programmes. Looking ahead, we want to think of ways to tie our certification to specific employment opportunities, given our emphasis on helping individuals put their education to good use from the cradle to the ultimate career reinvention. In Somaliland, we have explored how a collaboration with the Hargeisa Technical Institute could be shaped to produce such an outcome.



NCD testing in Assosa

PHARO VENTURES

Ventures

Ventures are the ultimate embodiment of our third mission of employment and productivity, because their purpose is African job creation and the capturing of economic value in Africa. This year, we have made a lot of strategic headway on conceptualising Ventures, which is a prerequisite to launching production and going into action mode in 2025.

As a social impact-driven organisation looking for both social and financial return, Pharo Ventures has always been committed to investing in sectors that will bring transformational changes to value chains and underserved communities. But one of the conclusions from 2024 was the idea that we need to prioritise sectors that will help us achieve our employment and productivity mission by tapping into our countries' competitive advantages.

Ethiopia

In particular, Ethiopia benefits from a large supply of arable land, water, suitable weather conditions and labour. Hence Ventures Ethiopia is developing an agri-business portfolio called Pharo Agro, which harnesses the circular economy and minimises food waste, by investing in backward and forward integration across the agricultural value chain. Its first project, which is a processing facility of speciality oils for the export market, had almost completed construction by December 2024. In the same month it was inaugurated ahead of plans to begin commissioning the plant for production and sale of speciality oils in 2025. The facility is designed to process 50 tons of oilseeds daily, primarily sesame and niger seeds, with plans to expand capacity. It is located in the state of Amhara. The Pharo Agro portfolio is unique in many ways:

1. It is built on direct and continuous engagement with producers

Because equality begins at the input and farm level, our oil processing plant uses the best raw materials, which are sourced ethically from suppliers. In 2024, we signed a Memorandum of Understanding (MoU) with over 7,000 smallholder farmers involving 3 unions and 3 commercial farms, to source quality raw materials. 15% of them are women. We are building a robust supply chain that will prioritize quality and traceability throughout our sourcing work, and are developing a seed multiplication centre, supporting local farmers and ensuring sustainability across the supply chain.

Our partnership with smallholder farmers facilitates access to inputs and linkage with financial institutes, which can in turn facilitate affordable credit for our partner small holder farmers. It also facilitates agronomy support, as Ethiopia Ventures has also signed an MoU with Gondar University in 2024 to boost crop productivity and enhance suppliers' sustainable agricultural practices.

2. Its product satisfies the demands of a growing consumer base

Our seeds are not refined, ultra-processed seeds. They preserve nutrients in an organic and biodiverse environment. This means that our product offering is well-adapted to the growing niche of health-conscious and environment-conscious consumers. In that sense, our profits are intricately tied to our environmental and social impact because our customer demands it.

3. It includes a regenerative farm

In 2024, we were given 1000ha of farmland towards the development of a commercial regenerative farm, which will be the perfect complement to our oil seed product.



Pharo RMC Somaliland concrete mixer and boom truck



Somaliland Ventures construction vehicle

Somaliland

The other strategic decision which we made on Pharo Ventures, this time in Somaliland was to streamline our activities by closing down Pharo Construction business under Pharo Construction Somaliland Limited (PCL) and focusing on our now profitable Ready-Mixed Concrete business.

In 2024, the PCL completed 7 projects: the Ali Yusuf Building (Commercial), Hersi Building (Residential-Bungalow), Dr Saeed Villa (Residential 2-storey), Sanset Building for DPW (Educational-Uni), Shulac Horn Petro Station (Commercial), Basma Villa (Residential-Bungalow), Hussein Berbera Appartements (Residential – 2 storey apartments). In particular, the SANSET Laboratory, Sheikh University was funded by DP World Berbera. The SANSET Laboratory project has been a pivotal milestone. Despite logistical complexities due to its distance from Hargeisa, the project was successfully managed and executed to high standards, reflecting our expertise in handling large-scale developments in remote locations.

Another key project was Shulac Petro Station. Funded by Horn Petroleum, the Shulac Petro Station project was strategically located, offering immense potential for increasing Pharo Construction's visibility. The importance of this location made it a priority, and its successful completion underscores our ability to deliver impactful projects in key areas. Finally, Dr. Saeed's villa was another important milestone. This luxurious villa, funded by Premier Bank, exemplified our capacity for high-end residential construction. Combining sophistication and functionality, the villa stands as a testament to our proficiency in meeting client expectations for premium developments.

While these PCL projects had their positives, the strategic decision was made to focus on the Ready-Mixed Concrete (RMC) business and divert the use of the existing vehicles and equipment from PCL to a new machine rental business. This allowed for more focus to be put onto the thriving RMC business.

Indeed, in 2024, our Ready-Mix Concrete (RMC) operations continued to deliver strong performance with a total volume of 8,072 cubic meters and sales reaching $1m. This marks a slight increase in volume over the previous year (2023: 7,415 m^3) and represents our highest annual revenue to date. We also set a new record in terms of volume of concrete sold at 8,072 cubic meters. We have seen strong growth momentum since inception, as revenue has risen by more than 550% in the last two years. Our customer base is diversifying, though a few large clients drive the majority of orders. Our biggest customer was Somaliland Hono Group, which made 66 orders of cement for the reconstruction of the Waheen Market, resulting in 4,810 cubic meters of concrete being delivered. Other major customers were Pharo Construction in the context of in-house orders, AA Studio Architects for whom we sourced concrete for a variety of commercial buildings, Hargeisa Theatre and Maan Construction which used our concrete for residential properties. The average customer satisfaction score was an impressive 4.64/5. We also had a 100% order success rate, which showcased our operational consistency and delivery reliability. We also had 22 returning clients and a retention rate of 31.4%.

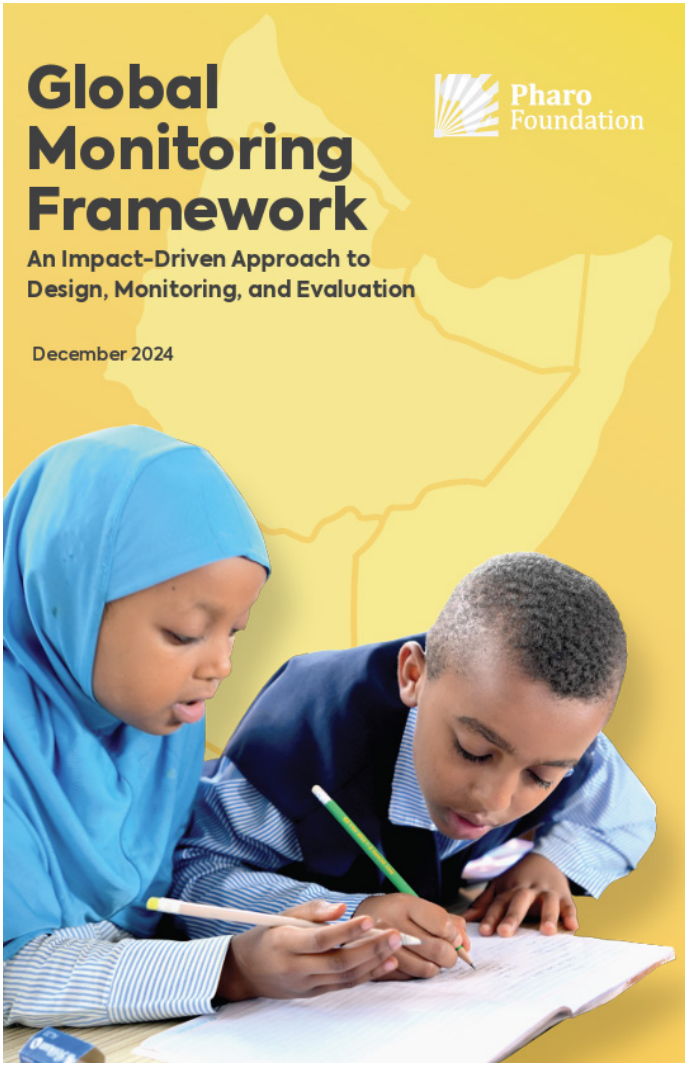
Research and Evaluation (RE)



Research and Evaluation (RE)

In 2024, the RE team launched Pharo Foundation's first Global Monitoring Framework, (GMF), a comprehensive system that defines how we design, monitor, and evaluate programmes across all sectors. The GMF tracks outcomes at every stage, from early-stage investment decisions to final impact assessments, and produces clear, actionable KPIs for programme teams and leadership. By embedding a consistent, evidence-based approach across our portfolio, the GMF reinforces accountability, supports data-driven decisions, and ensures that we scale what works and adapt what doesn't.

On education, the RE team is leading Somaliland's first randomized controlled trial (RCT) of an Early Childhood Education (ECE) programme, conducted in collaboration with a researcher from UC Berkeley. In a context where ECE enrollment is just 7%, this lottery-based evaluation isolates the impact of attending Pharo Foundation ECE centres from other factors. The results are remarkable: children enrolled in our centres saw an overall developmental gain of +1.07 standard deviations, with exceptionally large improvements in literacy (+1.44 SD) and numeracy (+1.32 SD), and meaningful gains in motor skills and socio-emotional development. These are among the highest ECE impacts recorded in Africa. The study also finds strong spillovers at home, including a significant increase in parental engagement and academic activity. A draft paper is underway for submission to an academic journal, contributing rigorous evidence on cost-effectiveness and the case for scaling quality ECE in low-access settings.



On water, the RE team has pioneered the Camel Cam, a scalable computer vision system that allows us to precisely monitor the impact of our dams and track progress toward our water mission. Installed at three Somaliland dam sites, Camel Cam combines high-resolution video footage with object detection algorithms to provide real-time data on human and livestock usage, including repeat visits. This technology offers a systematic, continuous alternative to traditional manual monitoring methods, such as surveys and enumerator logs, significantly improving the accuracy and efficiency of impact measurement. It also reveals seasonal patterns of reliance and captures the dual role of our dams in serving both local residents and mobile pastoralist communities. Ultimately, Camel Cam strengthens our ability to manage water resources, supports climate adaptation planning, and may even lay the groundwork for innovative financing tools like water credits.



RED team installing an AI camera

STRUCTURE,, GOVERNANCE AND MANAGEMENT

Structure, Governance and Management

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).

and commercially viable enterprises. Pharo Ventures was established by the Foundation in 2019 to support its vision of a self-reliant Africa through sustainable social enterprises. These ventures contribute to economic growth by creating jobs, generating long-term economic value, and generating profits over time.

Trustees are appointed through an ordinary resolution and serve for a term of three years, with the option to seek reappointment. Current Trustees have been selected for their skills, experience, and alignment with the Foundation's mission. All Trustees receive an induction pack outlining their legal responsibilities and including key governance and policy documents.



Inauguration of our new Assosa office

Organisational structure

Pharo Foundation is a growing organisation, with its Trustees providing regular oversight of its work. The group ownership and control of various entities are outlined in Note 11 of the financial statements.
The Foundation consists of two arms: the non-profit Pharo Development, commonly and externally known as Pharo Foundation in the countries of operation and the for-profit Pharo Ventures. Both are committed to achieving the Foundation's mission, albeit through different approaches. Pharo Development focuses on delivering public goods and implementing not-for-profit projects, while Pharo Ventures invests in private sector initiatives

The Trustees who held office during the period ending 31 December 2024 and up to the date of approval of these financial statements were:

- Mr Guillaume Fonkenell – Chairman
- Mr Matthieu Baumgartner
- Mrs Farah Jirdeh Fonkenell
- Mr Nicolas Sagna
- Mr Folorunso Allu (Appointed 6th December 2024)
- Mr Mustafa Jama (Resigned 31st December 2024)

No Trustee received any remuneration for their services, nor held any beneficial interest in contracts

with the Foundation during the year. Trustee expenses are disclosed in Note 8 of the financial statements.

Day-to-day management of the Foundation's operations and implementation of its policies is delegated to the Chief Executive Officer (CEO). In 2024, Guillaume Fonkenell served as Interim CEO while a global search was undertaken for a permanent appointment. This concluded with the hiring of Thomas Mason, who assumed the CEO role in January 2025.

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 comprised of the CEO and three senior officers who oversee core operational and strategic functions. These are:

- Chief Executive Officer: Thomas Mason (appointed in January 2025)
- Interim CEO: Mr Guillaume Fonkenell (up to December 2024)
- Chief Financial Officer: Kudzai Munyavi
- Chief Operating Officer: Tim Kasperidus
- Chief Research and Evaluation Office: Ken Lee

Governance Sub-Committees

To strengthen governance and ensure effective oversight, the Trustees have established three core sub-committees. These committees meet ahead of each quarterly Trustees' meeting and are responsible for reviewing matters in greater depth to support well-informed decision-making. Each committee comprises two Trustee voting members, with relevant Executive Team members attending in a non-voting or observer capacity.

Investment Committees

Pharo Foundation has four dedicated Investment Committees (ICs), aligned to the Foundation's core areas: Education, Water, Productivity, and Ventures. These committees assess new programme, investment and project proposals. Only proposals endorsed by the relevant IC are submitted to the full board of Trustees for final approval. The ICs' scope and constitution are summarised as follows:

- **Mandate:** Evaluate strategic fit, budget justification, and potential impact of proposals.
- **Meeting Frequency:** Convened as needed prior to each quarterly Trustees' meeting.
- **Membership Composition:** Two Trustees as voting members; non-voting members include project sponsors and members of the Executive.

IC Focus Area	Trustee Voting Members	Non-Voting Members
Education (M1)	Farah Jirdeh Fonkenell, Nicolas Sagna	Project sponsors, Executive Team
Water (M2)	Folorunso Allu, Nicolas Sagna	Project sponsors, Executive Team
Productivity (M3)	Guillaume Fonkenell, Nicolas Sagna	Project sponsors, Executive Team
Ventures	Guillaume Fonkenell, Folorunso Allu	Project sponsors, Executive Team

Finance and Audit Committee

This committee provides oversight of the Foundation's financial integrity. It is responsible for reviewing audit outcomes, financial statements, risk management systems, and the effectiveness of internal controls. The committee's scope and constitution are summarised as follows:

- **Mandate:** Ensures the integrity of the financial reporting, budgeting and audit process and oversees the maintenance of sound internal control and risk management systems
- **Meeting Frequency:** Twice annually—typically in Q2 and Q4.
- **Membership Composition:**
  - Voting Members: Guillaume Fonkenell, Matthieu Baumgartner
  - Non-Voting Members: Chief Executive Officer (CEO), Chief Financial Officer (CFO)
  - Observer: Senior staff members may attend in an observer capacity, where relevant to the agenda.

Talent and Compensation Committee

This committee provides strategic oversight of staff compensation, recruitment, and talent development to ensure that the Foundation attracts and retains high-quality personnel. The committee's scope and constitution are summarised as follows:

- **Mandate:** Develop compensation strategy, oversee cost of living related pay adjustments, review bonus structures, and advise on retention and recruitment policies.
- **Meeting Frequency:** Twice annually—typically in Q1 and Q3.
- **Membership Composition:**
  - Voting Members: Farah Jirdeh Fonkenell, Matthieu Baumgartner
  - Non-Voting Members: Chief Executive Officer (CEO), Chief Operating Officer (COO), Global HR Director

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.

Risk management

The Trustees continuously assess the major risks to which the charity is exposed. As part of this process, the risk management matrix was reviewed and updated in November 2024 to ensure it reflects the evolving internal and external environment in which the Foundation operates.

The risk register identifies 24 potential risks under nine major categories: governance and management, legal and regulatory compliance, investment, operational, financial, external, reputational, impact, and data security. For each risk, the register outlines potential causes and consequences, the controls in place to manage the risk, and a residual risk rating based on likelihood and impact (low, medium or high). The risk register is reviewed by the Finance and Audit Committee and the Board of Trustees at least once annually.

A key change in 2024 was the decision to embed risk management more deeply into operational oversight by the Executive Team to ensure effective and continuous risk management. A new enterprise risk management (ERM) framework is being developed in line with best practices, and this will be in place in 2025. The following remain among the major risks identified, with appropriate controls in place:

Risk Category	Risk Description	Potential Consequences	Mitigation Measures
Legal and Regulatory Compliance	Non-compliance with laws and regulations across jurisdictions	Fines, legal proceedings, reputational damage, or suspension of activities	Annual legal reviews; country-specific legal advice; independent compliance audits where appropriate
Security and Stability	Political or social instability in operating countries	Programme disruption, staff safety risks, asset loss	Regular country-level risk assessments and security plans; comprehensive staff insurance; local emergency protocols
Financial Mismanagement or Fraud	Fraud, financial errors, or weak internal controls	Financial loss, regulatory scrutiny, reputational damage	Strong internal controls; monthly financial reporting and variance analysis; annual external audits; internal audit function starting in 2025
Reputational	Misalignment with stakeholder expectations or poor brand management	Loss of stakeholder trust, negative publicity, reduced influence	Oversight by the Finance and Audit Committee; country-level communications support and brand guidance; consistent stakeholder engagement
Data Security and IT Systems	Data breaches, cyber threats, or failure of digital systems	Loss of sensitive data, service disruption, legal exposure	Multi-factor authentication; data encryption; regular IT security reviews; staff training; oversight by the Global IT team

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.

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.

- **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:

- **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.

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.

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.

Financial Review

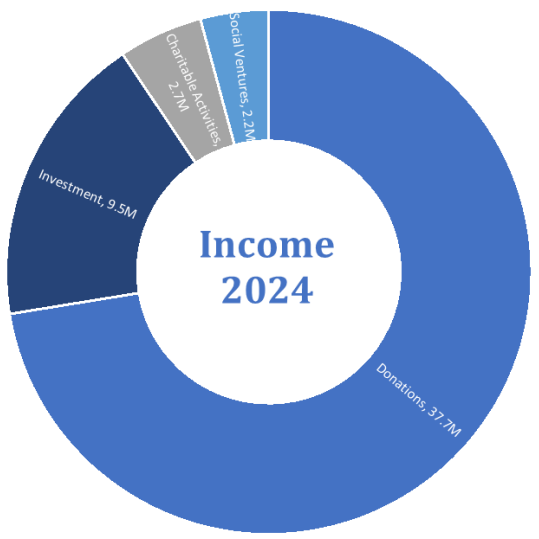


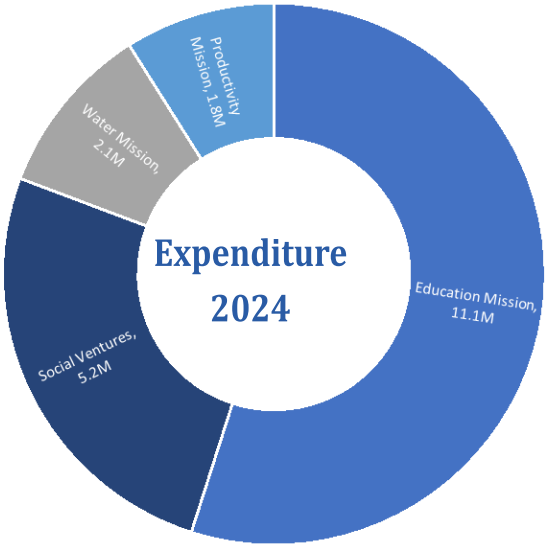
Financial Review

Financial Overview and Resource Allocation

Pharo Foundation (the Group) recorded total income of US$ 52.1 million in 2024, almost double the amount received in the previous year. This increase was mainly due to a rise in donations and Gift Aid refund, alongside contributions from charitable activities, social ventures, and investments.

Donations amounted to US$ 37.7 million, significantly higher than in 2023. The increase was driven by a new contribution from individual donors. As in previous years, a large portion of this funding was channelled through Pharo Development Investment Limited (PDIL), which serves as the primary vehicle for distributing profits generated by Pharo Management (UK) LLP. Income from charitable activities rose by 134% to US$ 2.71 million. This was mainlydue to the first full year of operations at Pharo School Kenya and increased pupil enrolment in both Somaliland and Rwanda. Social ventures trading income reached US$ 2.19 million, reflecting growth mainly in Pharo Construction Somaliland's Ready-Mix Concrete business unit which had improved operations and revenue growth. Investment income for the year totalled US$ 9.46 million, compared to US$ 23.01 million in 2023. The decrease was due to a lower profit share from Pharo Management (UK) LLP which totalled US$ 7.80 million for the year. A total of US$ 1.65 million was earned as interest from money market investments of funds at hand.





Spending on the Education Mission increased to US$ 11.1 million, mainly due to the expansion of the school network, including higher running costs associated with new and growing schools. Water Mission expenditure decreased to US$ 2.1 million, following the completion of several large infrastructure projects in Ethiopia that were ongoing in the previous year and projects whose implementation was pushed back to 2025 financial year. The Productivity Mission recorded expenditure of US$ 1.8 million, slightly lower than in 2023. This was mainly due to the completion of agricultural activities during the year. Ventures-related expenditure rose by 53% to US$ 5.22 million including cost of sales and operating expenses. This was due to increased activity in Somaliland through Pharo Construction, and the ongoing set-up of a new edible oil production plant in Ethiopia.

During the year, Ethiopia experienced a devaluation of the birr (ETB). The Foundation was not materially affected, as it does not maintain substantial cash holdings in local currency. Funds are mainly held in USD and transferred to Ethiopia as required. This approach helped reduce exposure to currency losses. Local budgets were reviewed to reflect exchange rate movements and operations continued without major disruption. Overall, the Foundation is now receiving a market value per each USD funding, hence the cost of doing business has gone significantly down.

As of 31 December 2024, the Group's unrestricted funds totalled US$ 65.2 million. Of this amount, the net book value of tangible and intangible assets was US$ 11.4 million. Additionally, US$ 1.8 million was held

as impact investments. The Trustees also designated US$ 48.4 million for future programme activities, leaving a general unrestricted funds balance of US$ 16.8 million.

Overall, the Group's operations continued to strengthen in 2024, with steady progress across our mission areas. We delivered a full year of operations at Pharo School Nairobi and saw increased enrolment in our schools in Somaliland and Rwanda. The Foundation remains focused on programme quality, operational effectiveness and efficiency, and sound financial management to support its mission in the years ahead.

Investment policy

Pharo Foundation or the Group had an investment portfolio valued at US$ 1.8 million as of 31 December 2024 (2023: US$ 1.8 million). In the charity's standalone financial statements, total investments were recorded at US$ 16.2 million (2023: US$ 12.1 million), the majority of which represents shares issued to its subsidiaries. The Foundation's investment objective is to build social ventures and invest in companies 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 an investment decision. The performance of investments is monitored periodically by the Trustees.

Over the past 12 months, the value of the unlisted impact investment portfolio has remained unchanged. The increase in investments in subsidiaries to US$ 14.4 million in 2024 (2023: US$ 10.3 million) reflects additional capital contributions made by the Foundation to support the development and expansion of its social ventures.

Reserves policy

Pharo Foundation has committed to several charitable programmes, projects, social ventures and grants with ongoing financial commitments. Accordingly, the Trustees monitor the level of reserves throughout the year to ensure the Foundation can meet its ongoing financial commitments and wider operational obligations.

At Group level, designated reserves stood at US$ 48.1 million as at 31 December 2024 (2023: US$ 13 million), while the Foundation's standalone designated reserves totalled US$ 58.2 million (2023: US$ 36.5 million). These balances include funds allocated for future programme delivery, mission-aligned investments, and an operational reserve US$ 15 million to cover 12 months of operating cash needs. Further detail is provided in Note 17 to the financial statements.

General funds are those not yet committed and are therefore available for future programme spending or to support new opportunities.

Approved by the Trustees and signed on their behalf by:



Mr Guillaume Fonkenell,
Trustee – Chairman
Approved by the Trustees on: 24 June 2025

Independent Auditor's Report

For the year ended
31 December 2024



Independent Auditor's Report

For the year ended 31 December 2024

Independent auditor's report to the member of Pharo Foundation

Opinion

We have audited the financial statements of Pharo Foundation (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which the comprise the group statement of financial activities, the group and charitable parent company balance sheets and 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's and of the charitable parent company's affairs as at 31 December 2024 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 group and charitable parent 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.

Independent Auditor's Report

For the year ended 31 December 2024

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 charitable parent company 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 charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company 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 (who are also the directors of the charitable company for the purposes of company law) 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.

Independent Auditor's Report

For the year ended 31 December 2024

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.

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;
- Making enquiries of auditors of overseas components as to as to their knowledge of actual, suspected and alleged fraud and where they considered there was susceptibility to 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, particularly any journal entries posted with unusual characteristics.

Independent Auditor's Report

For the year ended 31 December 2024

- 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;
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims; and
- 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 for the audit of the financial statements is located on the Financial Reporting Council's website at 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

Buzzacott Audit LLP

Peter Mackereth (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL
Date: 25 June 2025

Consolidated Statement of Financial Activities

(For the year ended 31 December 2024)

	Notes	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Income from:			
Donations and legacies	**1**	37,742,689	59,627
Charitable activities	**2**	2,710,749	1,157,084
Social ventures trading	**3**	2,192,583	1,584,403
Investment	**4**	9,459,471	23,008,123
Total income		**52,105,492**	**25,809,237**
Expenditure on:			
Social ventures trading	**5**	5,220,543	3,417,452
Charitable activities	**6**	15,002,118	14,899,302
Total expenditure		**20,222,661**	**18,316,754**
Minority interests		243	169
Net income before investment gains		**31,883,074**	**7,492,653**
Net income		31,883,074	7,492,653
Other recognised gains/losses (Losses) on foreign exchange		(4,389,687)	(438,858)
Net movement in funds	**7**	27,493,387	7,053,795
Total funds brought forward		**37,727,288**	**30,673,493**
Total funds carried forward		**65,220,675**	**37,727,288**

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.

Statement of Financial Position

(As of 31 December 2024)

	Notes	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	*Restated* Foundation 2023 US$
Fixed assets					
Tangible assets	**9**	10,323,748	11,186,710	6,712,191	7,044,477
Intangible assets	**10**	1,135,033	791,321	1,135,033	791,321
Investments	**11**	1,804,766	1,804,766	16,187,518	12,128,605
Debtors due after one year	**12**	205,504	81,074	205,504	81,074
		13,469,051	**13,863,871**	**24,240,246**	**20,045,477**
Current assets					
Inventory	**13**	76,878	105,101	44,632	89,388
Debtors due within one year	**14**	4,677,021	1,787,152	3,626,412	939,903
Cash at bank and in hand		49,343,874	24,398,460	48,777,378	22,496,885
		54,097,773	**26,290,713**	**52,448,422**	**23,526,176**
Creditors: amounts falling due within one year	**15**	(2,173,566)	(2,426,806)	(1,580,205)	(1,836,573)
Net current assets		**51,924,207**	**23,863,907**	**50,868,217**	**21,689,603**
Non current liabilities					
Creditors: amounts falling due after one year	**16**	(172,252)	**-**	**-**	**-**
Total net assets		**65,221,006**	**37,727,778**	**75,108,463**	**41,735,080**
Minority interests		(330)	(490)	-	-
Net assets attributable to Group		**65,220,676**	**37,727,288**	**75,108,463**	**41,735,080**
Funds of the charity:					
Unrestricted Funds					
- General funds		17,035,708	24,735,814	16,826,732	22,561,985
- Designated funds	**17**	48,184,968	12,991,474	58,281,731	19,173,095
		65,220,676	**37,727,288**	**75,108,463**	**41,735,080**

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 - Chairman
Approved on: 24 June 2025

Statement of Cash Flows

(As of 31 December 2024)

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Cash flows from operating activities:		
Net cash (used in) operating activities	20,340,464	(14,332,089)
Cash flows from investing activities:		
Income from investments	9,459,471	23,008,123
Purchase of tangible fixed assets	(4,322,368)	(6,906,292)
Purchase of intangible fixed assets	(286,653)	(804,733)
Net cash provided by investing activities	**4,850,450**	**15,297,098**
Cash flows from financing activities:		
Cash inflows from new borrowing	279,799	-
Net cash provided by / (used in) financing activities	**279,799**	**-**
Change in cash and cash equivalents in the reporting period	**25,470,713**	**965,009**
Cash and cash equivalents at 01 January 2024	24,398,460	23,296,985
Change in cash and cash equivalents due to exchange rate movements	(525,299)	136,467
Cash and cash equivalents at 31 December 2024	**49,343,874**	**24,398,460**

Analysis of changes in net debt	**Group 1 Jan 2024 US$**	**Cash flows US$**	**Foreign exchange movements US$**	**Group 31 Dec 2024 US$**
Cash at bank and in hand	24,398,460	25,470,713	(525,299)	49,343,874
Loans falling due within one year	-	(107,942)	396	(107,547)
Loans falling due after more than one year	-	(172,886)	634	(172,252)
Total	**24,398,460**	**25,189,885**	**(524,270)**	**49,064,075**

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Net income for the reporting period (as per the statement of financial activities)	31,883,074	7,492,653
Adjustments for:		
Finance cost / Interest expense	2,930	-
Depreciation charges	1,154,008	961,124
Amortisation of Goodwill	106,786	13,412
Disposal of fixed assets	-	3,467
Income from investments	(9,459,471)	(23,008,123)
Decrease (Increase) in Inventory	28,223	57,982
(Increase) in debtors	(3,014,299)	(607,651)
Increase in creditors	(360,787)	755,047
Net cash used in operating activities	**20,340,464**	**(14,332,089)**

Principal Accounting Policies

(As of 31 December 2024)

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 2024. 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 11,** for the year ended 31 December 2024. 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 certain assets by overseas governments to support the delivery of its charitable programmes. While legal ownership of these assets remains with the respective governments, the Foundation assumes the risks and rewards of usage for the duration of the agreements. These assets are provided under long-term, non-commercial arrangements that do not confer rights of disposal or financial gain. As such, and due to the absence of a reliable method for measuring their fair value under the specific terms granted, no value has been recognised in the financial statements.

The Foundation continues to derive operational benefit from these sites in the course of delivering programme activities. Their use is periodically reviewed as part of broader risk and asset management processes. Expenditure on improvements to these sites is capitalised in accordance with the Foundation's

accounting policy for tangible fixed assets, where the criteria relating to control, future economic benefit, and reliable measurement are met.

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 a readily determinable fair value at the reporting date, this investment continues to be held at cost less impairment. The valuation is informed by management's assessment of the most recent observable events, including historic rights issues and debt restructuring exercises. Although these events occurred in prior periods, they continue to represent the latest available indicators of value. No further changes in fair value have been identified during the current reporting period.

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 the appropriateness of the going concern assumption in preparing these financial statements. This assessment has been made for a period of at least twelve months from the date of approval of the financial statements.

Principal Accounting Policies

(As of 31 December 2024)

The Trustees are satisfied that there are no material uncertainties that cast significant doubt on the ability of the Foundation to continue as a going concern. The Foundation remains in a strong financial position, supported by substantial unrestricted reserves that are sufficient to meet its planned programme and operational commitments.

While the Foundation operates in a region where political and economic challenges—such as inflationary pressures and security risks—are an ongoing consideration, the Trustees are confident that these factors do not materially affect the Foundation's ability to continue its activities. The organisation's diversified programme portfolio, prudent financial management, and level of reserves provide a stable platform for ongoing operations.

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.

Principal Accounting Policies

(As of 31 December 2024)

Tangible fixed assets

All tangible fixed assets costing more than $200 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
Intangible assets	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	3 to 5 years estimated useful life
Leased Land	Over lease period
Freehold	No depreciation
Construction in progress	No depreciation

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

Intangible Assets

All intangible assets costing more than US$200 and with an expected useful life exceeding one year are capitalised. Intangible assets are amortised from the point at which they are available for use. Amortisation is charged on a straight-line basis over the estimated useful life of the asset as follows:

Goodwill	10 years estimated useful life
Software	3 to 5 years estimated useful life
Websites	3 years estimated useful life
Work in Progress	Not amortised

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired entity at the date of acquisition. It is initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised over a period of ten years on a straight-line basis. It is also subject to annual impairment review, and any impairment losses identified are recognised in the statement of financial activities and are not reversed in future periods. Gains and losses on the disposal of a subsidiary or business include the carrying amount of goodwill relating to the entity sold.

Intangible work in progress comprises costs related to intangible assets under development and not yet available for use. These are held at cost and are not amortised until the asset is complete and ready for its intended purpose.

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.

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.

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 17.**

Taxation

The taxation status of the group and it's subsidiaries are disclosed in **note 18.** 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 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.

Restatement of comparative balances

The comparatives have been reinstated regarding the charity investments. Further details are provided in Note 23.

Notes to the Financial Statements

(As of 31 December 2024)

1 Donation and legacies

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Donations	37,742,689	59,627
	37,742,689	**59,627**

2 Income from charitable activities

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Pharo school	2,437,386	917,332
Pharo laboratories	125,762	91,551
Other income	147,601	148,201
	2,710,749	**1,157,084**

3 Income from social enterprise trading

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Pharo Construction income	2,192,583	1,584,403
	2,192,583	**1,584,403**

4 Income from investments

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Profit share from Pharo Management (UK) LLP	7,804,603	22,008,124
Bank interest	1,654,868	999,999
	9,459,471	**23,008,123**

5 Expenditure on Social Ventures Trading

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Costs of Sale Social Ventures Group of companies	2,349,811	2,091,722
Operational costs from the Social Ventures Group of companies	2,761,761	1,241,153
Governance costs	108,971	84,577
	5,220,543	**3,417,452**

Notes to the Financial Statements

(As of 31 December 2024)

6 Expenditure on charitable activities

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Grants to institutions	24,993	-
Scholarship awarded	127,508	74,164
Mission driven programmes	12,429,105	13,175,858
Support costs of grant making and programme activities	2,420,512	1,649,280
	15,002,118	**14,899,302**

Analysis of activities	Activities undertaken directly 2024 US$	Grant funding of activities 2024 US$	Support costs 2024 US$	Amount 2024 US$
Education Mission	9,162,714	152,501	1,792,107	11,107,323
Water Mission	1,745,242	-	335,758	2,081,001
Productivity Mission	1,521,149	-	292,646	1,813,795
	12,429,106	**152,501**	**2,420,512**	**15,002,119**

Analysis of activities	Activities undertaken directly 2023 US$	Grant funding of activities 2023 US$	Support costs 2023 US$	Amount 2023 US$
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
	13,175,858	**74,164**	**1,649,280**	**14,899,302**

Support costs have been allocated to each of the above activities based on the resources used during the year.

Analysis of support costs	1 Jan 2024 to 31 Dec 2024 US$	1 Jan 2023 to 31 Dec 2023 US$
Communications & IT	72,126	108,277
Finance costs	4,834	743
General management	231,664	202,917
Office and premises	122,532	68,368
Staff costs	1,848,078	1,117,856
Governance costs	141,278	151,119
	2,420,512	**1,649,280**

Notes to the Financial Statements

(As of 31 December 2024)

7 Net movement in funds

This is stated after charging:

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Staff costs (Note 8)	8,677,740	7,553,353
Parent company auditor's remuneration		
- statutory audit services	72,225	69,794
- other services	3,598	5,047
Other companies auditor's remuneration		
- statutory audit services	55,029	41,291
- other services	14,108	31,578
Depreciation	1,154,008	961,124
Loss on disposal of fixed assets	-	3,467
Operating lease rentals	526,272	477,862

8 Staff costs and trustees' remuneration

	Group 1 Jan 2024 to 31 Dec 2024 US$	Group 1 Jan 2023 to 31 Dec 2023 US$
Employees		
- wages and salaries	8,183,295	7,125,259
- social security costs	141,717	118,557
- employer pension contributions	352,728	309,537
	8,677,740	**7,553,353**

The average number of employees during the period totalled 702 (2023: 557). This is analysed as follows:

	Group 1 Jan 2024 to 31 Dec 2024 No.	Group 1 Jan 2023 to 31 Dec 2023 No.
Number of support staff	16	12
Number of programme staff	621	481
Number of social ventures staff	66	63
	702	**556**

Notes to the Financial Statements

(As of 31 December 2024)

	Group 1 Jan 2024 to 31 Dec 2024 No.	Group 1 Jan 2023 to 31 Dec 2023 No.
Employees with emoluments between £60,001 to £70,000 per annum	3	3
Employees with emoluments between £70,001 to £80,000 per annum	3	5
Employees with emoluments between £80,001 to £90,000 per annum	2	3
Employees with emoluments between £90,001 to £100,000 per annum	3	2
Employees with emoluments between £100,001 to £110,000 per annum	2	1
Employees with emoluments between £110,001 to £120,000 per annum	-	-
Employees with emoluments between £120,001 to £130,000 per annum	1	-
Employees with emoluments between £130,001 to £140,000 per annum	1	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	1
Employees with emoluments between £170,001 to £180,000 per annum	2	-
Employees with emoluments between £240,001 to £250,000 per annum	-	1
	19	**19**

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 key management personnel in 2024 was US$ 706,145 (2023: US$ 972,955). The reduction is primarily due to there being no Chief Executive Officer in post during the year and Guillaume Fonkenell in his Interim CEO capacity received no remuneration during the year. A new CEO was appointed in late 2024 and formally commenced in January 2025.

No Trustees received any remuneration or reimbursement of expenses in their capacity as trustees. However, the Foundation catered the Trustees' travel expenses in connection with their duties as Trustees during the year, amounting to $ 8,336 (2023: nil)

Notes to the Financial Statements

(As of 31 December 2024)

9. Tangible assets

Group	Furniture & fittings US$	Plant & Machinery US$	IT equipment US$	Motor Vehicles US$	Building US$	Land US$	Work in progress US$	Total US$
Cost								
At 1 January 2024	780,357	736,574	343,365	2,160,671	4,360,977	1,605,033	3,342,557	13,329,534
Additions	247,705	70,554	168,651	7,343	102,666	105,470	3,619,979	4,322,368
Transfers	-	28,527	-	-	1,042,342	-	(1,070,869)	-
Disposals	(11,205)	(2,588)	(1,230)	-	-	(73,839)	-	(88,862)
Reclassification	-	-	(6,922)	-	-	-	-	(6,922)
FX on exchange rate	(191,173)	(64,236)	(98,293)	(302,968)	(1,309,153)	163,595	(2,790,654)	(4,592,882)
At 31 December 2024	**825,684**	**768,831**	**405,571**	**1,865,046**	**4,196,832**	**1,800,259**	**3,101,013**	**12,963,236**
Depreciation								
At 1 January 2024	407,139	225,645	200,744	930,935	372,731	5,630	-	2,142,824
Charge for the period	220,248	150,026	110,577	426,826	221,083	25,248	-	1,154,008
Disposals	(16,231)	(3,235)	(1,572)	-	-	-	-	(21,038)
Reclassification	-	-	(6,922)	-	-	-	-	(6,922)
FX on exchange rate	(138,057)	(26,554)	(62,826)	(199,031)	(202,369)	(547)	-	(629,384)
At 31 December 2024	**473,099**	**345,882**	**240,001**	**1,158,730**	**391,445**	**30,331**	**-**	**2,639,488**
Net book value								
At 31 December 2024	352,585	422,949	165,570	706,316	3,805,387	1,769,928	3,101,013	10,323,748
At 31 December 2023	373,218	510,929	142,621	1,229,736	3,988,246	1,599,403	3,342,557	11,186,710

Notes to the Financial Statements

(As of 31 December 2024)

Tangible assets

Foundation	Furniture & fittings US$	Plant & Machinery US$	IT equipment US$	Motor Vehicles US$	Building US$	Land US$	Work in progress US$	Total US$
Cost								
At 1 January 2024	622,783	116,275	312,916	968,235	4,230,538	1,327,990	852,522	8,431,259
Additions	234,657	-	148,234	7,343	102,666	105,470	1,350,943	1,949,313
Transfers	-	-	-	-	1,042,342	-	(1,042,342)	-
Disposals	-	-	-	-	-	(73,839)	-	(73,839)
Reclassification	-	-	(6,922)	-	-	-	-	(6,922)
FX on exchange rate	(164,839)	(64,236)	(91,595)	(184,866)	(1,309,152)	240,680	(479,066)	(2,053,074)
At 31 December 2024	**692,602**	**52,040**	**362,634**	**790,711**	**4,066,394**	**1,600,301**	**682,057**	**8,246,737**
Depreciation								
At 1 January 2024	304,315	36,820	180,511	499,134	362,843	3,159	-	1,386,782
Charge for the period	181,456	17,915	99,155	198,156	215,904	23,904	-	736,490
Reclassification	-	-	(6,922)	-	-	-	-	(6,922)
FX on exchange rate	(128,806)	(27,848)	(59,496)	(163,323)	(203,713)	1,382	-	(581,804)
At 31 December 2024	**356,965**	**26,887**	**213,248**	**533,967**	**375,034**	**28,445**	**-**	**1,534,546**
Net book value								
At 31 December 2024	335,637	25,153	149,386	256,744	3,691,360	1,571,856	682,057	6,712,191
At 31 December 2023	318,468	79,455	132,405	469,101	3,867,695	1,324,831	852,522	7,044,477

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

Notes to the Financial Statements

(As of 31 December 2024)

10. Intangible Assets

Group & Foundation	Goodwill US$	Software US$	Website US$	Work in progress US$	Total US$
Cost					
At 1 January 2024	804,733	6,922	-	-	811,655
Additions	-	-	89,547	197,106	286,653
FX on exchange rate	169,504	(3,824)	-	-	165,680
At 31 December 2024	**974,237**	**3,098**	**89,547**	**197,106**	**1,263,988**
Depreciation					
At 1 January 2024	13,412	6,922	-	-	20,334
Charge for the period	94,590	-	12,196	-	106,786
FX on exchange rate	5,659	(3,824)	-	-	1,835
At 31 December 2024	**113,661**	**3,098**	**12,196**	**-**	**128,955**
Net book value					
At 31 December 2024	860,576	-	77,351	197,106	1,135,033
At 31 December 2023	791,321	-	-	-	791,321

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 expense in the statement of profit or loss.

Notes to the Financial Statements

(As of 31 December 2024)

11. Investments

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Restated Foundation 2023 US$
Unlisted investments	1,804,766	1,804,766	1,803,221	1,803,221
Investment in subsidiary company	-	-	14,384,297	10,325,384
	1,804,766	**1,804,766**	**16,187,518**	**12,128,605**

Analysis of movement in investments

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Restated Foundation 2023 US$
Value at 01 January 2024	1,804,766	1,804,766	12,128,603	8,651,551
Additions	-	-	4,058,913	3,477,052
Value at 31 December 2024	**1,804,766**	**1,804,766**	**16,187,516**	**12,128,603**

Analysis of historical costs

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Unlisted investments	5,151,542	5,151,542	5,151,542	5,151,542
Investment in subsidiary company	-	-	15,854,345	11,795,430
	5,151,542	**5,151,542**	**21,005,888**	**16,946,972**

Unlisted Investments

Investment by the Group represents its investment in Pharo Management (UK) LLP, Lynk and New Forests Company Holdings Limited. The basis of their valuations are detailed on page 46.

Subsidiary undertakings

At the year end, the Group included subsidiary entities controlled either directly by Pharo Foundation UK or through related structures. These have been consolidated in the Group financial statements.

Notes to the Financial Statements

(As of 31 December 2024)

Name	Parent undertaking	Registration status	Registration number	Nature of business
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 – 99.9%	Company limited by shares (Somaliland)	Company number 1281	The principal activity of the company was previously the provision of construction services, including building and infrastructure works. Following the closure of the construction business unit at the end of 2024, the company's principal activity is now focused on the hire of construction equipment and the sale of ready-mix concrete.
Pharo Real Estate Somaliland	Pharo Ventures Somaliland Limited - 100%	Company limited by shares (Somaliland)	Company number 1759	The principal activity of the company is the provision of real estate services as an income-generating entity of Pharo Ventures Somaliland Limited. The company remained dormant during the year.
Pharo Farm LTD Somaliland (PFSL)	Pharo Ventures Somaliland Limited - 100%	Company limited by shares (Somaliland)	Company number 1758	The principal activity of the company is to operate as an income-generating farm under Pharo Ventures Somaliland Limited. The company remained dormant during the year.
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.

Notes to the Financial Statements

(As of 31 December 2024)

Name	Parent undertaking	Registration status	Registration number	Nature of business
Pharo Foundation Farm ('FARM')	Pharo Foundation - 100%	Company limited by shares (Ethiopia)	Registered number MT/ AA10/ 00 50443/20 11	The principal activity of the company is to operate as an income-generating farm within Pharo Foundation's Ethiopia programme. The company remained dormant during the year.
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 Ventures Rwanda Ltd ('PVRWL')	Pharo Ventures Kenya Limited - 100%	Company limited by shares (Rwanda)	Registered number 112174801	The principal activity is to develop sustainable businesses that create economic value and jobs. The company remained dormant during the year.

Notes to the Financial Statements

(As of 31 December 2024)

A summary of the results of the above subsidiaries for the year ended 31 December 2024 is as follows:

	2024 PDIL $	2024 PEL $	2024 PVSL $	2024 PCL $	2024 RESL $	2024 FARM SL $	2024 PIAM ET $	2024 FARM ET $	2024 PVKL $	2024 PVRWL $
Income	7,804,603	-	-	2,193,917	-	-	-	-	3,625	-
Administrative expenditure	(3,351)	(3,351)	(637,727)	(3,161,100)	-	(286,148)	(677,308)	-	(454,909)	-
Operating surplus (deficit)	**7,801,252**	**(3,351)**	**(637,727)**	**(967,183)**	**-**	**(286,148)**	**(677,308)**	**-**	**(451,284)**	**-**
Distributions under gift aid	(7,801,603)	-	-	-	-	-	-	-	-	-
Net result	(351)	(3,351)	(637,727)	(967,183)	-	(286,148)	(677,308)	-	(451,284)	-
Other gains (losses)	(6)	(43)	(6)	(3)	-	-	33,980	-	(55,806)	-
Taxation	-	-	-	-	-		-	-	-	
Net surplus / (deficit)	**(357)**	**(3,394)**	**(637,733)**	**(967,186)**	**-**	**(286,148)**	**(643,328)**	**-**	**(507,090)**	**-**
Retained funds at 1 January 2024	839	(10,084)	(893,372)	(1,678,201)	-	-	(699,537)	(1,045,897)	1,306,392	-
FX on exchange rate	(1)	-	-	-	-	-	613,921	49,741	(1,286,997)	-
Retained funds at 31 December 2024	**480**	**(13,478)**	**(1,531,105)**	**(2,645,387)**	**-**	**(286,148)**	**(728,944)**	**(996,156)**	**(487,695)**	**-**
Called up share capital At 31 December 2024	**2**	**14,384,295**	**6,040,039**	**4,497,334**	**1,000**	**1,000**	**3,342,361**	**996,156**	**14,491,842**	**1,000**
Funds	**482**	**14,370,817**	**4,508,934**	**1,851,947**	**1,000**	**(285,148)**	**2,613,417**	**-**	**14,004,147**	**1,000**
Assets	3,703	14,374,038	4,600,445	1,899,985	1,000	1,000	3,160,967	-	14,024,695	1,000
Liabilities	(3,221)	(3,221)	(91,511)	(48,038)	-	(286,148)	(547,550)	-	(20,548)	-
Funds	**482**	**14,370,817**	**4,508,934**	**1,851,947**	**1,000**	**(285,148)**	**2,613,417**	**-**	**14,004,147**	**1,000**

Notes to the Financial Statements

(As of 31 December 2024)

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 PV RWL $
Income	22,008,124	-	-	1,986,946	-	-	-	-	260,772	-
Administrative expenditure	(3,000)	(3,001)	(433,334)	(2,374,853)	-	-	(394,780)	-	(211,484)	-
Operating surplus (deficit)	**22,005,124**	**(3,001)**	**(433,334)**	**(387,907)**	**-**	**-**	**(394,780)**	**-**	**49,288**	**-**
Distributions under gift aid	(22,005,124)	-	-	-	-	-	-	-	-	-
Net result	-	(3,001)	(433,334)	(387,907)	-	-	(394,780)	-	49,288	-
Other gains (losses)	18	127	-	-	-	-	(55,367)	-	1,260,593	-
Taxation	-	-	-	-			-		(17,224)	-
Net surplus / (deficit)	**18**	**(2,874)**	**(433,334)**	**(387,907)**	**-**	**-**	**(450,147)**	**-**	**1,292,656**	**-**
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)**	**(892,752)**	**(1,272,949)**	**-**	**-**	**(807,996)**	**(1,045,897)**	**1,754,390**	**-**
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**
Assets	3,820	10,318,276	3,265,036	2,056,576	1,000	1,000	1,750,620	-	12,417,467	1,000
Liabilities	(2,979)	(2,979)	(30,868)	(106,425)	-	-	(179,580)	-	(32,127)	-
Funds	**841**	**10,315,297**	**3,234,168**	**1,950,151**	**1,000**	**1,000**	**1,571,040**	**-**	**12,385,340**	**1,000**

Charitable Entities

The charity operates through a combination of branches, charitable companies limited by guarantee, and a limited liability partnership, depending on local legal and regulatory requirements. These entities are treated as part of the charity and are fully consolidated within the Foundation's financial statements.

Notes to the Financial Statements

(As of 31 December 2024)

Name	Parent undertaking	Registration status	Registration number	Nature of business
Pharo Foundation Kenya (PDKE)	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.
Pharo Foundation Rwanda Ltd (PDRW)	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 Foundation Somaliland (PDSL)	Pharo Foundation - 100%	Branch of Pharo Foundation UK	Registered number L.43.31.2085	PDSL is a non-profit making entity whose principal activity is to carry out related charitable programs within the country.
Pharo Foundation Ethiopia (PDET)	Pharo Foundation - 100%	Branch of Pharo Foundation UK	Certificate No. 3717	PDET is a non-profit making entity whose principal activity is to carry out related charitable programs within the country.

12 Debtors due after one year

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Scholarship awarded loans	205,504	81,074	205,504	81,074
	205,504	**81,074**	**205,504**	**81,074**

Notes to the Financial Statements

(As of 31 December 2024)

13 Inventory

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Inventory - Medical	24,494	69,206	24,494	69,206
Inventory - Fuel	10,993	20,182	10,993	20,182
Inventory - RMC	32,246	15,713	-	-
Inventory - School Materials	9,145	-	9,145	-
	76,878	**105,101**	**44,632**	**89,388**

Inventory consists of medical supplies that are used at the Pharo Diagnostic Centre, a depot of fuel stored mainly due to 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 reported at its costs whereas construction materials valued by construction engineer at year end.

14 Debtors

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Accounts receivable	604,352	185,573	69,465	32,128
Prepayments	476,564	881,214	326,349	749,978
Accrued Income	3,170,262	322,462	3,125,000	90,168
Sundry debtors	121,250	71,905	86,970	66,238
Deferred tax asset	304,593	325,998	-	-
Amounts due from subsidiary undertaking	-	-	18,628	1,391
	4,677,021	**1,787,152**	**3,626,412**	**939,903**

Sundry debtors include rent deposits of US$ 68,149 (2022 – US$ 57,117). The rent deposit is subject to a charge against all sums due and all Pharo Foundation's obligations under property leases.

Notes to the Financial Statements

(As of 31 December 2024)

15 Creditors: amounts falling due within one year

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Accruals	553,509	884,703	428,095	820,003
Provision for severance indemnities	746,985	672,045	624,491	567,974
Deferred income	181,764	364,771	103,950	40,498
Corporation tax payable	(6,310)	(2,017)	-	-
Social security and other taxes	162,052	166,392	141,634	157,315
Trade and other payables	428,019	340,912	282,035	250,783
Borrowings	107,547	-	-	-
	2,173,566	**2,426,806**	**1,580,205**	**1,836,573**

The liability for provision for severance indemnities relates to mandatory staff benefit schemes required under local labour laws in countries where the group operates outside the UK. The amount is recognised within creditors in the financial statements.

Analysis of movement for long term service entitlements

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Value at 01 January 2024	672,045	451,345	567,974	419,636
Less: Amounts paid	(169,291)	(94,708)	(128,144)	(84,942)
Add: Benefits accured	338,102	320,345	252,569	238,217
FX on exchange rate	(93,871)	(4,937)	(67,908)	(4,937)
Value at 31 December 2024	**746,985**	**672,045**	**624,491**	**567,974**

Analysis of movement for deferred income

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Value at 01 January 2024	364,771	296,541	40,498	18,265
Less: Amounts released to income in the year	(1,902,279)	(476,371)	(1,466,505)	(88,853)
Add: Amounts deferred in the year	1,713,625	544,623	1,524,310	111,107
FX on exchange rate	5,647	(22)	5,647	(21)
Value at 31 December 2024	**181,764**	**364,771**	**103,950**	**40,498**

Deferred income relates to grants received in advance to fund programme activities and operational costs that are expected to be incurred in future periods. It is recognised as a liability and released to income as the related expenditure is incurred. The deferred income brought forward from the prior year was fully utilised during the reporting period. The remaining balance at year end will be utilised in future periods.

Notes to the Financial Statements

(As of 31 December 2024)

16 Creditors due after one year

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Bank Loan	172,252	-	-	-
	172,252	**-**	**-**	**-**

Pharo Integrated Agriculture & Manufacturing PLC secured a term loan facility from Dashen Bank S.C. totalling ETB 170,000,000 (equivalent US$ 1,350,757), with interest at 8% per annum. The first disbursement of ETB 35,000,000 (equivalent US$ 278,100) was received on 4 December 2024. Repayments are due in semi-annual instalments starting from 30 June 2025. The loan will be secured by merchandise, vehicles, buildings, factory machinery, equipment and generator.

As at 31 December 2024, the loan balance was ETB 35,214,207 (equivalent USD 279,799), comprising:

- ETB 13,535,333 (USD 107,547) as current liabilities
- ETB 21,678,874 (USD 172,252) as non-current liabilities

17 Designated funds

Group	At 1 Jan 2024 US$	Net new commitments/ Investment US$	Granted/ (Reclassified/ Impaired/ Utilised) US$	At 31 Dec 2024 US$
Grants Payable	-	101,340	(24,993)	76,347
Financial Commitments	-	5,526,907	(2,667,282)	2,859,625
Committed Funds for Future Programmes	-	16,985,451	-	16,985,451
Operational Reserve	-	15,000,000	-	15,000,000
Impact Investments	1,803,222	-	-	1,803,222
Investments	1,544	-	-	1,544
Tangible & Intangible Assets	11,186,708	884,278	(612,207)	11,458,779
	12,991,474	**38,497,975**	**(3,304,482)**	**48,184,968**

Foundation	At 1 Jan 2024 US$	Net new commitments/ Investment US$	Granted/ (Reclassified/ Impaired/ Utilised) US$	At 31 Dec 2024 US$
Grants Payable	-	101,340	(24,993)	76,347
Financial Commitments	-	2,185,178	-	2,185,178
Committed Funds for Future Programmes	-	16,985,451	-	16,985,451
Operational Reserve	-	15,000,000	-	15,000,000
Impact Investments	1,803,223	-	-	1,803,223
Subsidiary Investments	10,325,381	4,058,913	-	14,384,294
Tangible & Intangible Assets	7,044,491	1,059,132	(256,385)	7,847,238
	19,173,095	**39,390,013**	**(281,378)**	**58,281,731**

Notes to the Financial Statements

(As of 31 December 2024)

The income funds of the Group and the Foundation include the following designated funds, which have been set aside from unrestricted general funds by the Trustees:

- Grants Payable – amounts committed to partner organisations, representing new grants awarded less amounts already committed.
- Financial Commitments – represents obligations approved by the Trustees that are not yet disbursed but relate to ongoing or planned activities. These include signed funding agreements and other programme-related commitments.
- Committed Funds for Future Programmes – are funds that have been specifically set aside for new projects, new programmes, new ventures or strategic developments. This includes funding for initiatives such as the Wajale development programme in Somaliland.
- Operational Reserve - of funds for up to 12 months of operating costs to manage income shortfalls or unforeseen events to ensure financial stability and operational continuity and the target level of reserves is set at 12 months of operating expenses and covers staff salaries, administration costs, and ongoing project expenses.
- Impact Investments – funds invested in enterprises that deliver both financial and mission related returns.
- Investments – in the Group, this represents PDIL's investment in Pharo Management (UK) LLP; in the Foundation, it represents investments in social venture subsidiaries.
- Tangible Fixed Assets – reflects the net book value of assets used in operations, not available to meet other expenditure or contingencies

As at 31 December 2024, designated funds totalled US$ 48.18 million (2023: US$ 12.99 million), with the majority of the increase related to future programme commitments plus operational reserves.

18 Taxation

Pharo Foundation is a registered charity and, therefore, is not liable for 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 charitable 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 2024 was 30% as per the Tax Laws (Amendment) Act 2020. As a result, the tax credit for the year was US$ 2,178 (2023 US$ 17,224).

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 subject to the tax laws of Ethiopia. The applicable statutory income tax rate is 30%, in accordance with Proclamation No. 979/2016. No current tax charge was recognised during the year as the company reported a loss. However, a deferred tax asset has been recognised and is included under debtors in the statement of financial position. This asset reflects tax losses carried forward, which are expected to be utilised against future taxable profits.

Notes to the Financial Statements

(As of 31 December 2024)

19 Related party transactions

Pharo Foundation is funded in part by a share of profits generated by Pharo Management (UK) LLP, from which it received US$ 7.1 million in 2024 (2023: US$ 22 million). Mr Guillaume Fonkenell, a Trustee of the Foundation, is a Managing Member of Pharo Management (UK) LLP. In addition to this, Mr Fonkenell made a direct personal donation of US$ 30 million to the Foundation during the year.

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

20 Analysis of net assets between funds

Group	General funds 2024 US$	Designated funds 2024 US$	Total 2024 US$
Tangible fixed assets	-	10,323,748	10,323,748
Intangible assets	-	1,135,033	1,135,033
Investments	-	1,804,766	1,804,766
Net current assets	17,035,708	34,921,421	51,957,129
	17,035,708	**48,184,968**	**65,220,676**

Foundation	General funds 2024 US$	Designated funds 2024 US$	Total 2024 US$
Tangible fixed assets	-	6,712,191	6,712,191
Intangible assets	-	1,135,033	1,135,033
Investments	-	16,187,518	16,187,518
Net current assets	16,826,732	34,246,989	51,073,721
	16,826,732	**58,281,731**	**75,108,463**

Group	General funds 2023 US$	Designated funds 2023 US$	Total 2023 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 funds 2023 US$	Designated funds 2023 US$	Total 2023 US$
Tangible fixed assets	-	7,044,477	7,044,477
Intangible assets	791,321	-	791,321
Investments	-	12,128,606	12,128,606
Net current assets	21,770,664	13	21,770,677
	22,561,985	**19,173,096**	**41,735,081**

Notes to the Financial Statements

(As of 31 December 2024)

21 Financial commitments

At 31 December 2024, Pharo Foundation had the following future minimum commitments under non-cancellable financial obligations as below:

	Group 2024 US$	Group 2023 US$	Foundation 2024 US$	Foundation 2023 US$
Land & Buildings: minimum operating lease commitments				
- Less than one year	435,219	373,011	379,432	314,237
- Between two to five years	1,059,362	639,020	854,707	545,864
	1,494,582	**1,012,032**	**1,234,139**	**860,102**
Scholarships Awarded:				
- Less than one year	205,890	175,505	205,890	175,505
- Between two to five years	617,669	456,800	617,669	456,800
	823,559	**632,305**	**823,559**	**632,305**
Constuction Plant & Machinery Commitments:				
- Less than one year	414,004	3,081,286	-	
	414,004	**3,081,286**	**-**	**-**
System Deployment - WIP				
- Less than one year	127,480	-	127,480	-
	2,859,625	**4,725,623**	**2,185,178**	**1,492,407**

22 Assessment of Hyperinflationary Status of Ethiopian Operations

The Group has evaluated the economic environment in Ethiopia to determine if it qualifies as hyperinflationary under FRS102. Based on available data, Ethiopia's cumulative inflation over the past three years, when calculated on a compound basis, exceeds the 100% threshold. However, qualitative indicators do not conclusively support a hyperinflationary classification. Therefore, the Group has not applied hyperinflation accounting to its Ethiopian subsidiary. The Group will continue to monitor economic conditions in Ethiopia for any significant changes.

23 Post balance sheet event

Following the year-end, the charity made significant commitments to expand its operations in Somaliland. These include a new farming and social development programme in Wajale and the construction of a private international school in Hargeisa.

While these developments took place after 31 December 2024 and do not impact the reported financial position, they reflect the charity's continued growth and strategic direction for the coming years.

Notes to the Financial Statements

(As of 31 December 2024)

24 Prior Year Adjustment – Foundation Only

A prior year adjustment has been made to restate the 2023 comparative figures in the Foundation's balance sheet. This relates to an intercompany investment made by Pharo Foundation Kenya in Pharo Schools LLP, which was not eliminated during the consolidation process in the 2023 Foundation financial statements.

As a result of this adjustment:

- **Investments** have been reduced accordingly.
- **Designated funds** have been adjusted to reflect the correction.

The effect of the adjustment is presented in the Consolidated Statement of Financial Position (extract) below. This adjustment affects only the Foundation's individual financial statements and has no impact on the Group consolidated accounts or the overall net asset position.

	Reported Foundation as at 31/12/2023 US$	Adjustment Foundation US$	As restated Actual Foundation as at 31/12/2023 US$
Investments	15,696,815	(3,568,210)	12,128,605
	23,613,687	(3,568,210)	20,045,477
Total net assets	**45,303,290**	**(3,568,210)**	**41,735,080**
Net assets attributable to Group	**45,303,290**	**(3,568,210)**	**41,735,080**
Funds of the charity:			
Unrestricted Funds			
- General funds	22,561,985	-	22,561,985
- Designated funds	22,741,305	(3,568,210)	19,173,095
	45,303,290	**(3,568,210)**	**41,735,080**

Pharo Foundation

England & Wales - Charity number 1143152

Accounts

COMPANIES HOUSE

Pharo Foundation

Annual Report 2023

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COMPANIES HOUSE

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ww.pharofoundation.org



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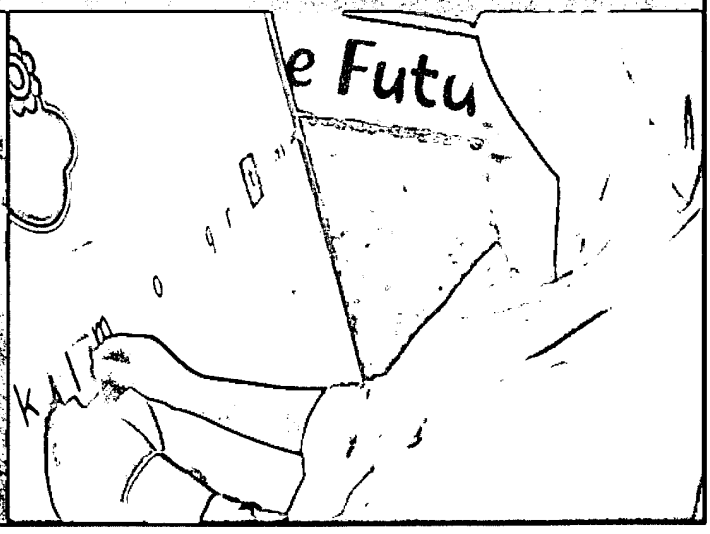
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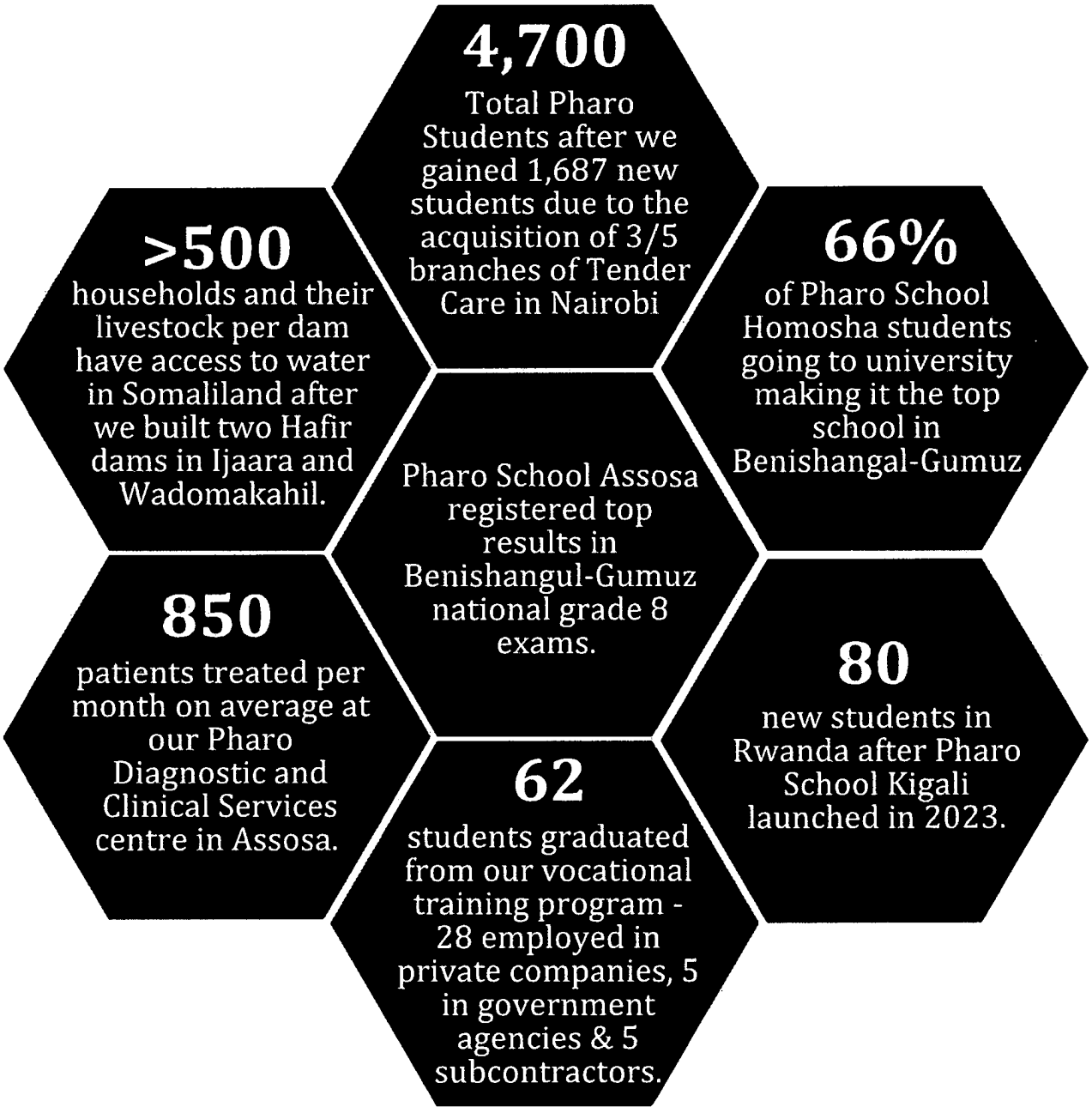


Reference and Administrative Information

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 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.

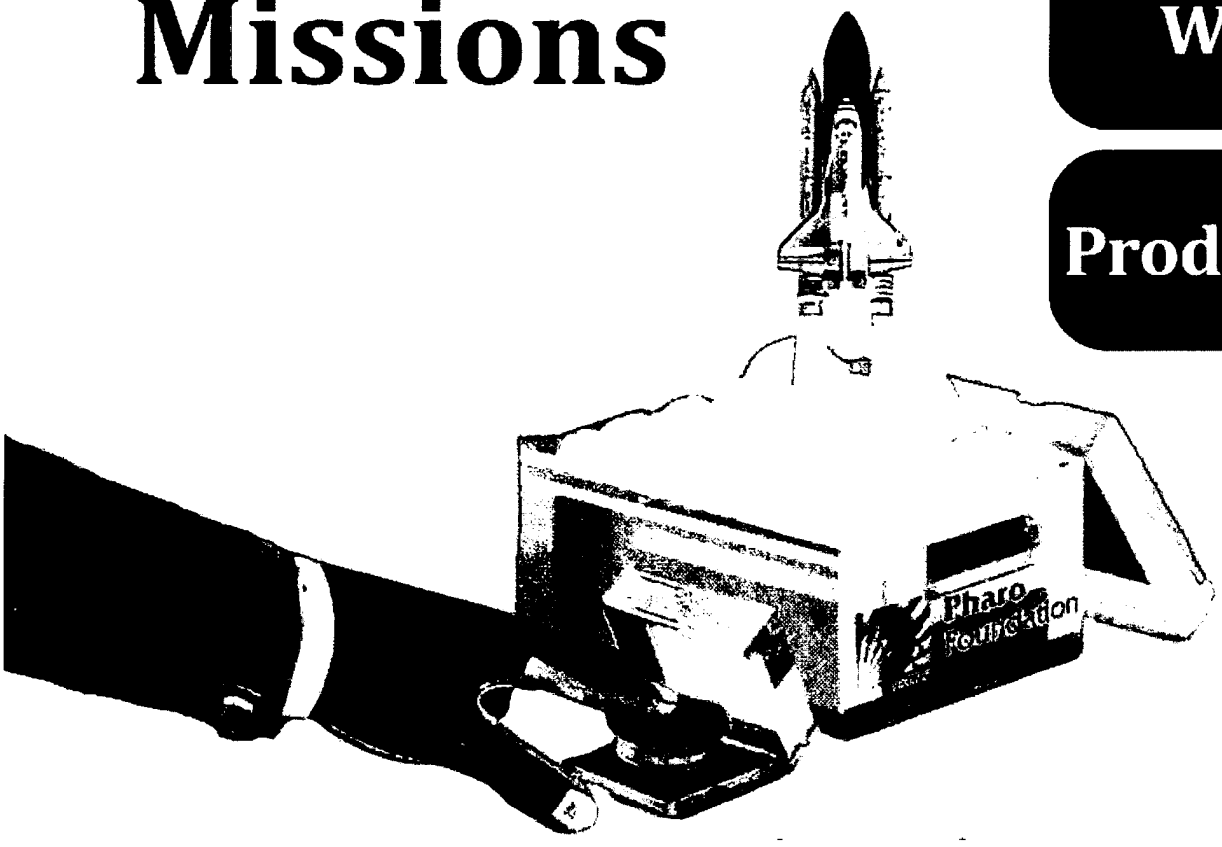
With its clear vision and structure in place, we decided it was time to fully launch Pharo Foundation out into the world. Our new website provides a window to our activities and our core mission statements. Now is the time to branch out fur-ther, focusing on partnerships with institutions that will help 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 fi-nancial 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

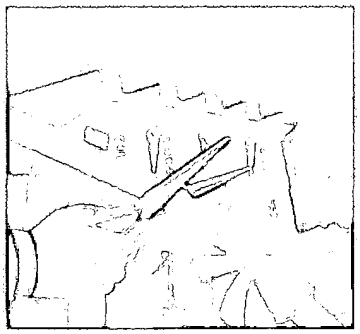
Productivity

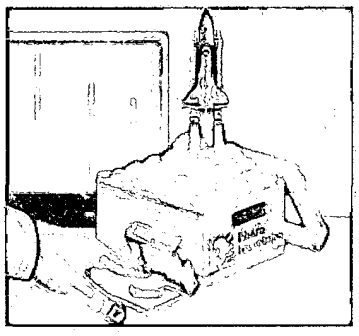


Our History

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.







2016 — Grantmaking Era

2017 — 5 Pillars Era

2022 — Mission Driven Era

2011 - 2016

Early grantmaking efforts helped us learn how we could make an impact.

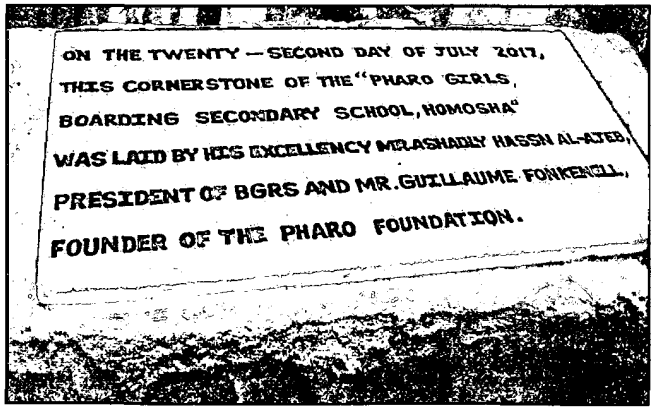
Early grantees: African education Trust, Windle Trust International, etc.

2017 - 2023

Pharo launches 5-pillar strategy, prioritizing integrated programs in education, water, agriculture, health and ventures with a strong focus on job creation.

2023 - Beyond

Pharo launches new mission-driven, impact-oriented strategy.



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.

Education 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.

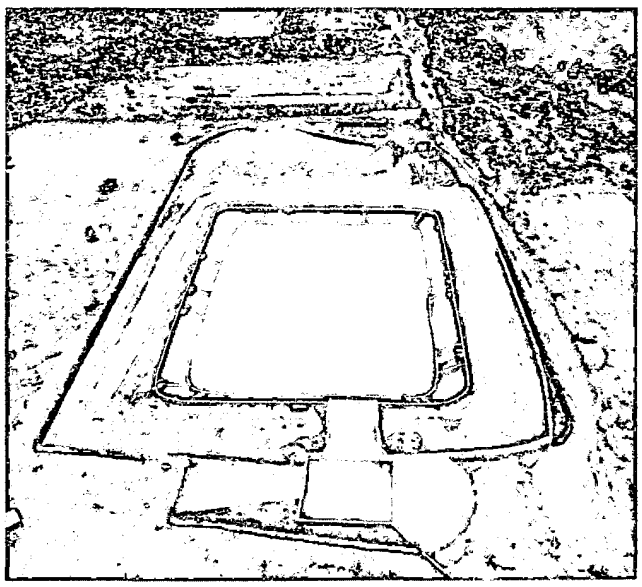


Mission 2: Water

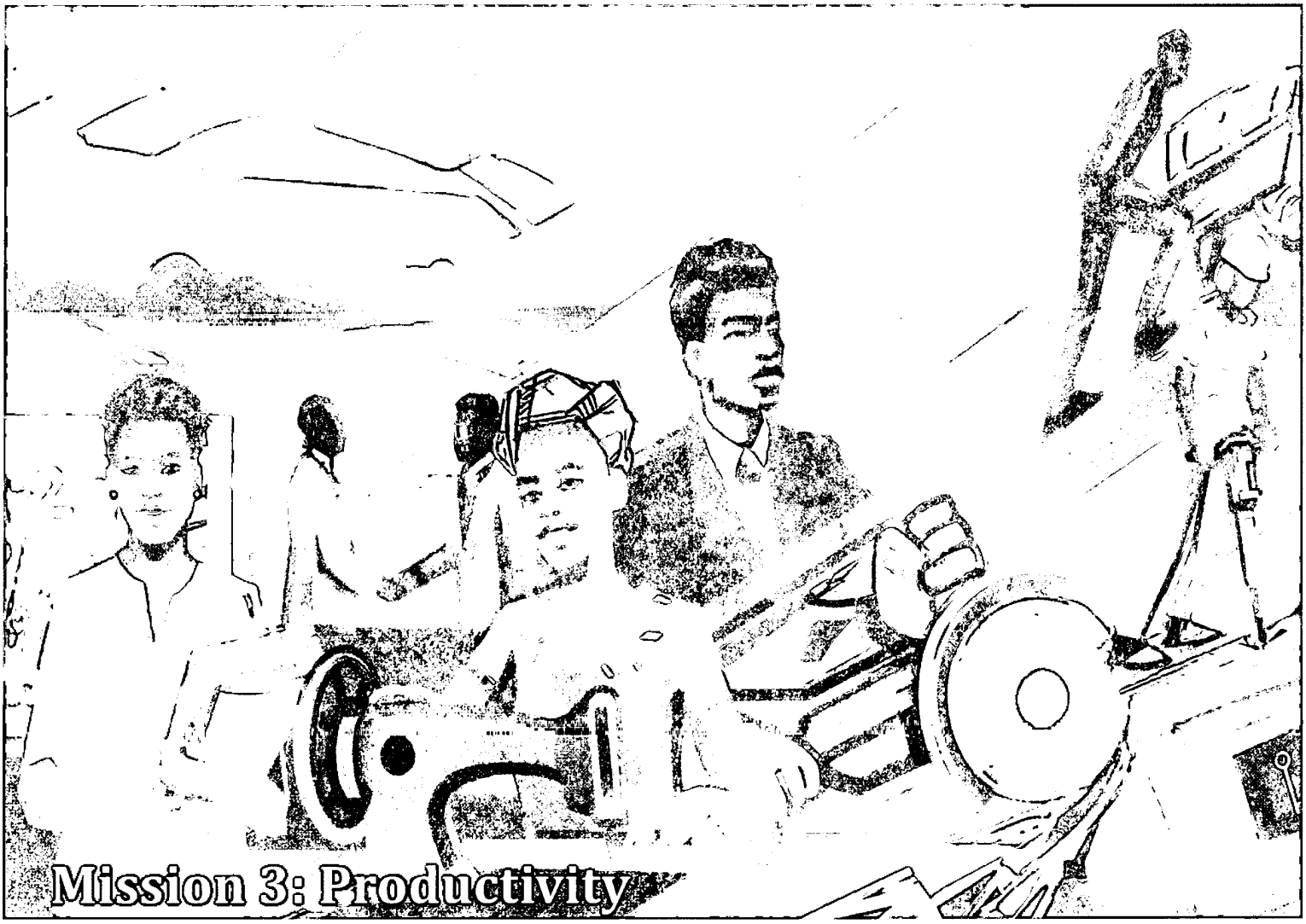
Our mission is to ensure that people and communities across Africa have access to a safe and affordable source of water.

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-Makahiil 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.

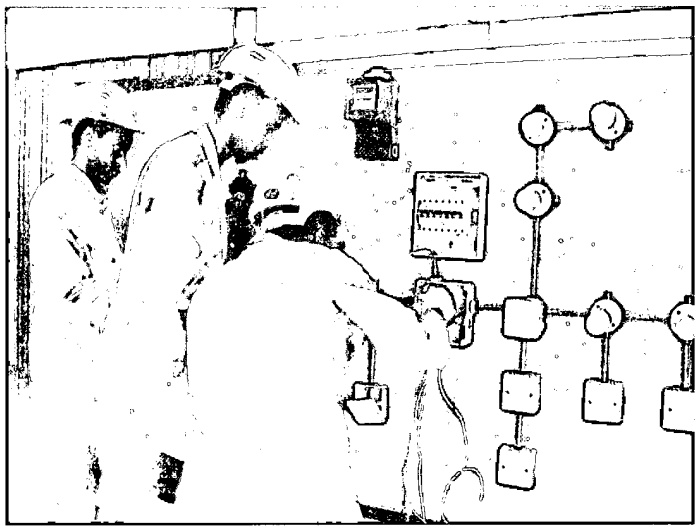
African economies face the dual challenges of high unemployment and low productivity. In urban areas, the lack of salaried jobs means that many young, working-age people must decide whether to relocate, work informally, or remain unemployed, resulting in them becoming disenchanted and sometimes violent 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.

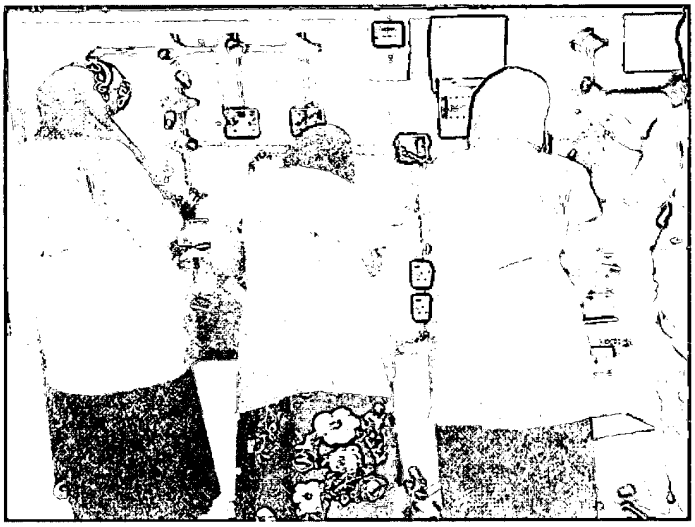
We are working towards our mission goals by focusing on three types of constraints: (1) structural; (2) financial; and (3) health.

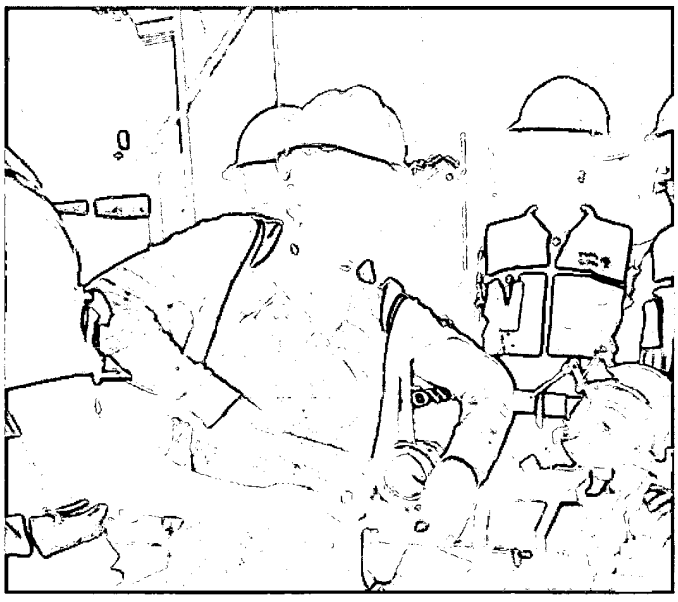
In terms of structural constraints, we have witnessed mismatches between private employer needs and the skills provided by the education system, which exacerbate unemployment. We have also seen persistent pockets of unemployment, particularly in the young unskilled labour force, hence we created a Technical 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.

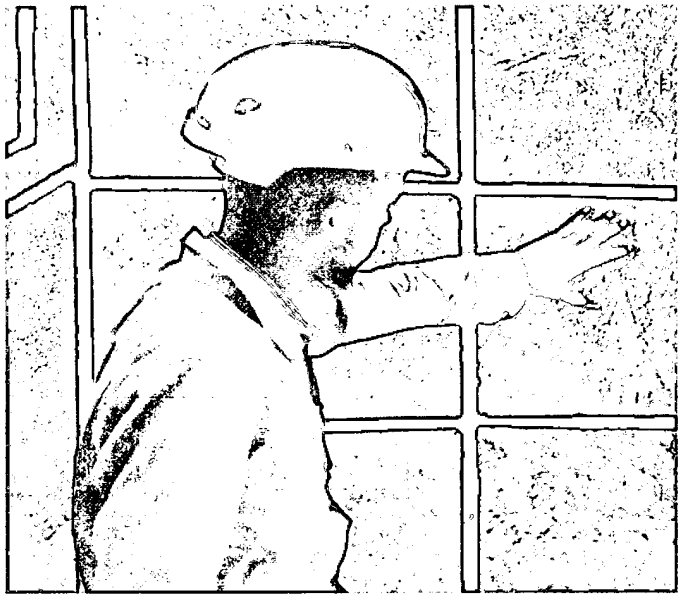


Pharo TVET - Electrical training practical lesson



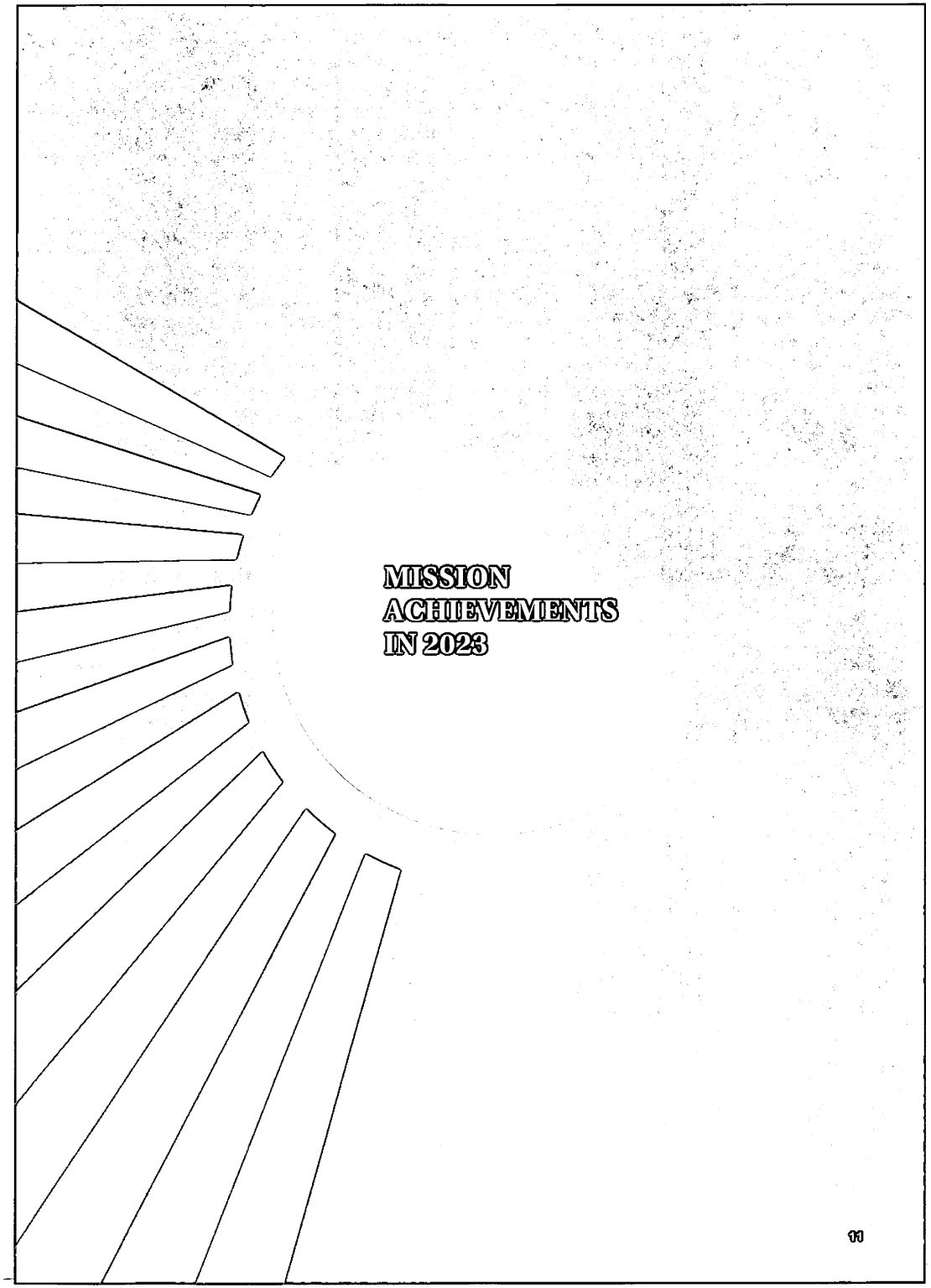


Pharo TVET - Plumbing practical session



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.

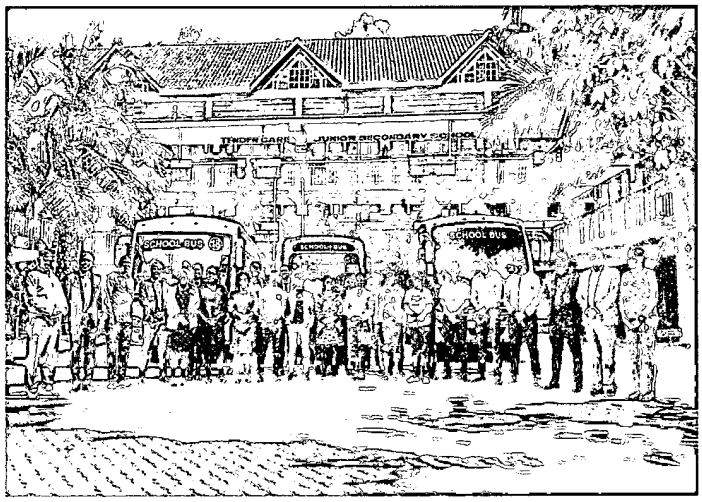

MISSION
ACHIEVEMENTS
IN 2023

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



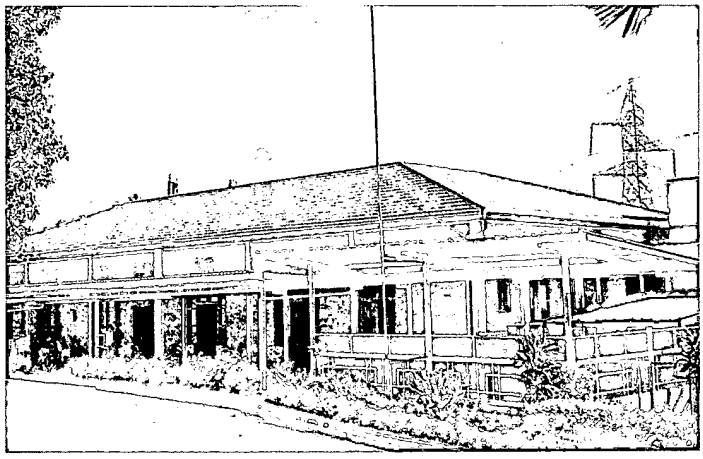
Handover ceremony for Tender Care - Pharo School Nairobi

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.

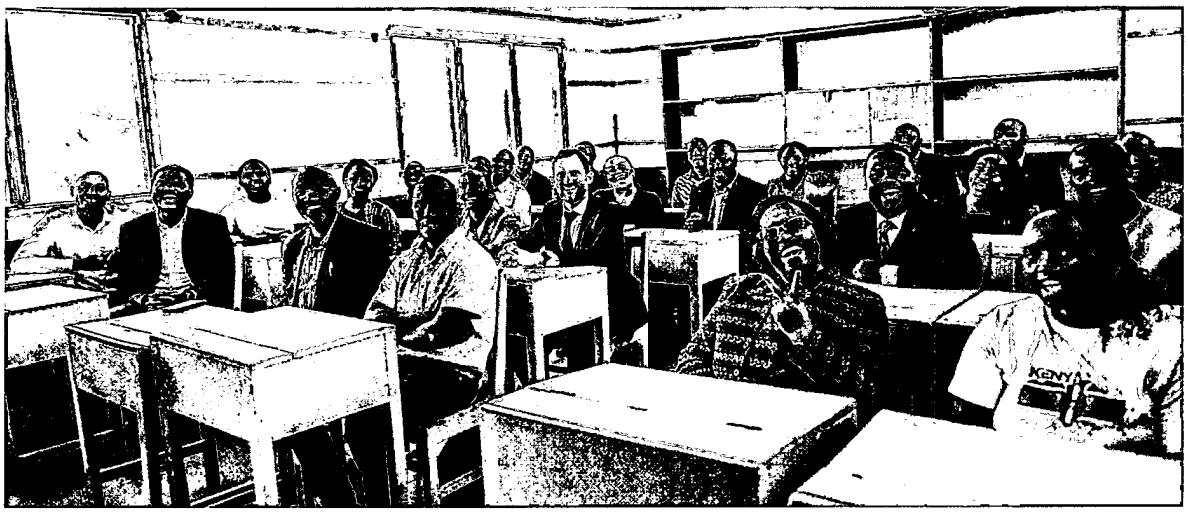


Pharo School Kigali classroom



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.

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.

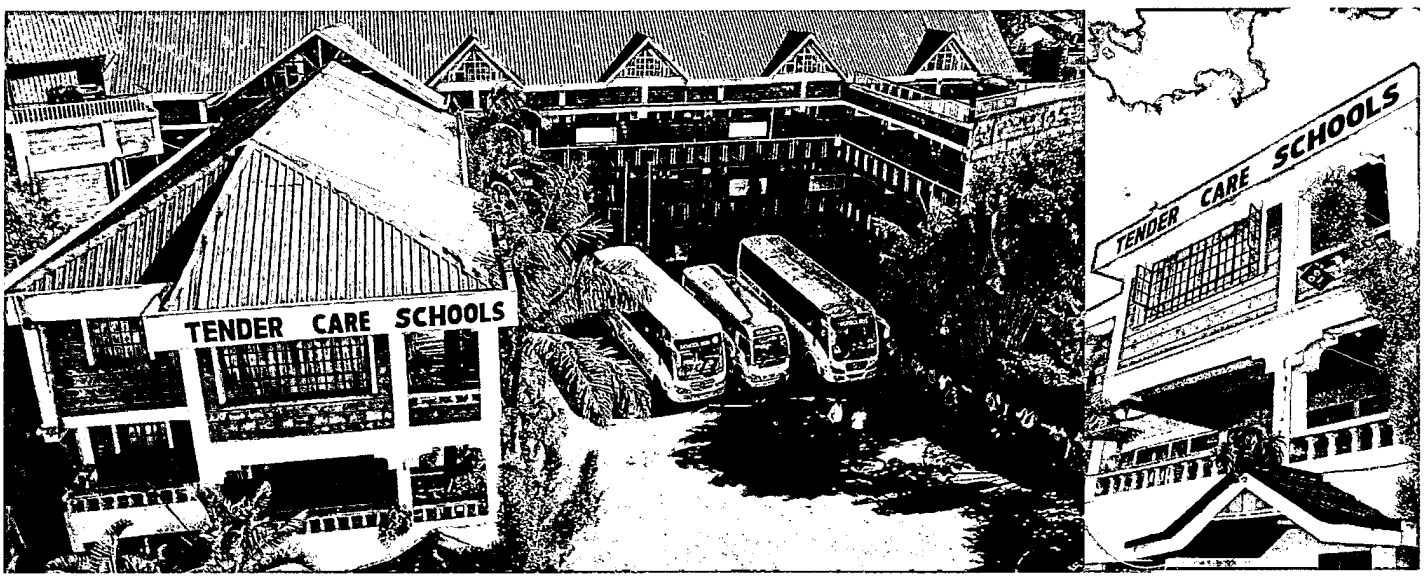


Tender Care - Pharo School Nairobi classroom

As a result of the conclusion of the acquisition, we success-fully transferred 150 staff members (94 teaching staff and 56 administrative staff) from TCJA to Pharo Schools. **We have increased parental engagement through the l launch of the termly newsletter amongst other communication through our social media pages. And the Staff training** includes drivers' training on road safety and defnsive 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.

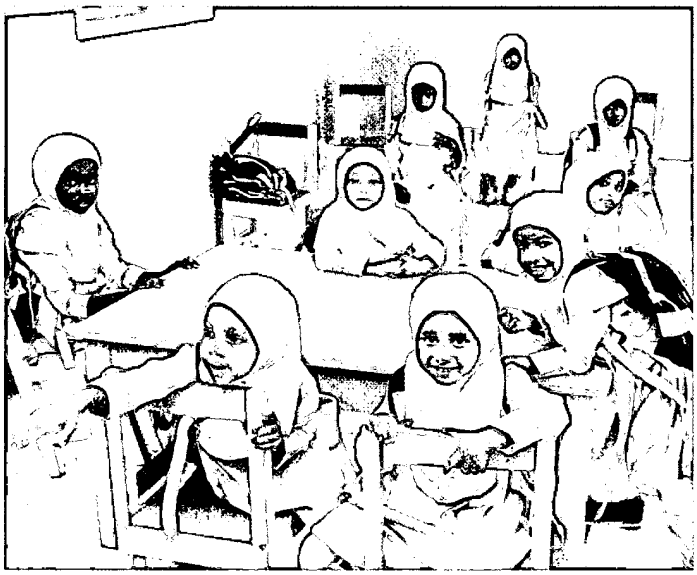


Tender Care - Pharo School Nairobi campus



Pharo Secondary Sheikh graduation

Beyond 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.

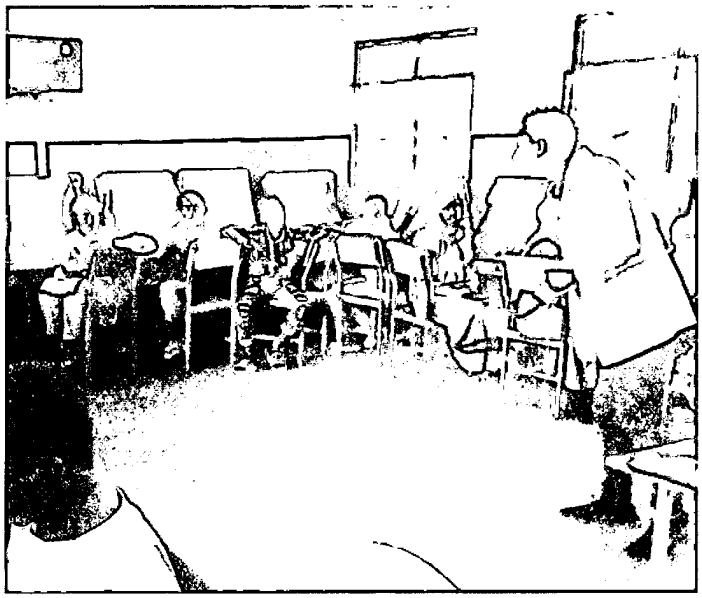


Pharo ECD school meals

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



BEAP teacher training at Pharo School Homosha



Camara Education computer-assisted learning lab

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

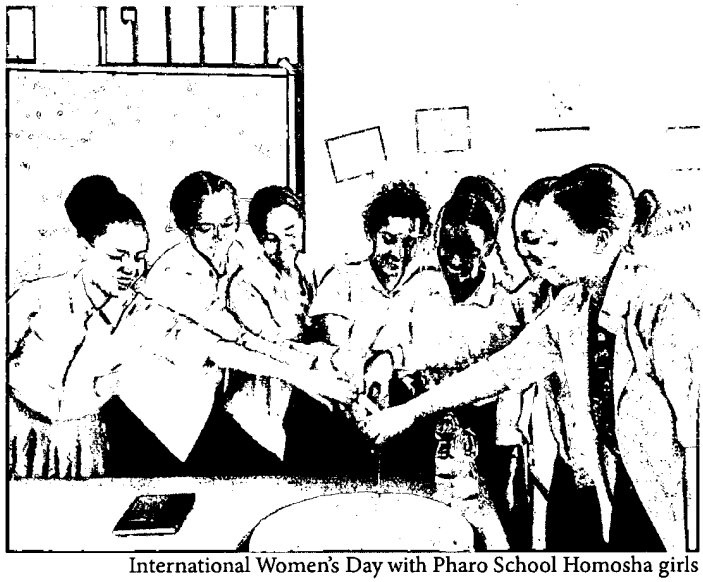
Conceptually, one of our achievements this year has been that we have explicitly formulated what constitutes the principles of a Pharo Hallmark of education, which will help us maintain consistency across schools. The educational expertise which we have accumulated over the years has culminated in this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



International Women's Day with Pharo School Homosha girls

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.



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.

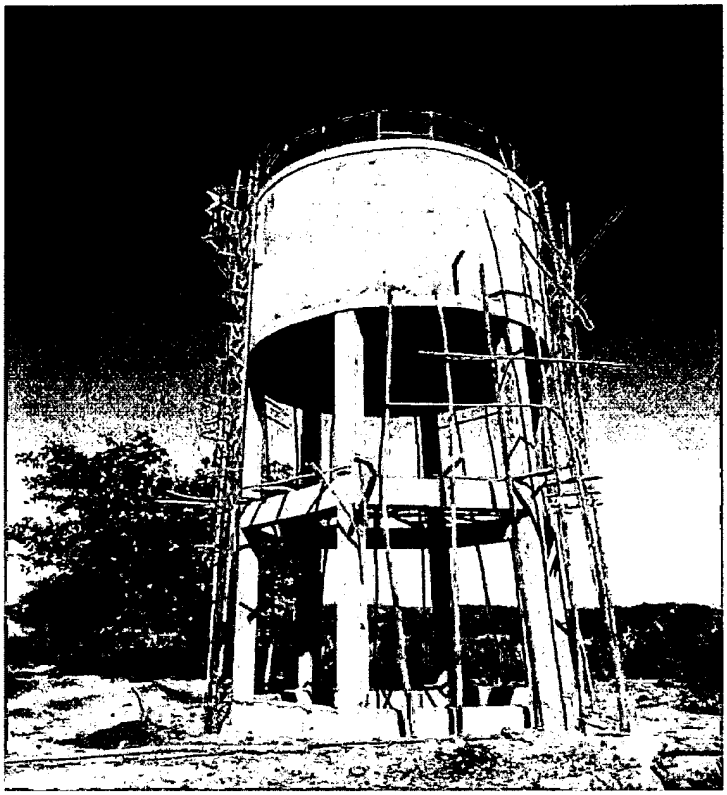
Assessing Impact

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.

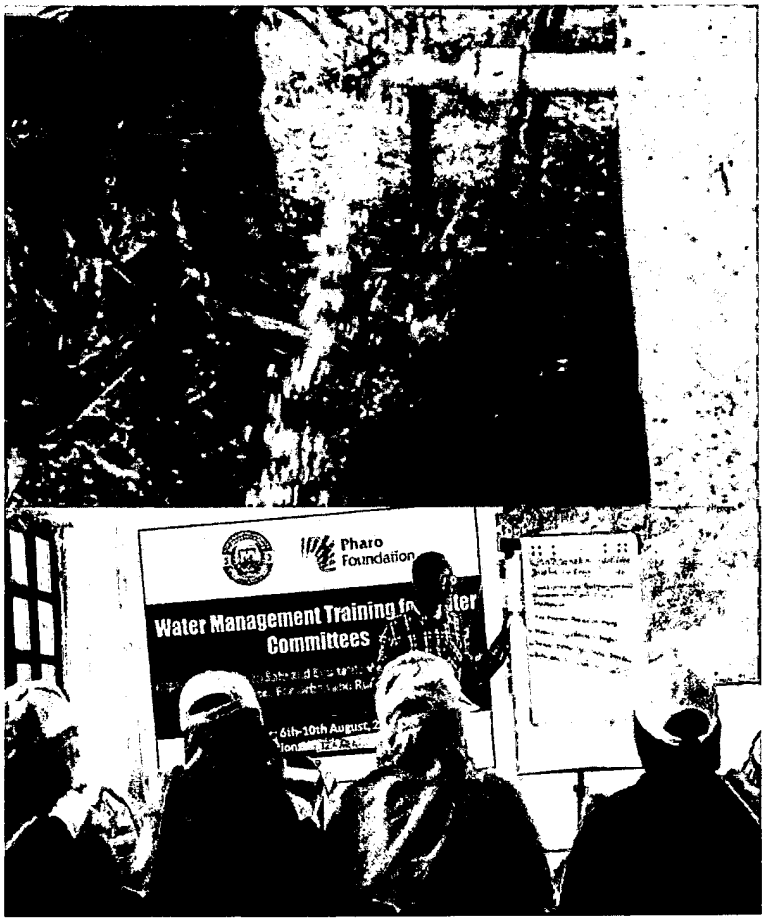
These projects aimed to transform and empower over 16,500 people.

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.

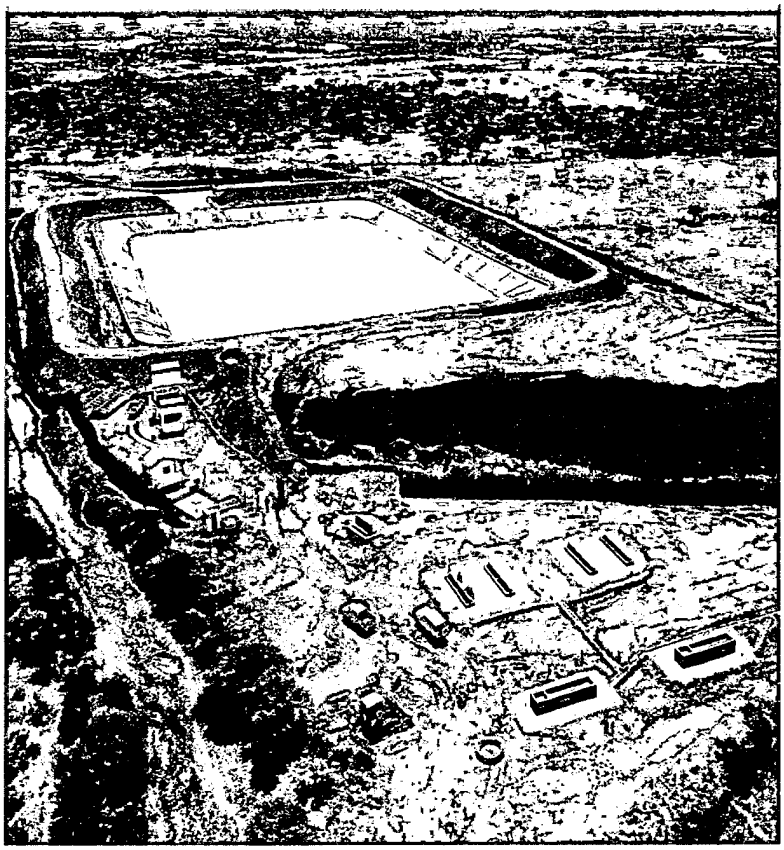
Shaga Kabele water collection point



Community water management and sanitation training

Wado Makaahil Dam

In 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 berkeds, 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.

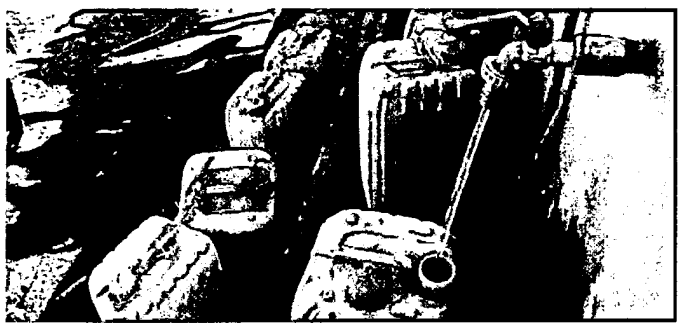
It goes without saying that the Foundation's aspirations to solve East Africa's water shortage on a sustainable basis cannot be met by the Foundation alone. 2024 will set the foundations for partnership with other organisations, which are required to source hydrology and water management expertise and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

Assessing Impact



RED team water quality testing

Our 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.

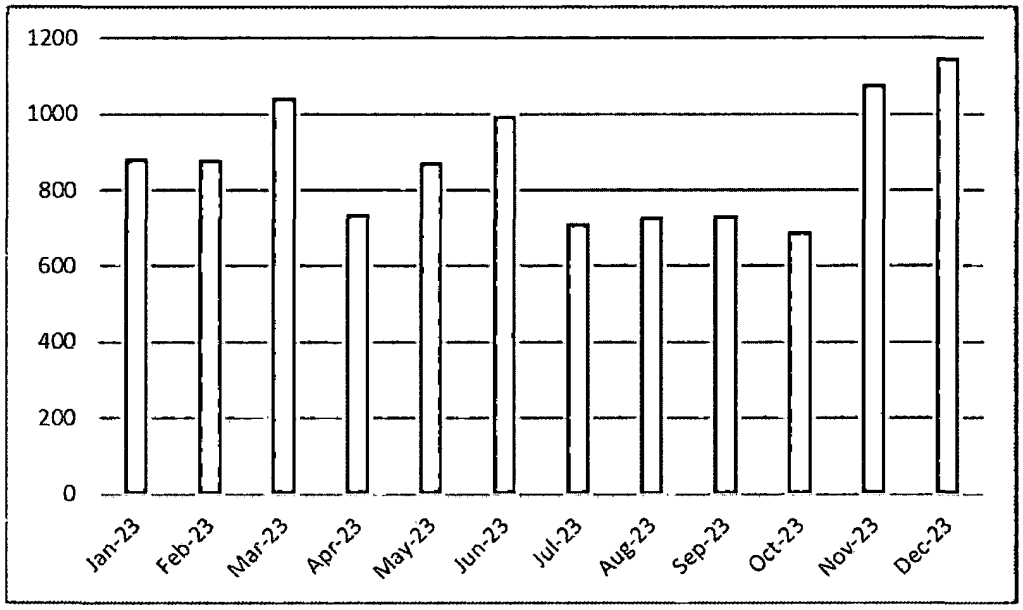


M3: Removing Barriers to Productivity and Employment

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.

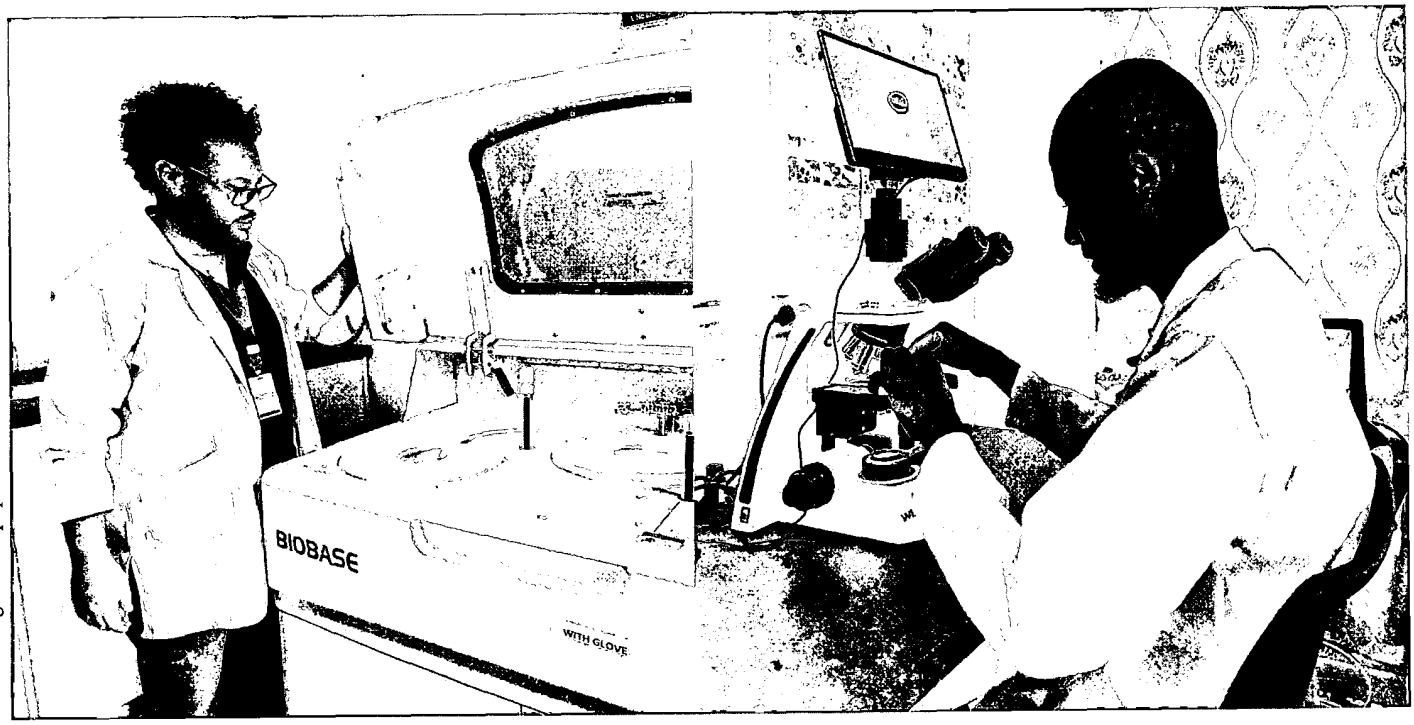


Number of patients at the PDCS Centre

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



PDC diagnostic equipment

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.

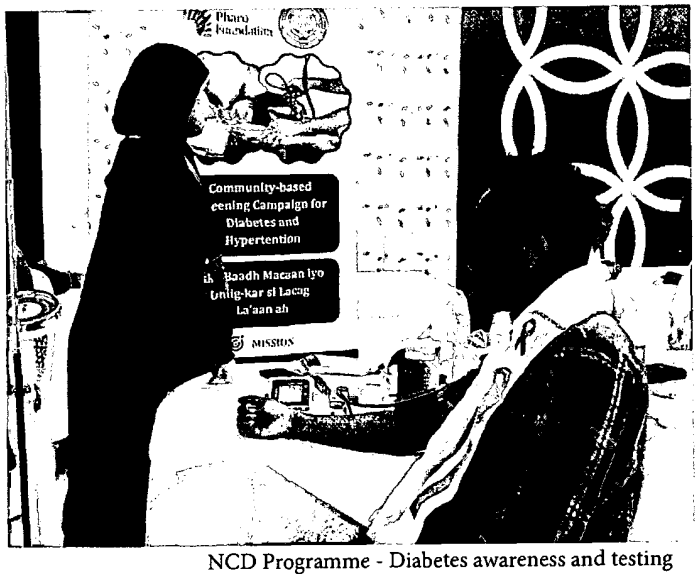
It is easy to dismiss these illnesses as developed country problems but they also kill in Africa, which is why we have decided to tackle them in Somaliland, where they cause around 40% of deaths, though estimates vary. So we carried out a pilot project to create awareness of NCDs, whose goal is to reduce 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 Employement

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/ 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 Solar and Electrical students graduation



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

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.

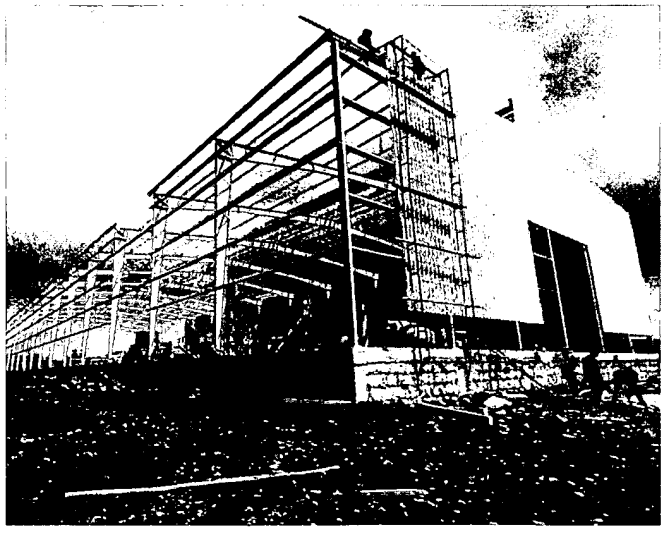
Pharo Ventures Ethiopia

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.



PharoVentures Ethiopia specialty oil

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 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 smallholder 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

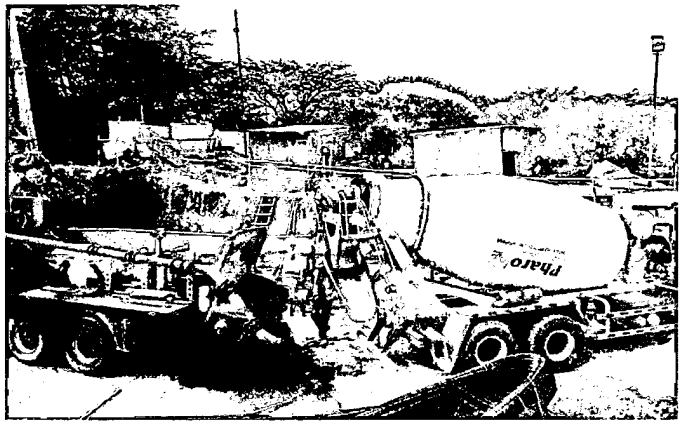
Pharo Ventures Somaliland

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.



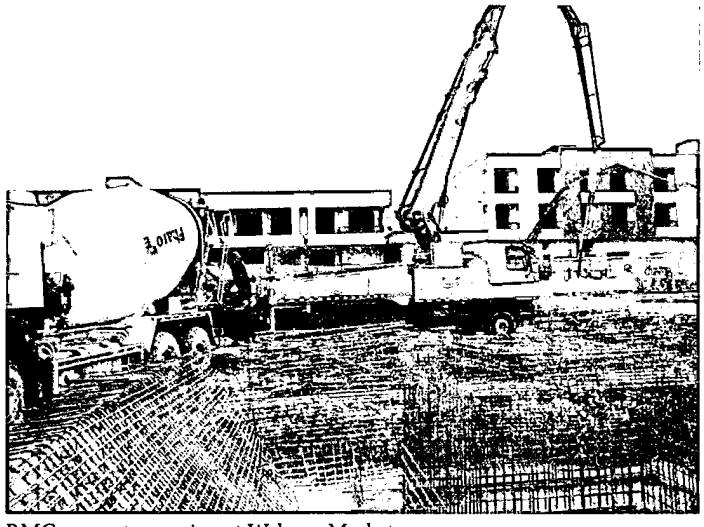
Pharo Construction Ltd at Gollis University



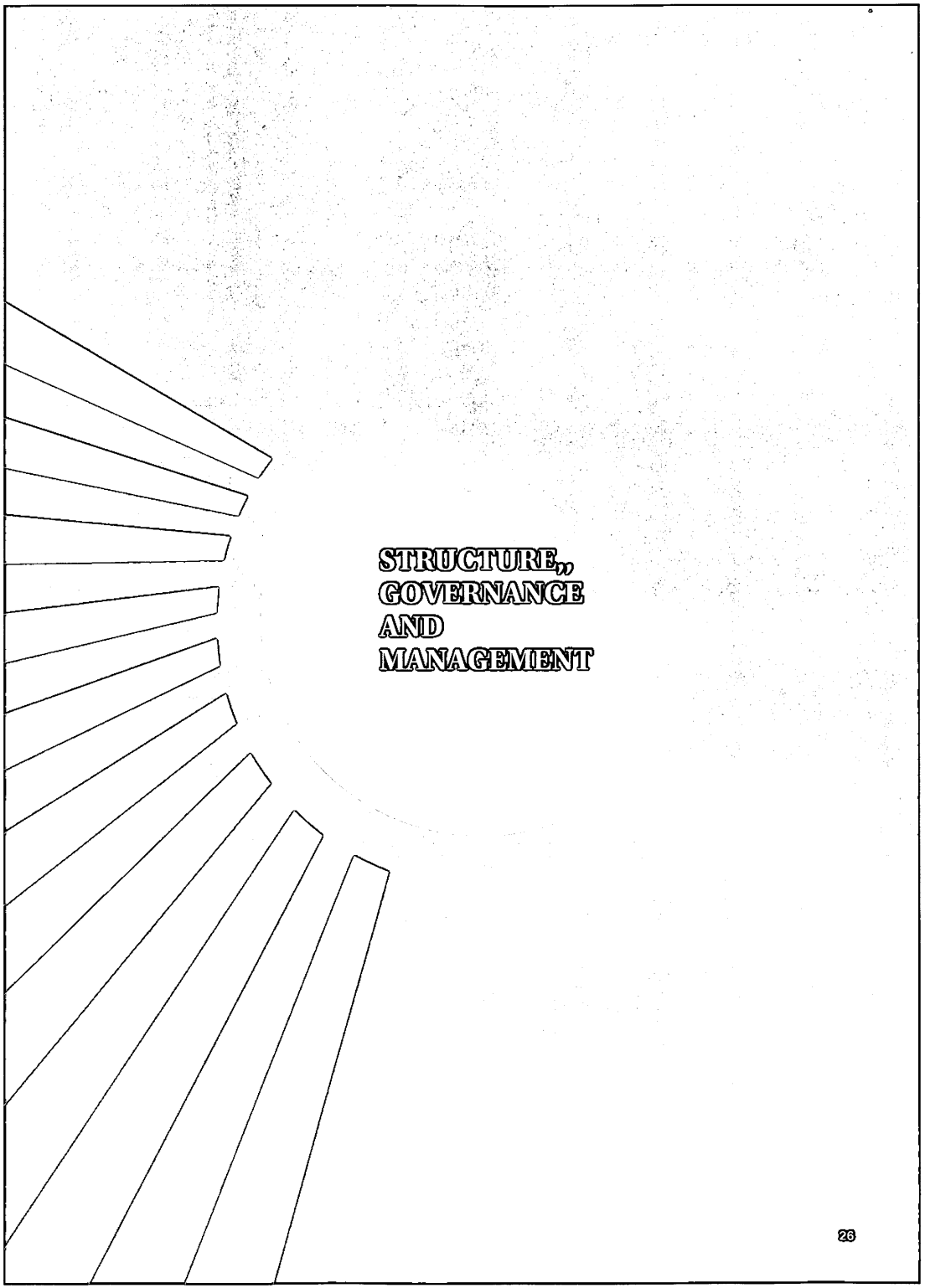
RMC machinery

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-proft 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.

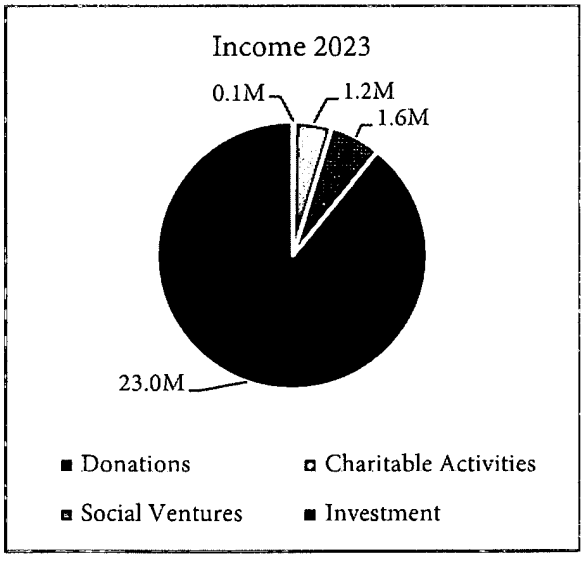
1.6.4. Inclusivity Policy for Disabled Individuals

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.

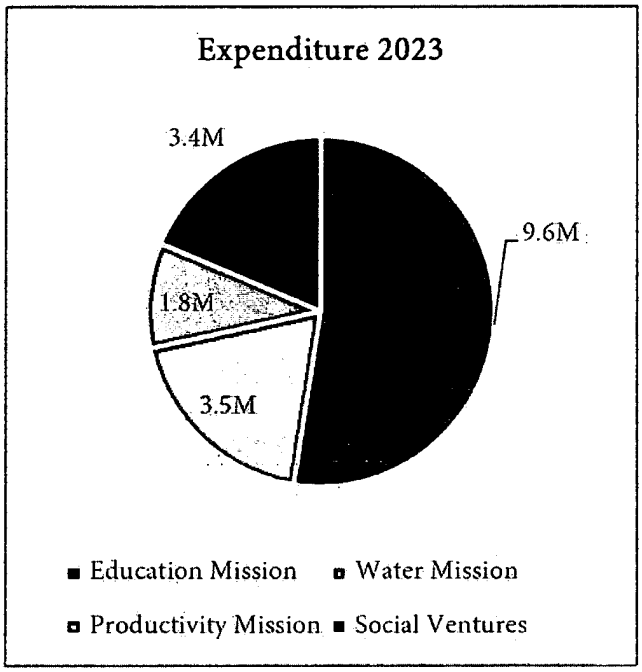


The Foundation received an unrestricted donation of approximately US$ 22 million from Pharo Development Investment Limited (PDIL) during the period. PDIL serves as a vehicle to distribute profits generated by Pharo Management (UK) LLP.

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 obectives.



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:

G Fonkenell

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.

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.

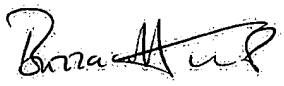
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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.

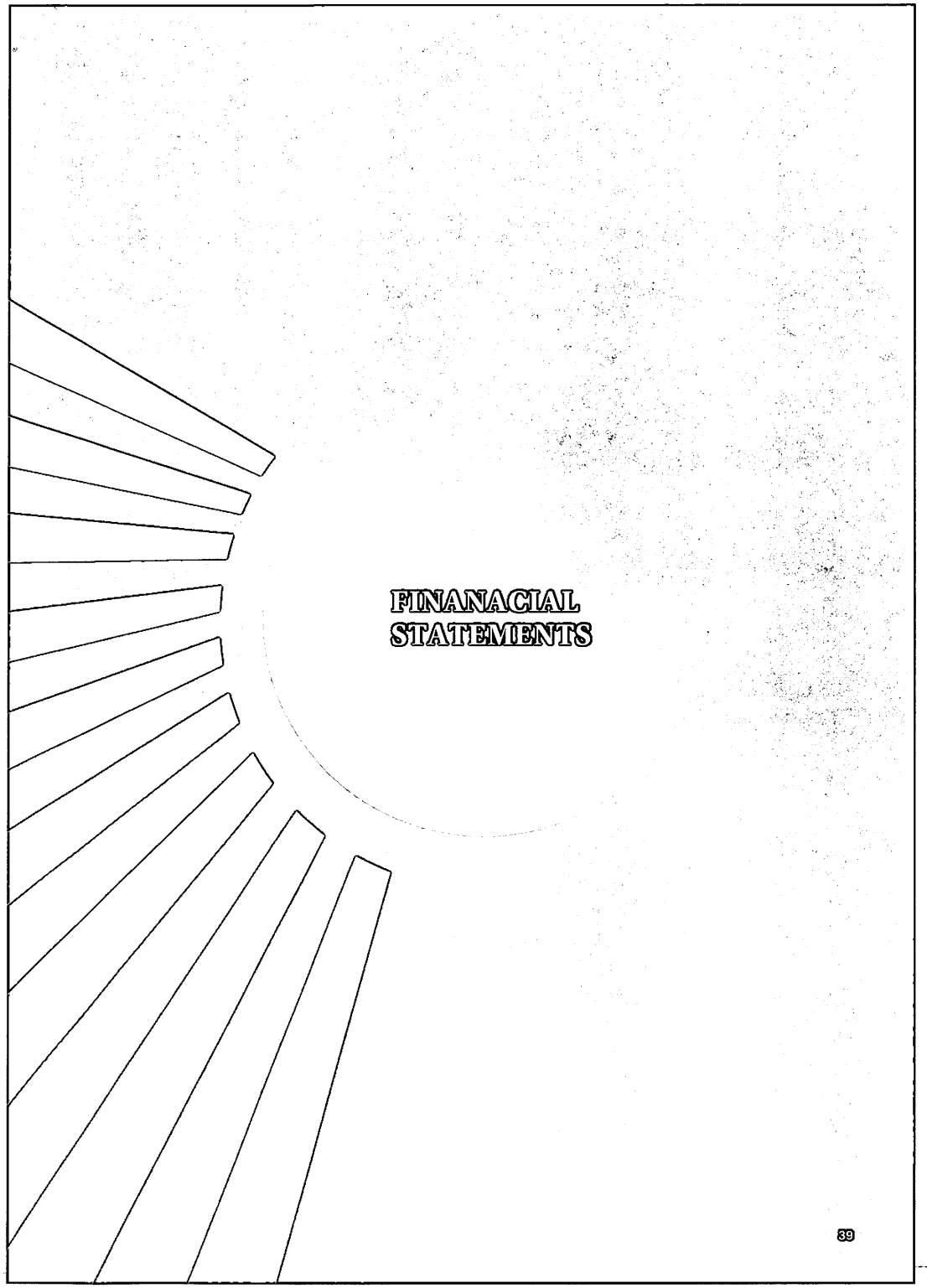
A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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$
Income from:			
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
Total income		25,809,237	21,823,534
Expenditure on:			
Social ventures trading	5	3,417,452	2,866,254
Charitable activities	6	14,899,302	12,064,602
Total expenditure		18,316,754	14,930,856
Minority interests		169	584
Net income before investment gains		7,492,653	6,893,262
Other recognised gains/losses			
(Losses) on foreign exchange		(438,858)	(393,936)
Net movement in funds	7	7,053,795	6,499,326
Total funds brought forward		30,673,493	24,174,167
Total funds carried forward		37,727,288	30,673,493

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$
Income	-	**3,180**
Expenditure	-	**335,766**
Net (expenditure) from discontinued	-	**(332,586)**
Foreign exchange	-	**14,992**
Net (expenditure)	-	**(317,594)**

Statement of Financial Position
(As of 31 December 2023)

	Notes	Group 2023 US$	Group 2022 US$	Foundation 2023 US$	Foundation 2022 US$
Fixed assets					
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
		13,863,871	7,639,600	23,613,687	12,617,398
Current assets					
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
		26,290,713	24,705,740	23,526,176	20,876,370
Creditors: amounts falling due within one year	15	(2,426,806)	(1,671,759)	(1,836,573)	(1,034,684)
Net current assets		23,863,907	23,033,981	21,689,603	19,841,686
Total net assets		37,727,778	30,673,581	45,303,290	32,459,084
Minority interests		(490)	(88)	-	-
Net assets attributable to Group		37,727,288	30,673,493	45,303,290	32,459,084
Funds of the charity:					
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
		37,727,288	30,673,493	45,303,290	32,459,084

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:

G. Fonkenell

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$
Cash flows from operating activities:		
Net cash (used in) operating activities	(14,332,089)	(12,167,607)
Cash flows from investing activities:		
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
Net cash provided by investing activities	15,297,098	18,463,849
Change in cash and cash equivalents in the reporting period	965,009	6,296,242
Cash and cash equivalents at 01 January 2023	23,296,985	17,157,953
Change in cash and cash equivalents due to exchange rate movements	136,467	(157,210)
Cash and cash equivalents at 31 December 2023	24,398,460	23,296,985

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$
Net income for the reporting period (as per the statement of financial activities)	7,492,653	6,893,262
Adjustments for:		
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
Net cash used in operating activities	(14,332,089)	(12,167,607)

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 it's 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.

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 it's 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

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
	59,627	57,243

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
	1,157,084	771,099

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
	1,584,403	693,007

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
	23,008,123	20,302,185

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
	3,417,452	2,866,254

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
	14,899,302	12,064,602

Analysis of activities	Activities undertaken directly 2023 US$	Grant funding of activities 2023 US$	Support costs 2023 US$	Amount 2023 US$
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
	13,175,858	74,164	1,649,280	14,899,302

Analysis of activities	Activities undertaken directly 2022 US$	Grant funding of activities 2022 US$	Support costs 2022 US$	Amount 2022 US$
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
	11,070,274	178,702	815,626	12,064,601

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.

Analysis of support costs	1 Jan 2023 to 31 Dec 2023 US$	1 Jan 2022 to 31 Dec 2022 US$
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
	1,649,280	815,626

7 Net movement in funds

This is stated after charging:

	Group 1 Jan 2023 to 31 Dec 2023 US$	Group 1 Jan 2022 to 31 Dec 2022 US$
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

	Group 1 Jan 2023 to 31 Dec 2023 US$	Group 1 Jan 2022 to 31 Dec 2022 US$
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:

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

	Group 1 Jan 2023 to 31 Dec 2023 No.	Group 1 Jan 2022 to 31 Dec 2022 No.
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	-
	19	10

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 renumerated 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

Tangible fixed assets

Group	Furniture and fittings US$	Plant and Machinery US$	IT equipment US$	Motor Vehicles US$	Building US$	Land US$	Work in progress US$	Total US$
Cost								
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)
Writedown	-	-	-	-	-	-	(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	780,354	736,575	343,366	2,160,672	4,360,978	1,605,034	3,342,557	13,329,536
Depreciation								
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	407,141	225,645	200,743	930,935	372,732	5,630	-	2,142,826
Net book value								
At 31 December 2023	373,213	510,930	142,623	1,229,737	3,988,246	1,599,404	3,342,557	11,186,710
At 31 December 2022	297,148	456,462	169,320	1,335,656	2,630,570	383,883	546,891	5,819,930

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$
Cost								
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)
Writedown	-	-	-	-	-	-	(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
Depredation								
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
Net book value								
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$
Intangible assets		
Value at 1 January 2023	-	-
Additions	804,733	-
Value at 31 December 2023	**804,733**	**-**
Accumulated amortisation		
Value at 1 January 2023	-	-
Charge for the period	(13,412)	-
Value at 31 December 2023	**(13,412)**	
Carrying amount	**791,321**	**-**

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
	1,804,766	1,804,766	15,696,815	8,651,552

Analysis of movement in investments

	Group 2023 US$	Group 2022 US$	Foundation 2023 US$	Foundation 2022 US$
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	1,804,766	1,804,766	15,696,813	8,651,551

Analysis of historical costs

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

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:

Name	Parent undertaking	Registration Status	Registration number	Nature of business
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

	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.

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
	81,074	14,903	81,074	14,903

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	-	-
	105,101	163,083	89,388	160,928

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
	1,787,152	1,245,672	939,903	556,251

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
	2,426,806	1,671,759	1,836,573	1,034,684

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

	Group 2023 US$	Group 2022 US$	Foundation 2023 US$	Foundation 2022 US$
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 accured	320,345	241,910	238,217	207,982
FX on exchange rate	(4,937)		(4,937)	-
Value at 31 December 2023	672,045	451,345	567,974	419,636

Analysis of movement for deferred income

	Group 2023 US$	Group 2022 US$	Foundation 2023 US$	Foundation 2022 US$
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	364,771	296,541	40,498	18,265

16 Designated funds

Group	At 1 Jan 2023 US$	Net new commitments/ Investment US$	Granted / (Reclassified / Impaired / Utilised) US$	At 31 Dec 2023 US$
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
	7,624,697	6,259,626	(892,849)	12,991,474

Foundation	At 1 Jan 2023 US$	Net new commitments/ Investment US$	Granted / (Reclassified / Impaired / Utilised) US$	At 31 Dec 2023 US$
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
	12,602,495	10,664,539	(525,729)	22,741,305

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

21 Post balance sheet event

No significant event happened from the date of this report.

Pharo Foundation

England & Wales - Charity number 1143152

Accounts

Pharo Foundation

ANNUAL REPORT



COMPANY LIMITED BY GUARANTEE
REGISTRATION NUMBER 07678862 - (ENGLAND AND WALES)
CHARITY REGISTRATION NUMBER 1143152

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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
Principal office	154 Brompton Road 3rd Floor London SW3 1HX
Charity registration number	1143152
Company registration number	07678862 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal Bankers	HSBC Bank Plc 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

OUR IDENTITY

Who We Are

At Pharo Foundation[1], we dream big. We believe that dreams are the first embodiment of great achievements. Much like JFK's 1962 inspirational speech set the United States on a course to send astronauts to the moon by 1968, we too galvanize innovative development thinking towards the achievement of ambitious development milestones, across five pillars of development: education, water, agriculture, health and social ventures.



Our Vision

An inclusive an economically vibrant Africa.



Our Mission

To achieve our vision by investing in Africa's human and physical capital, with a strong focus on job creation.

How we deliver our Vision

Under each pillar, our projects are designed and implemented in a way that makes them:

Impactful

In the words of economics Nobel Prize winner Esther Duflo, 'you can take the guesswork out of policy-making by knowing what works, what doesn't work and why'. In choosing development projects, we first conduct a thorough investigation of the literature on evidence around competing solutions to the development problems which we tackle. We then examine the specific solutions that are available in specific country contexts and other things being equal, we select the solution with the highest F-factor above 1, i.e. the solution with the highest impact. Once we settle on a project, our Research & Evaluation team measures the effectiveness of project implementation and feeds it back into our project design and the research community's knowledge pool.

Systemic

A key objective of our work is to create systemic change at a society-wide level, building on the infrastructure such as schools or dams, which we have accumulated over 11 years of operation. Such systemic change requires scale through cooperation with multiple development partners, from local communities to governments, who are involved in the many facets of the development problems we tackle.

Sustainable

The ideal development intervention is a pure catalyst whose result becomes self-sustaining. In this perspective, in 2019 Pharo Foundation added a commercial arm to its non-profit activities, which became its fifth pillar. The resulting for-profit social enterprises called Pharo Ventures add a sustainability dimension to the Foundation in three different ways. They open a path towards a self-reliant East Africa through job creation, skill upgrading and value added. In addition, the mechanism through which the products are manufactured is socially and environmentally sustainable.

1 *The Pharo Foundation changed its legal name to Pharo Foundation in 2023*

SOME OF OUR PROJECTS

01

EDUCATION

- Pharo School, Assosa
- Pharo Secondary School, Homosha
- BGRS Regional State Schools Renovation Programme, Ethiopia
- Early Childhood Education Programme, Somaliland
- Pharo Primary School, Hargeisa
- Pharo Kindergarten, Hargeisa
- Pharo Secondary School, Sheikh
- Pharo Technical and Vocational Education and Training Centre, Hargeisa

02

WATER

- BGRS Integrated Livelihood Programme, Water Project, Ethiopia
- Assosa Town Water Supply, Ethiopia
- Assosa Hospital Water Supply, Ethiopia
- Water Programme, Somaliland

03

HEALTH

- Pharo Diagnostic Centre, Assosa
- Assosa General Hospital Intensive Care Unit, Ethiopia

04

AGRICULTURE

- Somaliland Agricultural Production Enhancement Programme
- BGRS Agricultural Development Programme, Ethiopia

OUR TIMELINE

Pharo Foundation's 11 year-history involves two phases:

2011-2016

The age of grant-giving

- Early grantmaking efforts helped us learn how we could make an impact.
- Early grantees: African Education Trust, Windle Trust International, etc.



2016 - Present

The age of own project design and the 5-pillar strategy

- Pharo Foundation launches 4-pillar strategy, soon to be 5-pillar strategy from 2019. It kick-starts integrated programmes in education, water, agriculture and health with a strong focus on job creation, which would soon materialise through the fifth pillar of Pharo Ventures



01

The age of grant-giving

From 2011 to 2016, we started as a grant-making organization, with projects chosen on the basis of the personal inclinations and passions of our founders. Early partnerships through grant-giving helped us learn how to 'do development' through cooperation with grantees, who shared an in-depth knowledge of their field with us.

We partnered with Amraf East Africa, Action Aid, African Education Trust, Somaliland Nursing and Midwifery Association, Windle Trust International, Medical Aid Films and VSO, amongst many. Part of our current expertise relates back to the knowledge built through these early partnerships. In education, African Education Trust and Windle Trust partnerships were of particular significance.

With African Education Trust, besides funding the education of girls in Somaliland, Puntland and Somalia, we were the first to lead and organise the automation of data on leaving certificate results at a national level in South Sudan. With Windle Trust International, we placed 50 African refugees over four rounds at UK universities with full scholarships for postgraduate study. In health, our partnership with Medical Aid Films also stands out. They made short films on key medical operations and procedures, which local doctors and midwives could download on their smart phones and which were dubbed in the local language, thereby providing state-of-the-art medical training to health practitioners without access.

02

The age of own project design and the emergence of the 5 pillar-strategy

After 5 years of learning through grant-giving and some frustrations with our lack of control over implementation, in 2016 we decided to design and implement our own projects in order to control the agenda, and improve efficiency/accountability. Learning-by-doing and depth of intervention became two key characteristics of our approach through this phase of our growth.

We started out in education, based on its virtues as an asset that can never be taken away from an individual and whose returns are life-long. Location-wise, we started looking for the most rural and poor locations, lacking in access to quality education, and settled for Benishangul-Gumuz and the Somali Regional State in the West of Ethiopia. Following these choices, we started to build on the dream of our first state-of-the-art boarding school in Homosha, Benishangul. We also decided to operate through two channels: 1)our own Pharo Kindergartens and Schools; 2)public private partnerships with government ministries to improve the provision of public services in public schools.

Our involvement in the Somaliland education sector illustrates our learning-by-doing approach. We realised that public schools did not provide Kindergartens and as early as 2015, we started an Early Childhood Education (ECE) programme in seven pilot public schools in Hargeisa. We first ran our ECE programmes ourselves and from 2017, we became instrumental in the creation of a national ECE curriculum in conjunction with the Ministry of Education. When we realised that the children leaving our ECEs lost their advantage when they started at public primary schools, we decided to open our own primary schools and soon our own secondary schools. Finally, when we realised that the children going to our schools reached a point of decreasing returns to education due to the lack of education of their mothers, we started an adult literacy programme and a vocational training centre. This same learning-by-doing logic has applied across all pillars.

Around 2017, we started thinking about having 4 pillars of operation, namely education, health, water and agriculture, with projects largely chosen on the basis of their social return on investment. That vision solidified in 2018, though the health pillar only emerged in 2019-20 with an initial focus on increasing access to public intensive care services. In Ethiopia, we designed a four-year Socio-Economic Empowerment Programme (SEEP) around our four pillars, which emphasised depth of impact over breadth. Some of its major outputs are the Pharo Diagnostic Centre, the Agricultural Training Centre, the vocational training centre, two Pharo ECE Centres in Assosa, the Pharo Assosa primary school, the upgrading of 11 public schools and expansion of Assosa's Water Supply.

By the time COVID hit, we had accumulated substantial fixed assets in our four pillars. In 2019, we created the fifth pillar of Pharo Ventures to embody our concern with sustainability through the transformation of the local private sector. This allowed us to clarify our mission as investing in Africa's human and physical capital, with a strong focus on job creation. We had set the values of respect, creativity, entrepreneurship, trust and accountability, that still guide our development ecosystems, which are deeply rooted in the community.



Guillaume Fonkenell, founder of Pharo Foundation, inspecting the new office Construction in Assosa, BGRS, 2022.

KEY RESULTS IN NUMBERS

Reached the milestone of more than

500

employees

First expansion of Somaliland Early Childhood Development (ECD) programme outside Hargeisa, reaching a total of

18 ECDs

and more than 1,000 children.

182

Somaliland mothers enrolled in ECD 6-month literacy and numeracy and

22 in follow-up practical skills training.

First graduation of

50

students from the Somaliland Pharo Vocational Training programme

Top school results in Ethiopian

grade 8

and leaving exam results in the region of Benishangul.

Rehabilitation and construction of

3 Somaliland dams

serving up to

2,500

households and their livestock.

Completion of Assosa town and hospital water upgrading, leading to **24hr supply** of water.

2,897

patients diagnosed by the Pharo Diagnostic Centre in the second half of 2022.

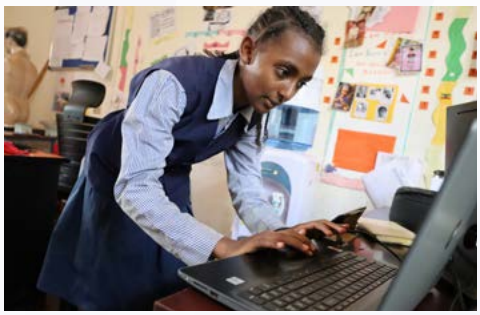
55 direct jobs

created by Pharo Ventures Somaliland, 9 by Ethiopia .

PILLARS OF WORK

Education

Pharo Foundation's journey started out in education, because of its virtues as the one critical asset that can never be taken away from an individual. There are three aspects of education which are important to us.



Hellen Tekalign, Pharo Assosa, grade seven student at the 2023 regional technology and innovation competition.

First, education is not merely something that stays in the classroom; we view it as the fundamental driver of an individual's opportunity path and as a lifelong process, from early childhood to midlife's multiple career reincarnations. Hence our activities span the range from early learning to vocational training and mothers' literacy. In the language of Nobel Prize winner Amartya Sen, education is about expanding an individual's capabilities, and ultimately their range of life choices. In that perspective, the Foundation kick starts an individual's education journey and then supports their opportunity transitions. Second, our approach seeks to develop the whole individual, not only empowering students with a high-quality learning experience from an academic point of view, but also equipping them with different sources of knowledge and skills that enable them to become global productive citizens. Third, for us, education is a mission which necessitates the ongoing support of key members of society, as education and work are ultimately social processes, which is why we are deeply rooted in our communities.

While the 2023 opening of Pharo Foundation's Kenya and Rwanda primary schools will begin a new chapter in our education activities, one of our biggest impacts in this field so far has been our contribution to the development of early learning education in Somaliland, both through the creation of our own Early Childhood Development (ECD) Centres and through our input into the previously non-existent national curriculum. This year for the first time, we expanded our Somaliland ECD programme beyond the confines of the capital, Hargeisa (where we have 15 ECDs), with the opening of three ECDs



Students from Pharo Kindergarten, Somaliland.

in the city of Berbera. Replication in a different environment is always both a time for celebration because it implies a programme has been successful, but also a test of the resilience of a programme. In this case, the replication was critical both from an operational point of view and as a fresh starting point for impact evaluation of our ECD programme. Indeed, the new ECDs have given the Foundation an opportunity to start a randomised controlled trial evaluation in October on the impact of ECDs on health outcomes, on their impact on mothers' work activities, and on which children benefit the most from ECDs. This kind of assessment is path-breaking in the Somaliland education context.



Mohamed Muse Elmi [far left] and Muna Juma [far right] Pharo Foundation Country Representative, Somaliland, present a scholarship to one of the 2022 recipients at the Pharo Foundation Scholarship award ceremony in Somaliland.

One of the reasons for the significant added value of the ECD programme is that is not purely focused on the child but on their environment as well. Hence our mothers' 6-month literacy and numeracy programme is also a key component of our vision for ECD, and this year we were proud to see 182 mothers enrolled in the programme and 22 of them choosing to follow this up with a practical skills training in sewing. Given the above, the Somaliland 2023-2027 National Development Plan mentions the Foundation's ECD programme on numerous pages.

Similarly, our capacity for systemic thinking above and beyond the classroom is evident in our vocational training programme in Somaliland, which saw 25 students graduate in Painting and Decorating and another 25 in Solar and Electrical Installation – the new cohort is now composed of 75 students in each group plus another 75 taking up a new course in plumbing. Not only do we organise for each student to have an internship upon completion, to ensure that the educational opportunities we have given them turn into an increased likelihood of employment, but we are also committed to using the programme as a trigger of social change. In particular, this year there were three female graduates in the Solar and Electrical Installation course who were then offered internship opportunities and then started freelancing – in a country where Solar and Electrical Installation is not a standard course for women. We are committed to changing perceptions one day at a time by leading through example and are keen to partner with other like-minded organisations which also pursue such systemic change. By doing this we hope to implement change at scale, beyond the confines of our classrooms.

Finally, our sense of purpose is increasingly heightened by the academic excellence displayed by our pupils. Whether we look at primary or secondary school results, our schools' pupils are performing at the top of their regions. Out of the 135 students who passed the Ethiopian national grade 12 exam in the Benishangul Gumuz Region just 29 were girls and 10 of these girls were from our secondary boarding school in Homosha. In October, the school graduated 25 inaugural class students, with each student planning to enrol in college and pursue different courses such as aviation, law, medicine, or pharmacology. Meanwhile, Pharo School Assosa, our Ethiopian primary school, topped the grade 8 results in the same region, with 21 students (15 girls and 6 boys) passing the regional exam. The top 3 students in the region, all girls from Pharo School Assosa scored 94%, 91% and 90% respectively. The school also upgraded to secondary school level in 2022, enrolling a total of 447 students from grades 1 to 9, with most of the primary boys continuing their grade 9 studies at the school, while girls will likely go to Pharo School Homosha. While approving its expansion, the regional education acknowledged that the school is indeed a centre of excellence and that other schools in the region can learn from its quality teaching and



Temesgen Zelalem, Social Studies Teacher in class. Assosa Primary School. Ethiopia

learning practices. With its 19 highly qualified teachers and 9 administrative staff, its students continue to achieve top levels in Science, Technology, Engineering, Maths (STEM) and English. In June 2022, a grade 5 student from the school won a STEM competition where 242 primary and 20 secondary schools in the Assosa zone and city participated. These performances have supported us in refining our offering as an education provider even further, and teasing out the key ingredients of our success and that of our pupils. It has encouraged us to define a Pharo Hallmark of education and identify our key characteristics in shaping graduates who lead local and global economic and social change through the encouragement of a high-quality learning experience, as well as lifelong learning and productive global citizenship.

Instilling these values in our students has led to us seeing more students from Pharo Schools going onto university and an appetite from students to study abroad. In support of this the Foundation has begun providing scholarships to some of its school's brightest students to aid in funding studies at leading schools abroad. By the end of 2022, three of the brightest pupils from Pharo Secondary School Sheikh were awarded university scholarships to leading schools in Malaysia and Canada. The first student the Foundation gave a scholarship to study abroad is now studying sustainable design engineering at the University of Prince Edward Island, in Canada, and has a clear ambition to return to Somaliland upon completion of her degree and put the skills she has learned into action and give back to the society she grew up in. This shows the value this adds to both the individual student but also the community they come back to. Our hope is the students we provide scholarships to act as trailblazers for African students studying abroad and act as role models and highly valuable members of the work force when they return to their home countries.

Water

In water, we decided to focus on the provision of large water reservoirs with plastic geomembranes, which now leaves us in the enviable position of having significant fixed assets as a strong starting point to deliver systemic change in access to water. Indeed, this year saw us significantly ramp up our financing of the water pillar.



Community members using the rehabilitated Illinta Hafir Dam in Somaliland.

The choices of locations for our water projects are based on several factors. These include water scarcity in a region (i.e. the lack of rainwater), the population size and the average distances people are travelling to fetch water during the dry season. Community contribution is also a significant factor in deciding the location of these large-scale water projects as the dam and berked locations are often donated by individual members of the community. Pharo Foundation is then able to officially notarise the spaces as public property with local government coordination.

While we have some rural water well rehabilitation projects in Menge and Undulu, our recent focus in our Ethiopian projects this year has been on the urban context, especially in Assosa town, where we built 3 deep wells and the necessary generators and water pumps to increase water coverage in the city by 8%. In Assosa, our other flagship project has been the upgrading of water infrastructure at Assosa Hospital. Through our intervention, the latter has gone from a situation where water trucks delivered water twice a week to 24-hr uninterrupted water supply. The implications for the prevention of infection diseases, food preparation and hygiene cannot be overestimated.



An ariel view of the Illinta Hafir Dam after the rains.



Community members using the Illinta Hafir Dam.

In Somaliland, the emphasis has been primarily rural, although we are also currently working on a subsurface dam which will increase water supply around Hargeisa. Following recent rains, the benefits of the Foundation's three most recent rural water projects in Somaliland are more visible than ever.

The Somaliland team completed the Taysa berked in the Gabiley region in December 2022 and following the start of the rainy season in 2023 this quickly reached its full capacity of 1,260 cubic metres of water – serving almost 300 households. However, this is just the start of their success…

The Ijaara dam (Gabiley region) and the Wado-Makahiil dam (Maroodi-Jeex region) are much larger projects and having both started in November 2022 they are estimated to be complete by mid-late June 2023. The two dams will have water capacities of 60,000 cubic meters each once complete, both also potentially having capacity to serve people from neighbouring communities that might travel to them.

The Foundation's hope is that all these water projects will have significant medium and long-term impacts on the regions they have been built in. We also aspire to building the beginnings of a sustainable medium-term model for solving the water problem in Africa. Yet the Foundation's ability to scale up its efforts also depends on other systemic interventions, and on reaching beyond the management of its outstanding fixed asset network in a missions-based perspective. One instrument it could use for this purpose is the creation of a novel metric of water scarcity, which would create demand for its water solutions. Indeed, by creating a measurement tool, it could become a reference that other institutions come back to. Measurement means data and data is power, especially in our current AI-driven society. Based on such data, Pharo Foundation would be able to then convene high-level dialogues to improve water policy and attract partners.

Health

In healthcare, we have focused our interventions in areas where we perceived a real infrastructure and market gap, and this has resulted in us adding to diagnostic capabilities in one of the most remote areas of Ethiopia, namely Benishangul Gumuz.



Abiy Nigusse, Pharo Diagnostic Centre Laboratory technologist at the Diagnostic Centre.

In June 2022, we opened the Pharo Diagnostic Centre (PDC) in Assosa, Ethiopia, the only advanced diagnostic centre of its kind in Benishangul-Gumuz. It offers a range of diagnostic tests and has welcomed 5,318 people since opening, with an accelerating trajectory which saw an all-time high in patients in November at 537. One of the trends which is growing in the region is the silent epidemic of non-communicable diseases (NCD). While our PDC data does not allow us to quantify the scale of NCD diagnosis per se, we are picking up on a remarkable spread of symptoms associated with NCDs. For instance, of the 587 blood glucose tests we have performed to date, 40% showed raised blood glucose levels, which are correlated with diabetes. In the battle against NCDs, solving the diagnosis gap is only the first step. We want to play a catalytic role beyond the provision of diagnosis itself, going into the generation of data which can motivate investments by other institutions, triggering behaviour changes and recalibrating policy. This will likely be a focal point in our health mission for the next five years.



Nicolas Sagna and Guillaume Fonkenell, board members of Pharo Foundation, visit the Pharo Diagnostic Centre in Assosa, Ethiopia.



Elsabet Berhe and Alemnesh Ensermu at the PDC Reception.

Agriculture

Expert knowledge and access to key farm inputs are often the missing link in agricultural development and this is the gap we have focused on this year.



Mohamed Muse Elmi, Mukhtaar Abdillahi, Agriculture Development Manager alongside the Somaliland Agriculture team in Somaliland

In response, Pharo Foundation has adopted the so-called Farmer Field School approach to agricultural development both in Somaliland and Ethiopia, by establishing demonstration farms in agricultural communities. This empowers farmers through rigorous training sessions and provision of key farm inputs, like quality cash crops, pesticides and pesticide protection equipment. In Somaliland for instance, two demonstration farms were selected to train a total of 120 farmers that were previously registered and verified - 20% of whom are women. The farmers receive a total of 11 training sessions over a four-month period. This includes biopesticide and compost preparation and application methods, integrated pest management, good agricultural practices, cooperative marketing approaches, and product selling techniques at local markets. Experienced field officers spend three to four days at the demonstration farms to conduct the training sessions.



Farah Jirdeh-Fonkenell, a Trustee of Pharo Foundation, visited one of the agriculture projects in Ethiopia 2022.



Agriculture graduation ceremony, Somaliland.

Pharo Ventures

Our vision for Pharo Ventures has always been to nurture home-grown enterprises with a social purpose and the potential to create a large number of jobs.



Aerial footage of the construction of Ijaara Hafir Dam (132mX92mX6m) with storage capacity 57,863.00 cubic meters. This dam is located in the South East region of Gabiley, Somaliland.

We have followed through with this vision. Our first main business in Somaliland is Pharo Construction ltd (PCL), thriving and changing the landscape of construction in Somaliland. Since its inception, PCL has hired 55 permanent employees and created many indirect jobs. This has been hugely beneficial to the area in both boosting employment and leaving behind critical infrastructure. Work has included school projects and residential housing projects. One of the biggest projects is that of Ijaara dam.

Ijaara dam is a fully integrated dam with geo membrane installation, an elevated reinforced concrete tank, animal water troughs, kiosks for drinking water, a concrete inlet and concrete spillway, a security room, a pump room, solar panels, a fence and sanitation facilities.

55 **permanent employees hired by PCL**

Ijaara dam has a storage capacity of

57,863m^3

465 **Households have access to clean water**



Aerial footage of Illinta dam (75.5mX57mX4m) located in Gabiley, Somaliland. With storage capacity of 17,400.00 cubic meters that will provide clean and adequate water for 247 households through the year particularly during the dry season.





Pharo Construction team building a home located in Hargeisa, Somaliland: before and after

In the building of this dam, PCL has demonstrated its innovation by pioneering the methodology of 'battered excavation'. Where space allows, battering the excavation sides to a safe angle of repose makes the excavation safer because the likelihood of a trench collapse is reduced. While competitors tended to dig dams down to 6 metres of depth, Pharo Ventures Somaliland only does so to a two-metre depth in Ijaara dam, which improves health and safety. When complete the dam will have a storage capacity of 57,863 cubic meters and provide access to clean water for 465 households. It is projects like this that are cementing PCL as a trusted and valuable business in the region.

RMC is also standing out from its competitors in recent months. Indeed, RMC stands out because of the high quality of its concrete despite its product remaining cheaper than the existing competition. Beyond providing much needed competition to an area keen to build and expand, RMC is also addressing community needs. Its flagship project, which is the refurbishment of the Waaheen market that experienced a major fire in 2022, will mean RMC can play a key role in reconstructing the economy and livelihoods which the market sustains.

In Ethiopia, Pharo Ventures continues its progress towards the start of production of its edible oil processing plant in November 2023.



Pharo Construction employee rebuilding the Waheen Market that was hit with massive fire on April 1 st , 2022. The market is located in Hargeisa, Somaliland.



Aerial footage of the construction at the Wado-Makahiil dam, located in Maroodi-Jeex, Somaliland

KNOWLEDGE & LEARNING THROUGH PARTNERSHIPS

Finally, in line with our growth, we have become increasingly aware that achieving scale and systemic impact becomes much easier when combining capabilities with other key organisations in our pillars. In this perspective, we have started experimenting with partnerships.

West London Schools Partnership

This year, we have started a partnership between our Sheikh secondary School in Somaliland and the West London Schools Partnership, which includes London's prestigious St Paul's Boys School and Latymer Upper School. Girls from Sheikh are paired up with Latymer Upper School girls, while Sheikh boys are paired up with St Paul's boys. The boys communicate via the Colet mentoring app, an innovative education technology, which connects 11 Sheikh boys from years 9 and 10 with year 12 and year 10 mentors from St Paul's. Via the app, the Sheikh boys put forward some maths and science problems which they struggle with to their St Paul's peers, whose role is to guide them through the steps towards an answer. The app has stringent security mechanisms which rule out any inappropriate behaviour and it only allows for child to child communication. Meanwhile, Sheikh girls are conducting weekly conversation classes with Latymer girls. Other non-online, teaching partnership programmes with the West London School Partnership are under consideration.

UNESCO Water Centre at the University of Thessaloniki Partnership

Adding to East Africa's scarce resources is not enough; the real multiplier effect occurs when development organizations trigger a change in the management of these resources. This is what Pharo Foundation has set out to achieve. It has established a significant extent of water infrastructure in both Ethiopia and Somaliland, yet to take full advantage of this infrastructure, its water resources staff require training in the latest innovations in hydraulics, hydrology and hydraulic works design. The Foundation has set up a partnership with the UNESCO Centre for Integrated and Multidisciplinary Water Resources Management at the Aristotle University of Thessaloniki, involving a 100-hour online training programme of 17 water engineers from Pharo Foundation across Ethiopia and Somaliland. The programme was recorded and the Foundation has shared its content with community stakeholders for added multiplier effect.

The duo partnerships have given us an opportunity to test the waters of collaboration with external organisations without a loss of control of our internal agenda. We are ready to instigate a selection of new partnerships at a greater scale in the coming year, beyond education and training, into health, agriculture and water solutions.

KNOWLEDGE & LEARNING THROUGH SELF-EXAMINATION

Having reached a critical mass of more than 500 employees, we became increasingly aware of our critical need for a research and evaluation department, which ensures that only our most impactful and cost-effective programmes are extended and potentially replicated. This department was created in 2022 and has gone from strength to strength.

It has revolutionised our programme design process, including the way we present our programme proposals in terms of the assessment of a development problem and its alternative solutions, with a rigorous estimate of F-factors to social return on investment. Between June and September, the department launched data collection for three existing projects, namely the Agricultural Development Programme, the Assosa Water Supply Project and the Somaliland Agricultural Productivity Enhancement Programme. It also started evaluation of a pilot project in October and again, this time on the Berbera ECE, with a view to experimentally measure in the context of a randomised controlled trial the impact of ECE on early childhood development and the extent to which ECE differentially impacts certain types of children. The evidence generated through evaluation then leads to an improved new project selection and design, so that the whole project life cycle becomes an optimised process from design to implementation.



Evening Debriefing Session for Randomised Control Trials in Berbera ECE Programme, October 2022



Data Collection for Randomised Control Trials in Berbera ECE Programme, October 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 Governing document

The 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

The Pharo Foundation is a medium-sized, yet growing, organisation with its Trustees overseeing its work routinely. The group ownership and control of various entities are listed under note 11 to the financial statements.

In 2019, the Foundation took the strategic decision to establish various social enterprise businesses to carry out more of its activities under the Pharo Ventures name. The enterprises have three objectives: maximising economic value added, maximising the number of jobs created and reaching profitability within a few years.

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 The Pharo Foundation and their interest in the charitable objectives of The Pharo Foundation. All Trustees are given an induction pack that explains the legal obligations of the Trustees and includes The Pharo Foundation's governing document and other key policy documents.

The Trustees who held office during the period ending 31 December 2022 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 the Pharo Foundation, during the year. Expenses reimbursed to Trustees are disclosed in note 9 of the financial statements.

The day-to-day management of the charity's activities and the implementation of its policies are delegated to the CEO of the Foundation. Management reporting lines are clearly defined, and the Trustees receive regular reports on both the programme and grant activities to enable them to fulfil their responsibilities.

The key management personnel of the charity, responsible for directing and controlling, running and operating the charity on a day-to-day basis, comprises the Trustees, CEO of Pharo Foundation and CEO of Pharo Ventures Kenya. Others includes CFO and Mission Directors.

1.3 Statement of Trustees responsibilities

The Trustees (who are also directors of The 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.

Our Board of Trustees



Mr Matthieu Baumgartner



Mr Guillaume Fonkenell



Mrs Farah Jirdeh-Fonkenell



Mr Nicolas Sagna



Mr Mustafa Jama

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 2022.

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:

» The Foundation's stability in its vision, mission, values and strategic forward planning with potential consequences of loss of reputation and no clear objectives or priorities going forward. The Foundation's vision, mission and values have always been clear and the Trustees have developed a well-articulated five-year strategy (2020-2025) and updated the vision, mission and values.

» 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.

1.7 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:

1.7.1 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.

1.7.2 Carbon Reporting Exemption

Pharo Foundation qualifies for a carbon reporting exemption under the Carbon Reporting (Amendment) Regulations 2018, as our energy consumption 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.

FINANCIAL REPORT

FINANCIAL PERFORMANCE

2.1 Financial Position

The Pharo Foundation received a donation of US$ 20,011,973 during the period from Pharo Development Investment Limited (PDIL) which was unrestricted. PDIL acts as a vehicle to distribute profits received from Pharo Management (UK) LLP.

During the year, the Foundation's total income amounted to US$ 21,823,534. This income was sourced from donations and legacies, charitable activities, investments, and other trading operations. There was a 43% decline in donations and legacies, equating to a decrease of US$ 43,445. Conversely, income from charitable activities increased by 55%, reaching an additional US$ 273,001. This rise was attributed to the introduction of an extra school term compared to the prior year. Investment incomes saw a 1% growth, primarily from bank interest on deposits. Other trading incomes also increased, up by US$ 678,605, largely driven by the Foundation's social ventures businesses.

Regarding expenditures, the Foundation reported a total of US$ 14,930,856. This marked a 31% increase, reflecting the Foundation's expansion activities. Specifically, US$ 2,866,254 was allocated to social ventures trading, up from the previous figure of US$ 1,958,287. Foundation grants awarded saw a decrease of 85%, or US$ 885,445, in comparison to the previous year. Expenditures in areas such as Agriculture, Education, Health, Water, and Sanitation grew by 30%, or US$ 2,769,323. This was due to the resumption of operations post the Covid-19 pandemic and the expansion of the Foundation's programmes during the year.

As of 31 December 2022, the Foundation's unrestricted funds totalled US$ 30,673,493. From this amount, the net book value of the group and charity's tangible fixed assets stands at US$ 5,819,931. Furthermore, US$ 1,804,766 has been set aside for impact investments, leaving an unrestricted fund balance of US$ 23,048,796.

It should be noted that The Pharo Foundation does not engage in direct fundraising activities.

2.2 Investment Policy

The Pharo Foundation had an investment portfolio valued at US$ 1,804,766 at 31 December 2022 (2021 – US$ 1,804,766). The Pharo Foundation has a mixed motive investment charitable objective. The investment objective is two-fold. One objective is to generate annual investment returns in excess of cash deposit accounts the rate and/or to further its charitable objectives. The more critical objective is to support African start-ups in becoming successful organisations that create jobs and economic value. The Foundation aims to learn from these investments with respect to African operating environments and opportunities and also potential technology transfer where applicable.

The Trustees have a significant amount of investment experience and expertise. The Trustees undertake due diligence and carefully evaluate an investment proposition in both financial and mission related terms before an investment decision is made. Performance of investments is monitored periodically by the Trustees on an on-going basis. Over the past 12 months, the value of portfolio remained unchanged.

2.3 Reserves Policy

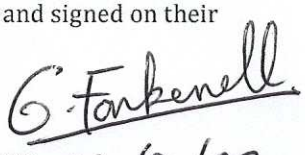
The Pharo Foundation has committed to several charitable grant projects and programmes with various on-going financial commitments. Accordingly, the Trustees monitor the level of reserves throughout the year to enable it to meet these financial commitments and other operational liabilities. Funds committed to partners and our own programmes are shown as designated funds in the balance sheet and are payable only after reviews of project and programme progress. The Pharo Foundation's reserves are those funds not already committed and therefore available for future programme spending. It is not the intention of the Trustees to accumulate reserves; the Trustees plan to expend the charity's resources over a reasonable period.

2.4 Grant Making Policy

Pharo Foundation provides grants to charitable organisations and scholarships to individuals as part of its mission to support philanthropic causes and educational advancement. Grants and scholarships are awarded to eligible recipients based on the Foundation's established criteria and guidelines.

Approved by the Trustees and signed on their behalf by:

Mr Guillaume Fonkenell, Trustee



Approved by the Trustees on: 29/9/23

AUDIT REPORT

Independent auditor's report
For the year ended 31 December 2022

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

Opinion

We have audited the financial statements of The Pharo Foundation (the 'foundation') and its subsidiaries (the 'group') for the year ended 31 December 2022 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 2022 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.

Independent auditor's report
For the year ended 31 December 2022

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' 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.

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;

Independent auditor's report
For the year ended 31 December 2022

- 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.

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. This description forms part of our auditor's report.

Independent auditor's report
For the year ended 31 December 2022

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: 29 September 2023

FINANCIAL STATEMENTS

Consolidated statement of financial activities
For the year ended 31 December 2022

	Notes	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Income from:			
Donations and legacies	**1**	57,243	100,689
Charitable activities	**2**	771,099	498,099
Other trading activities	**3**	693,007	14,402
Investment	**4**	20,302,185	20,027,792
Total income		21,823,534	20,640,982
Expenditure on:			
Social ventures trading		2,866,254	1,958,287
Charitable activities	**6**	12,064,602	9,295,278
Total expenditure		14,930,856	11,253,565
Minority interests		584	228
Net income before investment gains		6,893,262	9,387,645
Net gains/(losses) on investment assets	**7**	-	360,644
Net income		6,893,262	9,748,289
Other recognised gains/losses			
(Losses) on foreign exchange		(393,936)	(764,183)
Net movement in funds	**8**	6,499,326	8,984,106
Total funds brought forward		24,174,167	15,190,061
Total funds carried forward		30,673,493	24,174,167

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 expenditure 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 2022 to 31 Dec 2022 Total US$	1 Jan 2021 to 31 Dec 2021 Total US$
Income	3,180	506
Expenditure	335,766	782,665
Net (expenditure) from discontinued operations	(332,586)	(782,159)
Foreign exchange	14,992	21,555
Net (expenditure)	(317,594)	(760,604)

Statement of Financial Position
31 December 2022

	Notes	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Fixed assets					
Tangible assets	**10**	5,819,931	5,222,784	3,950,943	3,407,283
Investments	**11**	1,804,766	1,804,766	8,651,552	4,057,705
Debtors due after one year	**12**	14,903	-	14,903	-
		7,639,600	7,027,550	12,617,398	7,464,988
Current assets					
Inventory	**13**	163,083	-	160,928	-
Debtors due within one year	**14**	1,245,672	899,437	556,251	654,406
Cash at bank and in hand		23,296,985	17,157,953	20,159,191	16,873,664
		24,705,740	18,057,390	20,876,370	17,528,070
Creditors: amounts falling due within one year	**15**	(1,671,759)	(910,329)	(1,034,684)	(834,658)
Net current assets		23,033,981	17,147,061	19,841,686	16,693,412
Total net assets		30,673,581	24,174,611	32,459,084	24,158,400
Minority interests		(88)	(444)	-	-
Net assets attributable to Group		30,673,493	24,174,167	32,459,084	24,158,400
Funds of the charity:					
Unrestricted Funds					
. General funds		23,048,796	16,982,818	19,856,589	16,529,613
. Designated funds	**16**	7,624,697	7,191,349	12,602,495	7,628,787
		30,673,493	24,174,167	32,459,084	24,158,400

Approved by the Trustees of The 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, G. Fonkenell
Trustee

Approved on: 29/9/23

Statement of Cash Flows
31 December 2022

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Cash flows from operating activities:		
Net cash (used in) operating activities	(12,167,607)	(9,715,134)
Cash flows from investing activities:		
Income from investments	20,302,185	20,027,792
Purchase of tangible fixed assets	(1,850,243)	(3,213,202)
Proceeds from sale of fixed assets	11,907	
Net cash provided by investing activities	18,463,849	16,814,590
Change in cash and cash equivalents in the reporting period	6,296,242	7,099,456
Cash and cash equivalents at 01 January 2022	17,157,953	10,309,165
Change in cash and cash equivalents due to exchange rate movements	(157,210)	(250,668)
Cash and cash equivalents at 31 December 2022	23,296,985	17,157,953

No separate statement of the movement in net debt has been prepared as there is no difference between the movement in cash and cash equivalents disclosed above and the movements in net cash (debt) for the group.

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Net income for the reporting period (as per the statement of financial activities)	6,893,262	9,748,289
Adjustments for:		
(Gains) / losses on investments	-	(360,644)
Depreciation charges	771,576	446,674
Impairment of fixed assets	-	375,749
Disposal of fixed assets	232,531	-
Income from investments	(20,302,185)	(20,027,792)
(Increase) in Inventory	(163,083)	-
(Increase) in debtors	(361,138)	(144,511)
Increase in creditors	761,430	247,101
Net cash used in operating activities	(12,167,607)	(9,715,134)

PRINCIPAL ACCOUNTING POLICIES

Principal accounting policies 31 December 2022

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 2022. 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 11, for the year ended 31 December 2022.The acquisition method of accounting has been adopted.

Under section 408 of the Companies Act 2006 and the SORP, The 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 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.

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.

Principal accounting policies
31 December 2022

- 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 has been informed by 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.

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 2022, 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 it's activities as planned will be affected, as detailed on page 26 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 its allocated profit share in May 2023 from Pharo Management (UK) LLP 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.

Principal accounting policies
31 December 2022

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.

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.

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 The 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.

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 partial completed proportion of the buildings measured at cost.

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.

Although the functional and presentational currency, as stated above, is US$, the 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.

Principal accounting policies
31 December 2022

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.

Debtors due after one year relates to a component of scholarship awarded to students that is subject to recovery under certain terms and conditions of the scholarship. See Note 12.

Inventories

Inventories are stated at the lower of cost and net realisable value. Medical supplies are valued using FIFO method. The cost of medical supplies comprises mainly laboratory reagents. Fuel is valued at cost and is stored as a caution against shortage in the country. Ready Made Concrete (RMC) comprises construction materials valued by engineers at year-end. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

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 14.

Taxation

The taxation status of the group and it's 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 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

Notes to the financial statements
31 December 2022

1 Donations and legacies

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Donations	57,243	100,689
	57,243	100,689

2 Income from charitable activities

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Pharo schools	728,369	496,627
Pharo laboratories	30,076	-
Other income	12,654	1,472
	771,099	498,099

3 Income from social enterprise trading

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Construction income	693,007	14,402
	693,007	14,402

4 Income from investments

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Profit share from Pharo Management UK LLP	20,011,973	20,014,586
Bank interest	290,212	13,206
	20,302,185	20,027,792

5 Expenditure on Social Ventures Trading

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Cost of sale- Social Ventures Group of companies	690,649	133,293
Operational costs from the Social Ventures Group of companies	2,126,028	1,776,022
Governance costs	49,577	48,972
	2,866,254	1,958,287

Notes to the financial statements
31 December 2022

6 Expenditure on charitable activities

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Grants to Institution	163,799	1,064,147
Scholarship awarded	14,903	-
Integrated Livelihood Programme	11,070,274	7,611,524
Support costs of grant making and programme activities	815,626	619,607
	12,064,602	9,295,278

Analysis of activities	Activities undertaken directly 2022 US$	Grant funding of activities 2022 US$	Support costs 2022 US$	Amount 2022 US$
Agriculture	895,041	-	64,896	960,985
Education	7,090,702	178,702	527,080	7,796,484
Health	476,056	-	34,517	510,573
Water & Sanitation	2,608,475	-	189,133	2,797,608
	11,070,274	178,702	815,626	12,064,602

Analysis of activities	Activities undertaken directly 2021 US$	Grant funding of activities 2021 US$	Support costs 2021 US$	Amount 2021 US$
Agriculture	643,641	-	45,968	689,609
Education	6,289,801	289,147	469,862	7,048,810
Health	364,392	775,000	81,374	1,220,766
Water & Sanitation	313,690	-	22,403	336,093
	7,611,524	1,064,147	619,607	9,295,278

Support costs have been allocated to each of the above activities on the basis of resources used during the year.

Analysis of support costs	1 Jan 2022 to 31 Dec 2022 US$	1 Jan 2021 to 31 Dec 2021 US$
Communications & IT	63,086	24,019
Finance costs	429	423
General management	94,899	81,882
Office and premises	70,233	88,542
Staff costs	438,402	343,071
Governance costs	148,576	81,670
	815,626	619,607

7 Gains / (Losses) on investment assets

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Investment gains / (losses)	-	360,644
	-	360,644

The Foundation did not incur a gain or loss on investment in current period.

Notes to the financial statements
31 December 2022

8 Net movement in funds

This is stated after charging:

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Staff costs (note 9)	5,954,835	4,059,744
Parent company auditor's remuneration		
- statutory audit services	51,642	26,220
- other services	-	-
Other companies auditor's remuneration		
- statutory audit services	31,615	24,454
- other services	9,345	12,645
Depreciation	771,576	446,674
Impairment of fixed assets	-	375,749
Loss on disposal of fixed assets	232,531	-
Operating lease rentals	363,556	329,953

9 Staff costs, key management personnel and trustee's remuneration

	Group 1 Jan 2022 to 31 Dec 2022 US$	Group 1 Jan 2021 to 31 Dec 2021 US$
Employees		
- wages and salaries	5,674,622	3,867,760
- social security costs	38,732	21,640
- employer pension contributions	241,481	170,344
	5,954,835	4,059,744

The average number of employees during the period totalled 463 persons (2021: 377 persons). This is analysed as follows:

	Group 1 Jan 2022 to 31 Dec 2022 No.	Group 1 Jan 2021 to 31 Dec 2021 No.
Number of support staff	4	3
Number of programme staff	407	345
Number of social ventures staff	52	29
	463	377

	Group 1 Jan 2022 to 31 Dec 2022 No.	Group 1 Jan 2021 to 31 Dec 2021 No.
Employees with emoluments between £60,001 to £70,000 per annum	4	2
Employees with emoluments between £70,001 to £80,000 per annum	2	-
Employees with emoluments between £100,001 to £110,000 per annum	2	-
Employees with emoluments between £110,001 to £120,000 per annum	1	1
Employees with emoluments between £120,001 to £130,000 per annum	1	-
Employees with emoluments between £140,001 to £150,000 per annum	-	-
Employees with emoluments between £160,001 to £170,000 per annum	-	2
	10	5

The key management personnel of the Group comprise of the Trustees of the Pharo Foundation, CEO of Pharo Foundation and the CEO of Pharo Ventures Kenya. Others includes CFO and Mission directors.

The total remuneration of the key management personnel was US$ 409,588(2021: US$ 375,521) mainly due to hiring of some key staff during the year.

No Trustees received any remuneration or reimbursement of expenses in their capacity as trustees. However, Trustee's travel expenses were incurred directly by the Foundation in connection with their duties as Trustees during the year amounting US$ 15,222 (2021: US$ 0). These cost related exclusively to field visits to the Foundation's overseas project.

Notes to the financial statements
31 December 2022

10 Tangible assets

Group	Furniture and fittings US$	Plant and Machinery US$	IT equipment US$	Motor Vehicles US$	Building US$	Leasehold Improvements US$	Land US$	Work in progress US$	Total US$
Cost									
At 1 January 2022	433,001	299,778	173,484	1,508,329	2,401,929	81,657	198,824	798,189	5,895,191
Additions	127,572	267,553	136,419	507,851	-	-	190,907	619,941	1,850,243
Transfers	-	-	-	-	860,542	-	-	(860,542)	-
Disposals	(1,279)	-	(6,987)	-	(208,649)	(74,885)	-	(280)	(292,080)
FX on exchange rate	(25,621)	-	(9,792)	(43,362)	(282,399)	(6,772)	(5,085)	(10,417)	(383,448)
At 31 December 2022	533,673	567,331	293,124	1,972,818	2,771,423	-	384,646	546,891	7,069,906
Depreciation									
At 1 January 2022	101,784	20,247	56,993	331,795	138,157	23,432	-	-	672,408
Charge for the period	145,616	91,048	75,330	323,974	123,252	11,570	786	-	771,576
Disposals	(816)	-	(3,761)	-	(21,912)	(33,060)	-	-	(59,549)
FX on exchange rate	(10,059)	(426)	(4,758)	(18,607)	(98,644)	(1,942)	(23)	-	(134,459)
At 31 December 2022	236,525	110,869	123,804	637,162	140,853	-	763	-	1,249,975
Net book value									
At 31 December 2022	297,148	456,462	169,320	1,335,656	2,630,570	-	383,883	546,891	5,819,931
At 31 December 2021	331,217	279,531	116,491	1,176,534	2,263,772	58,225	198,824	798,189	5,222,782

Foundation	Furniture and fittings US$	Plant and Machinery US$	IT equipment US$	Motor Vehicles US$	Building US$	Leasehold Improvements US$	Land US$	Work in progress US$	Total US$
Cost									
At 1 January 2022	297,808		130,482	519,164	2,175,691	-	61,314	719,642	3,904,101
Additions	104,943	122,081	109,277	301,954	-	-	44,406	472,853	1,155,514
Transfers	-	-	-	-	730,103	-	-	(730,103)	-
Disposals	-	-	-	-	-	-	-	(280)	(280)
FX on exchange rate	(21,106)	-	(6,984)	(23,307)	(180,435)	-	(5,085)	(10,417)	(247,334)
At 31 December 2022	381,646	122,082	232,776	797,810	2,725,359	-	100,635	451,695	4,812,001
Depreciation									
At 1 January 2022	82,474	-	48,008	239,850	126,486	-	-	-	496,818
Charge for the period	98,638	14,670	58,229	123,282	108,840	-	-	-	403,659
FX on exchange rate	(8,523)	(427)	(3,666)	(13,321)	(13,482)	-	-	-	(39,419)
At 31 December 2022	172,589	14,243	102,571	349,811	221,844	-	-	-	861,058
Net book value									
At 31 December 2022	209,057	107,839	130,204	447,999	2,503,515	-	100,635	451,695	3,950,943
At 31 December 2021	215,334	-	82,474	279,314	2,049,205	-	61,314	719,642	3,407,283

The write off relates to assets from Pharo Farm Ethiopia as a results of closure of operations

Assets not valued

- In Ethiopia, the Foundation has been granted use of a 26 and a 484 hectare plot of land from the Environment Forest and Land Administration Office, of Benishangul Gumuz Regional State for the construction of the Pharo School Homosha and establishment of Pharo Farm respectively.
- In Somaliland, the Foundation has been granted three School sites from the Ministry of Education and Science to be responsible for operating, running, and developing the Schools.
- Although the risks and rewards of ownership of these sites is held by the Foundation, no value has been attributed to them in the financial statements. The Foundation is unable to reliably estimate their value under the specific terms granted.

Notes to the financial statements
31 December 2022

11 Investments

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Unlisted investments	1,804,766	1,804,766	1,803,220	1,803,221
Investment in subsidiary company	-	-	6,848,332	2,254,484
	1,804,766	1,804,766	8,651,552	4,057,705

Analysis of movement in investments

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Value at 01 January 2022	1,804,768	1,444,122	4,057,705	1,976,875
Additions	-	-	4,593,847	3,055,385
Impairment in subsidiary investment	-	-	-	(1,335,199)
Net (gain) on investment asset	-	360,644	-	360,644
Value at 31 December 2022	1,804,768	1,804,766	8,651,552	4,057,705

Analysis of historical costs

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Unlisted investments	5,151,542	5,151,542	5,151,542	5,151,542
Investment in subsidiary company	-	-	8,318,377	3,589,681
	5,151,542	5,151,542	13,469,919	8,741,223

Notes to the financial statements
31 December 2022

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

Name	Parent undertaking	Registration status	Registration number	Nature of business
Pharo Development Investment Limited ('PDIL')	The 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 The Pharo Foundation.
Pharo Enterprises Limited ('PEL')	The 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 principal 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 – 99.9%	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 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 principal 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.

Notes to the financial statements
31 December 2022

Pharo Integrated Agriculture & Manufacturing PLC Ethiopia (PVET)	Pharo Ventures Kenya Limited - 99.9%	Company limited by shares (Ethiopia)	Registered number 0073029357	The principal 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.
The Pharo Foundation Farm ('FARM')	The Pharo Foundation - 100%	Company limited by shares (Ethiopia)	Registered number MT/ AA10/0050443/2011	The Farm is an income-generating part of The Pharo Foundation's Ethiopia programme has ceased activities.
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.
The Pharo Foundation Rwanda Ltd ('PFRW')	The 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 2022 is as follows:

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

A summary of the results of the above subsidiaries for the year ended 31 December 2021 is as follows:

	2021 PDIL $	2021 PEL $	2021 PVSL $	2021 PCL $	2021 RESL $	2021 FARM SL $	2021 PIAM ET $	2021 FARM ET $	2021 PVKL $	2021 PVRWL $
Income	20,011,801	-	-	405,542	-	-	-	506	1,268,111	-
Administrative expenditure	(2,669)	(2,604)	(134,540)	(679,669)	-	-	(142,013)	(782,665)	(1,238,727)	-
Operating surplus (deficit)	20,009,132	(2,604)	(134,540)	(274,127)	-	-	(142,013)	(782,159)	29,384	-
Distributions under gift aid	(20,005,801)	-	-	-	-	-	-	-	-	-
Net result	3,331	(2,604)	(134,540)	(274,127)	-	-	(142,013)	(782,159)	29,384	-
Other gains (losses)	(4)	(27)	8	52	-	-	27,748	21,555	7,973	-
Taxation	-	-	-	-	-	-	-	-	(26,633)	-
Net surplus / (deficit)	3,327	(2,631)	(134,532)	(274,075)	-	-	(114,266)	(760,604)	10,724	-
Retained funds at 1 January 2021	(357)	(2,182)	-	-	-	-	-	(144,523)	38,903	-
FX on exchange rate	-	-	-	-	-	-	-	29,502	(1,216)	-
Retained funds at 31 December 2021	2,970	(4,813)	(134,532)	(274,075)	-	-	(114,266)	(875,625)	48,411	-
Called up share capital At 31 December 2021	2	2,254,481	2,000,000	1,800,510	1,000	1,000	216,955	1,335,300	2,236,903	1,000

Notes to the financial statements
31 December 2022

12 Debtors due after one year

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Scholarship awarded loans	14,903	-	14,903	-
	14,903	-	14,903	-

13 Inventory

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Inventory - Medical	146,112	-	146,112	-
Inventory - Fuel	14,816	-	14,816	-
Inventory - RMC	2,155	-	-	-
	163,083	-	160,928	-

Inventory consists of medical supplies that is used at the Pharo Diagnostic Centre in Ethiopia, a depot of fuel stored mainly due to shortage of fuel in Ethiopia 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 reported at its costs whereas construction materials are valued by construction engineer at the year end.

14 Debtors

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Accounts Receivable	41,895	18,413	15,108	18,413
Prepayments	622,164	754,748	476,792	581,347
Accrued Income	210,491	-	-	-
Sundry debtors	198,298	81,374	45132	54,040
Deferred Tax Asset	172,824	44,902	-	-
Amounts due from subsidiary undertaking	-	-	19,219	606
	1,245,672	899,437	556,251	654,406

Sundry debtors include rent deposits of US$ 50,065 (2021 – US$ 40,285). The rent deposit is subject to a charge against all sums due and all The Pharo Foundation's obligations under property leases.

15 Creditors: amounts failing due within one year

	Group 2022 US$	Group 2021 US$	Foundation 2022 US$	Foundation 2021 US$
Grants payable	62,337	-	62,337	-
Accruals	345,894	332,872	256,668	390,837
Provision for Severance indemnities	451,345	269,672	419,636	262,288
Deferred Income	296,541	117,623	18,265	20,630
Corporation tax payable	2,847	-	-	-
Social security and other taxes	212,471	56,804	37,038	16,715
Trade and other payables	300,324	133,357	240,740	144,187
	1,671,759	910,329	1,034,684	834,658

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.

Notes to the financial statements
31 December 2022

16 Designated funds

Group	At 1 Jan 2022 US$	Net new commitments/ Investment US$	Granted / (Reclassified / Impaired / Utilised) US$	At 31 Dec 2022 US$
Grants payable	163,799	-	(163,799)	-
Impact investments	1,803,222	-	-	1,803,222
Investments	1,544	-	-	1,544
Tangible fixed assets	5,222,782	1,174,715	(577,566)	5,819,931
	7,191,349	1,174,715	(741,365)	7,624,697

Foundation	At 1 Jan 2022 US$	Net new commitments/ Investment US$	Granted / (Reclassified / Impaired / Utilised) US$	At 31 Dec 2022 US$
Grants payable	163,799	-	(163,799)	-
Impact investments	1,803,223	-	-	1,803,223
Investments	2,254,483	4,593,846	-	6,848,329
Tangible fixed assets	3,407,282	907,900	(364,239)	3,950,943
	7,628,787	5,501,747	(528,038)	12,602,495

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 "Grants payable" fund represents monies which the Trustees have committed to various partner organisations. Net new commitments represent new grants awarded in the year less amounts committed in previous periods.

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

The investments fund in the group represents investment of PDIL in Pharo Management (UK) LLP.

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

The Pharo Foundation is a registered charity and, therefore, is not liable for 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 The Pharo Foundation and hence no tax is payable by them.

The Foundation's branches registered in Ethiopia 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 2022 was 30% as per the Tax Laws (Amendment) Act 2020. As a result, the tax charge for the year was US$ 32,583 (2021 US$ 26,633).

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

The Pharo Foundation is funded by a proportion of profits realised by Pharo Management (UK) LLP, US$ 20M (2021 US$ 20M), where Mr Guillaume Fonkenell is a Managing Member.

During the prior year, a trustee procured a piece of land in Somaliland valued at $ 3.6 million with the intention of leasing out the land to the Foundation free of charge. In 2021, the Foundation assisted the trustee by facilitating this purchase. Pharo Foundation Somaliland was permitted access to the land during the year and a lease was entered into on 1 July 2023 for a period of 99 years at a rent of US$ 1 per annum.

As reported at note 11, Pharo Ventures Somaliland Limited holds 99.9% of the shares in Pharo Construction Somaliland LTD. One of the trustees holds the remaining shares

19 Analysis of net assets between funds

Group	General funds US$	Designated funds US$	Total 2022 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 funds US$	Designated funds US$	Total 2022 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

Group	General funds US$	Designated funds US$	Total US$ 2021
Tangible fixed assets		5,222,784	5,222,784
Investments	-	1,804,766	1,804,766
Net current assets	16,982,818	163,799	17,146,617
	16,982,818	7,191,349	24,174,167

Foundation	General funds US$	Designated funds US$	Total 2021 US$
Tangible fixed assets	-	3,407,283	3,407,283
Investments	-	4,057,705	4,057,705
Net current assets	16,529,613	163,799	16,693,412
	16,529,613	7,628,787	24,158,400

20 Financial Commitments

At 31 December 2022, The Pharo Foundation had the following grant commitments where an individual has been informed of the intention to fund a scholarship but the award is contingent upon the individual meeting the eligibility criteria and conditions of the funding. These commitments are in addition to the grants payable included at note 15.

Land & Buildings	**2022 US$**	**2021 US$**
. Less than one year	199,078	168,726
. Between two to five years	349,346	582,469
	548,424	751,195

Scholarships Awarded	**2022 US$**	**2021 US$**
. Less than one year	93,522	-
. Between two to five years	187,043	-
	280,565	-

The Pharo Foundation's commitments to scholarships and fund projects where recipients have yet to meet all conditions for receipt are shown in note 15.

21 Post balance sheet event

There have been no post year-end events to report (2021 - the Trustees made the decision to close Pharo Farm Ethiopia by 30 September 2022 due to challenges experienced in operating this farm).



Pharo Foundation

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Pharo Foundation

England & Wales - Charity number 1143152

Accounts

The Pharo Foundation

Annual Report and Financial Statements

Company Limited by Guarantee
Registration Number 07678862
(England and Wales)

Charity Registration Number 1143152

For the year ended 31 December 2021

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Reference and administrative information

Trustees	Mr Matthieu Baumgartner Mr Guillaume Fonkenell Mr Mustafa Jama Ms Farah Jirdeh-Fonkenell Mr Nicolas Sagna
Chief Executive Officer	Ms Gulden Kazandag
Principal office	154 Brompton Road 3rd Floor London SW3 1HX
Charity registration number	1143152
Company registration number	07678862 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal Bankers	HSBC Bank Plc 16 King Street Covent Garden London WC2E 8JF
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

Trustees' Report (including Strategic Report)
For the year ended 31 December 2021

The Trustees present their statutory report together with the consolidated financial statements of The Pharo Foundation (the "Foundation") and its subsidiaries for the year ended 31 December 2021.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 36 to 39 therein and comply with the charitable company's Articles of Association, applicable laws and the requirements of 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 UK and Republic of Ireland (FRS 102).

1. Introduction

In 2021 The Pharo Foundation continues to work with the new Vision, Mission, and Values that are at the forefront of the day-to-day operations of the organization.

1.1 Our vision

The Pharo Foundation's vision is an inclusive and economically vibrant Africa.

1.2 Our mission

Our mission is to achieve our vision by investing in Africa's human and physical capital, with a strong focus on job creation.

1.3 Our values

Our values are:

- Passion and Respect
- Creativity and Entrepreneurship
- Trust and Accountability

2. Objectives and Activities

2.1 Purpose

The objects of the Foundation are to achieve an economically vibrant Africa by investing in Africa's human and physical capital. The availability of capital, both human and physical, is indispensable to the development of any society. No people or economy can flourish without it. Unfortunately, many African countries suffer from a deficit in both human and physical capital.

Our strategy is focused on empowering communities and countries through investment in their people and infrastructures. Our integrated programmes are anchored in Agriculture, Education, Health, and Water. Pharo Ventures, on the other hand, focusses on social enterprise development with an emphasis on job and economic value creation. We seek to optimise results through development programmes aimed at achieving economic self-reliance at the family and community level, in line with our vision of an inclusive and economically vibrant Africa.

2.2 Objectives

The following were our key objectives for 2021:

In Ethiopia

- Continue to build a solid team and operational structure
- Agree and start implementation of a new 5-year plan with the Benishangul Gumuz Regional State (BGRS) government, covering all four areas of focus. The new programme is called Social and Economic Empowerment Program (SEEP)
- In line with the SEEP programme, establish the Pharo Diagnostic Centre
- Enlarge the Pharo Primary School in Assosa
- Establish a commercial farm, as well as a business plan for subsequent social enterprises

In Somaliland

- Continue to build a solid team and operational structure
- Ensure smooth operation, fiscal discipline, and academic excellence at Pharo Schools
- Continue expansion of the Early Childhood Education (ECE) programme to 2 additional public schools
- Improve and expand the agriculture programme by shifting the operations to new villages more aligned with the Foundations' agriculture priorities
- Design and build transformational water infrastructures to tackle the effects of ever-worsening droughts
- Establish the first Pharo Ventures business in the construction sector

In Kenya

- Continue to build a strong management team to oversee the East African operations
- Analyse the feasibility of acquiring schools in Nairobi
- Analyse and approve the first Pharo Ventures business in Kenya

In Rwanda

- Become physically operational and recruit a strong founding team
- Acquire a portfolio of primary/secondary schools to be the anchor entry point into the country

2.3 Activities

Continuing our steady growth in Ethiopia and Somaliland, in 2021 we consolidated our newly established offices in Kenya and Rwanda, onboarding highly qualified staff in key positions. The relaxation of some COVID-19 related restrictions enabled us to perform better in our ongoing operations. Both Ethiopia and Somaliland conducted programme reviews and undertook feasibility studies in potential expansion areas. Pharo Ventures also thrived, established its presence and became operational both in Ethiopia and Somaliland in the first quarter of 2021, while further consolidating its team and plans in Kenya.

3. Achievements and Performance

In Ethiopia, SEEP–marked its second-year operation with considerable lessons and achievements as presented below. Pharo School Homosha welcomed its new principal and Pharo Primary School continued to be the most preferred school in the city. Despite numerous challenges, our infrastructure projects progressed swiftly with the completion of new ECEs, primary school classroom blocks, farmer-training centres, and the renovation of other schools and health centres.

In Somaliland, the expansion of ECE centres to an additional 3 public primary schools increased the total number of Pharo ECE centres to 15, enrolling 942 children. In addition, we started a pilot programme of academic and infrastructure improvement at 2 of the primary schools where the ECEs are located. We

launched our first vocational training programme where 50 trainees are attending an eight-month course in painting and decorating, electric installation and solar energy.

In Kenya, both the Foundation and Pharo Ventures consolidation included the onboarding of the new Pharo Venture's CEO, Human Resource Manager and Education Business Analyst.

In Rwanda, despite the lengthy conversation on the potential of taking over the education portfolio of another organisation, the process did not conclude as expected. However, the Foundation continued consolidating its presence in the country by onboarding two new staff and assessing other potential investment areas while continuing its search for suitable schools for acquisition.

3.1 Ongoing grant projects

We continued supporting the implementation of legacy grant projects by partner organisations. Three grant projects were still under implementation at the end of the year as shown in Table 1.

Table 1:

Grant Project	Project Location	Grant Project Objective
Barwaaqo University	Somaliland	To set the standard for Somaliland higher education institutions, producing and training well-rounded teachers who live by the values of integrity, tenacity, and critical thinking.
Kigutu Hospital / Women's Health Pavilion – Village Health Works	Burundi	Construction and running costs of the Kigutu Hospital, a state of the art 150-bed teaching hospital, to meet the needs of women and children.
SOS Children's Village Rwanda	Rwanda	Partial funding of operating costs for SOS Schools in Kayonza, Kigali, Byumba and Gikongoro.

In addition to partner organisations, the Foundation promotes the involvement of its sister organisation, Pharo Management, in international development. Each year Pharo Management employees are encouraged to identify and put forward a one-year proposal for approval. The employee then gets involved in implementation and light-touch monitoring of the project as well. In 2021, there was one such employee grant approved. Based on the proposal, the USD 25,000 grant was awarded to ASSIST, a US based organisation, to help with scholarships and school placements for Abaarso students in the United States. The grant covered 3 students who were sent to boarding schools in the US from Somaliland.

Staff changes
In 2021, the overall staff headcount at the end of the year was 428, up from 298 in 2020; a substantial increase of 43% year-on-year. The year saw a high increase in employee headcount numbers at The Pharo Foundation programme office and Pharo Schools in Ethiopia. We also experienced significant growth in Somaliland due to the expansion of the programme team in the Foundation office and the set-up of Pharo Construction in Somaliland.

The regional office team in Kenya grew with the staffing of team members in the education programme and HR as well as the joining of the Director of Health in November to support the health expansion initiatives across East Africa.

Most of the staff departures were due to the decommissioning of the Pharo Farm in Ethiopia in December 2021, which was managed well by the HR team facilitating reassignments of some employees to different duty stations based on the talent needs. We have continued to increase our recruitment efforts across all countries

and expect our staff numbers to grow in a controlled manner in 2022 and beyond as we expand our operations in Rwanda, Somaliland and Kenya.

3.2 Programme development

Envisioning an inclusive and economically vibrant Africa, we work with communities and partners in developing and implementing programmes that aim at transforming human and physical capital. We focus on people and communities with the potential to become economically self-reliant and able to affect wider change.

We take an entrepreneurial approach to development; we invest in programmes with a potential to self-sustaining and bring about the optimal social and economic return. Guided by the Foundation's mission and values, our country teams continue to seek such opportunities and work with our partners in developing integrated programmes anchored in priority sectors:

Agriculture:
The Foundation focusses on sustainable, climate smart agricultural techniques to fight negative climatic effects and erratic rain patterns. We focus on Good Agricultural Practices (GAP) training with special attention to drought resistant seeds, crop rotation, mulching, fertilisers, pest control and water conservation through drip irrigation. To date, our agriculture programmes have worked with 2,800 farmers in Ethiopia and Somaliland.

Education:
Our two-prong approach of running Pharo brand schools as centres of excellence and working with local governments to improve public school infrastructure and academic levels is working well.
Pharo Schools provide quality education directly to 1,700 students at 5 locations and each Pharo school has established itself as the best in its class. In addition, each year we provide free ECE education to almost 1,000 6-year-olds in Somaliland public schools. Our infrastructure improvements and teacher training efforts, both in Ethiopia and Somaliland, have helped improve the standards at 11 government schools that cater to 13,000 students.

Health:
The Foundation strives to improve the availability and quality of health services. In Ethiopia, the renovation of the two health centres helped improve the quality of health services for 30,000 residents around Menge and Homosha. The intensive care unit (ICU) and Neonatal Intensive Care Unit (NICU) constructed by the Foundation save hundreds of lives every year and were described as exceptional compared to other departments of the hospital by the Ministry of Health officials.

Water:
Shortage of water or access to it continue to be critical and life-threatening problems in both Ethiopia and Somaliland. The Foundation focusses on transformational projects that bring water to large numbers of the population. Our projects consider all available alternatives from roof water harvesting to reservoirs that capture rain water to boreholes and wells. Our projects have increased water access for 48,000 people in Somaliland and Ethiopia. Once the Assosa town water project is completed, this number will increase by an additional 11,000.

In 2021 keeping in mind our strategic objectives, our teams in Ethiopia and Somaliland undertook feasibility studies for potential expansion communities and new programme components. Preliminary results of the feasibility study in Somaliland identified potential partner communities in three villages of the Maroodijeex region for agricultural intervention and another three villages for water development. Moreover, preliminary findings affirmed the need to start health as a new standalone programme area.

In Ethiopia, the feasibility study was conducted on the North Shoa Zone of the Amhara region. Its proximity to Addis Ababa and its recent emergence as an industrial zone as well as the relative peace and security in the area presented a good opportunity to explore. Preliminary findings indicate potential in education, health, and social enterprises development in the zone.

In 2021, we developed a comprehensive country background paper for Rwanda. The paper analysed the overall social economic context and government priority development areas in education, agriculture, health, and social enterprises development, as well as the private sector and charities engagement. We are now considering education as a first entry programme for Rwanda, believing it to be a good anchor for our future programming.

In Kenya, beyond consolidating the regional hub with qualified human resources and establishing systems, we undertook a reconnaissance of programme opportunities. Consequently, to jump start our education pillar in Kenya, we are finalising a thorough due diligence to potentially entering primary education in Nairobi.

3.2.1 Ethiopia

2021 was a very challenging year in Ethiopia with an intensified armed conflict in the northern part of the country, election related unrest in different regions, and the impact a COVID 19 second wave. This was exacerbated by international diplomatic pressure, suspension of aid, and threat of economic sanctions that resulted in economic downturn and escalated inflation.

Despite the challenges, our Social and Economic Empowerment Programme (SEEP) made steady progress. In its second year of implementation, SEEP improved access to quality education for 687 early-years children (Kindergarten- KG level) and 11,237 primary school children. The comprehensive revamp of two health centres improved access to quality health services for more than 30,000 population of two districts. The Pharo-supported ICU and NICU in the Assosa General Hospital increased survival rates of admitted adults and infants to 82% and 93.1% respectively. Moreover, the agriculture programme reached 1,159 households through its crop production, poultry, beekeeping, and animal fattening interventions.

a. Improving Agriculture Production and Productivity

The agricultural development programme is one of the main components of SEEP, through which we envisage to diversify livelihoods options and increase household income for 3,300 households by 2024.From 2017 to 2020 the previous agriculture programme reached 677 households, leading to significant increases in harvest yields and improving the average annual household income.

In 2021, participant numbers increased by an additional 442 crop producers and 40 goat and sheepherders. Consequently, the total number of participants in 2021 was 1,159 households, of which 960 in crop production, 108 poultry, 51 beekeeping and 40 goat and sheepherders. We hope to add to the poultry and beekeeping households once we identify more suitable hybrid poultry types and more focussed farmers willing to carry out the training and follow-ups.

Advancing Good Agricultural Practices (GAP)



Conservation agriculture and demonstration at the Farmers Training Centre, Keshaf Kebele.

Using Farmers' Training Centres (FTCs) as an anchor for advancing GAP, our field experts together with government agriculture workers provided periodic farm support and coaching for all programme participants. In 2021, we established three FTCs, increasing the total number of The Pharo Foundation supported FTCs to four. In the reporting period, 818 farmers were trained in various good agricultural practices in these centres including crop diversification, resulting in better output in 2021.

Improving Crop Production and Productivity

Owing to the early onset of rain, shortage of farm inputs and security concerns, maize yield per hectare showed a slight decrease compared to last year's. However, it is still encouraging that the farmers are maintaining yields that are threefold of the baseline figures.



Groundnut and maize farm in Homosha.

The major achievement registered in the 2021 cropping season was in crop diversification as mentioned above. 63% of participants cultivated at least one crop other than maize, covering on average of 0.23 hectares of their farmland. This is a huge achievement, as farmers had been reluctant to adopt secondary crops despite its benefit in income, nutrition, and risk mitigation. Secondary crops cultivated include haricot beans, soya beans, groundnut, and sesame seeds.

Poultry, Beekeeping, and Animal Fattening

Poultry production has been challenged by diseases, lack of veterinary service, inability to afford feed and wild animal attacks. Consequently, fearing total loss, 41% of the participant households liquidated their poultry stocks in 2021. The earnings from the sales were invested in the purchase of goats, fertilizers and improved seeds, rental of a tractor and household expenses. However, other farmers like Mr. Suwar Atayer are finding success in their poultry.



Mr. Suwar Atayer, 35 years old.

Mr.Suwar Atayer, 35 years old, is among the best performing poultry producers in the programme. After joining the programme in 2018, he has progressed remarkably well in his poultry production. He currently owns 20 head of poultry and also bought goats with the income he earned from selling eggs and older hens and cocks. During the last 18 months, Mr.Suwar earned about ETB 7,200(USD 150) from such sales.

In the last three years, the honey pilot programme farmers produced 270 kilograms and sold 194 kilo grams of the harvest for about ETB 18,900 (USD 360). In 2021, half of the colonies deserted their beehives for a large part of the season. Only 49% of participants were able to harvest honey. However, after taking corrective measures as recommended by our field team such as relocating beehives under shade, 75% of beehives have been recolonized and farmers are looking forward to a better harvest.



In 2020, as part of the household livelihood income diversification and as per the articulated needs of farmers the Foundation also started small ruminant livestock support. In 2021, 40 households who completed the training and the construction of small ruminant houses in the Menge and Undulu districts were provided with 40 improved breed goats for fattening. Midline evaluations in 2022 will determine whether the pilot should be scaled up.

b. Improving Access and Quality of Education

Public Schools Upgrading

During the reporting period, we continued our interventions aimed at improving access and quality of basic education in all 11 public target schools in which 11, 237 (5,764 male, 5,473 female) students were enrolled. Our intervention in these schools is also benefiting more than 687 children enrolled in the early childhood education centres, who would otherwise be learning under trees and makeshift classrooms.



Makeshift class for students.



Assosa ECE class under a tree.

To this end, in 2021, the Foundation constructed five ECEs, four primary school additional blocks with four classrooms each, three gender segregated toilets, two water-harvesting structures, and a pedagogical centre. In addition, the Foundation also renovated five old classroom blocks, a laboratory and ECE centres. These newly constructed and renovated classrooms improved the classroom student ratios significantly. For example, in Tumat Aziz Primary School the ratio reduced from 1:87 to 1:54, while in Alhamer Primary School it improved from 1:92 to 1:66.





School infrastructure improvement.



New school toilets.



Greening school compound Keshaf Primary School.



School water harvesting tank.

In collaboration with the district education experts, the Foundation trained 1,440 selected school club leaders on topics such as leadership, Child Hygiene and Sanitation Training (CHAST) and life skills. Moreover, training in inclusive education was provided for 67 key local education stakeholder representatives such as teachers, kebele education board members, and parent teachers' association representatives. Following the training, schools conducted several awareness raising and practical school cleaning and greening activities.





Rewarding best performing students and parents.

The Foundation supported 754 (419 male, 335 female) students with exercise books and writing materials. After-school supplementary classes were provided for 1,176 low performing students on English, Mathematics and Science subjects.

On the other hand, more than 267 students, 252 parents and 28 Kebele education officers were recognised for good academic performance, providing support for their children, and undertaking regular supportive supervision.

Pharo Primary School Assosa



Pharo Primary School Assosa School assembly.

Since its opening in October 2020 Pharo Primary School Assosa is thriving towards achieving its goal of becoming a centre of learning excellence in the region. In the reporting period, significant investments were made in to strengthening its institutional capacity in terms of leadership, systems, operational standards, facilities, and human resources. In the 2021/2022 academic year, the school secured accreditation to teach from Grade 1-8 from the regional government. Consequently, in the academic year the school enrolled a total of 382 students (164 boys and 218 girls) in grades 1 to 8.

Pharo School Homosha

In 2021/2022, Pharo School Homosha welcomed its new Principal and new Head of Academics. After almost 1.5 years of remote teaching, the school returned to in-class education in the current academic year and welcomed163 students. The focus for the academic year was:





Homosha School activities.

- Enhancing the overall academic standards with an emphasis on English, Maths and Science classes as well as the overall discipline of students.

- Bringing fun to learning and taking a holistic approach to students' education by introducing the After School Enrichment Programme. The students are now equipped with better life skills ranging from riding a bicycle, cooking, planting vegetables, basic vehicle maintenance, basic work on electrical, mechanical & plumbing, as well as assembling a computer. This programme is helping build the students' self-confidence as well.

The continuous mentoring and support measures are helping to raise the overall standards of both the teaching staff and students. The English teachers are attending a UK-based English course. Many important events have been introduced such as Maths Day, Business Day and Sports Day to invigorate the learning experience.



Homosha School.

The school is also registered as a National Exams Centre and all Grade 12 students are registered to take the national exam required to graduate. The school has also been awarded a Level 4 (top) status after a thorough inspection by the education bureau. According to the inspectors, 'this is the model school for all other schools in Ethiopia'.

The kitchen and staff residence have been completed, improving the living standards on campus. Despite many unprecedented challenges in Ethiopia, the staff and students are working together to continue to raise standards in every area, helping all students to achieve and unlock their full potential to secure an outstanding future for the school.

c. Increasing Access to Clean and Adequate Drinking Water



Asossa water supply deep well drilling.

Assosa, the capital of BGRS, suffers from severe water shortages. Residents of the city and institutions like hospitals and schools receive intermittent water supply. In support of the regional government's effort to alleviate the problem, the Foundation committed to drilling three deep water wells for the city. In the reporting period, the drilling of deep wells was completed, of which two became productive. Hydrological investigations for a planned rural water supply scheme were also conducted in seven deep wells and three shallow well potential locations.



Hydrological investigation for rural water supply.

d. Improving access and quality of health services

Menge and Homosha health centres were our main targets in 2021.These health centres were not in a position where they could provide standard health services to about 31,000 people living in their coverage area. The renovation of the two health centres was as comprehensive as possible and included physical repair and maintenance of the main blocks and water pipes, changing the sanitation facilities and the electrical cables and lines in all rooms.





Menge health centre before and after renovation.



Asossa hospital NICU

Adult and Neonatal Intensive Care Unit (ICU/NICU): From January 2021 to the end of September 2021, the units have served a total of 1,550 patients in need of critical care including 1,171 neonates and 379 adult patients. The rate of survival has varied across the quarters while showing an overall improvement. For example, last year January to September 2020, the survival rate at NICU was 89% and that of the adult ICU was 72%. For the same period this year, the rate has increased to 93.1% and 82% in NICU and adult ICU respectively.



Community awareness raising event in Abora Kebele.

Community Hygiene and Sanitation Promotion: Several community awareness events for different sections of the community on sanitation and hygiene were conducted in 2021. 18 nurses and health extension workers were trained on sanitation and hygiene. They in turn trained 1,279 mothers in the target communities.

Market lead sanitation service: The Foundation supported the establishment of three youth groups to organise themselves and start a market oriented sanitary business. Accordingly, a public toilet service was established in Assosa town bus station by a youth group of seven members. The group charges ETB 10 for a shower and ETB 5 for the toilet. This project is a good example of providing necessary services, while creating new jobs especially for the youth.



Youth group activities.

Youth groups in Menge and Homosha are engaged in production and distribution of sanitary products as well.

Their first product is a rural pit latrine concrete slab. In general, the two enterprises were able to produce and sell 90 slabs in the reporting year and managed to save ETB 27,000 after restocking their production inputs and deducting modest income for their livelihoods.

Pharo Diagnostic Centre (PDC):



The Pharo Diagnostic Centre, Asossa, Ethiopia.

Last year, the Foundation took steps in establishing a diagnostic centre, envisioning to become a dependable partner in the quality of health care. The PDC aims at providing an accurate and client oriented diagnostic service including a medical laboratory and imaging studies. The Foundation hoped to launch the centre in the second half of 2021. Unfortunately, due to supply chain disruptions and security issues in Ethiopia, plans were postponed to 2022. In the meantime, preparation of the facility including the supply and fitting of all locally available materials was completed.

In preparation for the opening, the team has developed a working manual for standards of practices and operations within the PDC. International Organization for Standardization (ISO) for medical laboratories is the benchmark for developing the working manuals. Moreover, to deliver quality and efficient service through the integration of different units within PDC, and to ensure standard information handling mechanism, a Laboratory Information Management System software will be installed as soon as the laboratory machines are delivered to the centre

3.2.2. Somaliland

a. Improving Agriculture Production and Productivity





Drip irrigation in Botor village

In the last four years of working with small scale farmers in Botor and Ilinta, the Foundation introduced community level drip irrigation for predominantly pastoral communities by providing drip irrigation kits and other supplies, also through training, coaching, and mentoring. In 2021, the third cohort comprising of 60 farmers completed climate smart agriculture training and finalised the preparation their irrigation water ponds. Subsequently, the Foundation supplied drip irrigation kits and some of the farmers already started cultivating cash crops such as onions and tomatoes. The intervention resulted in increasing access to water, diversifying livelihood options, and increasing household income of the participating farmers.

In June, a delegation from the Somaliland Ministry of Agriculture led by the Director General (DG) paid a visit to The Pharo Foundation community drip irrigation implemention sites in Botor and Ilinta. The DG visited demonstration sites, individual farms and interacted with villagers who have been involved in the programme.




Somaliand Ministry of Agriculture Director General visiting Pharo Foundation supported irrigation water harvesting structure.

At the first ever Agriculture Symposium held in Somaliland later in the month, the DG presented his observations in Botor and Ilinta and praised the Foundation's work, stating " I can confidently say that The Pharo Foundation has taken the lead in introducing modern climate smart agriculture at the community level".

Animal Fattening Programme: The Foundation implemented a women empowerment pilot project to create a sustainable women-owned rural business. The project started at the end of 2020 by providing initial capital in the form of a loan for ten women from Botor village so they could each buy 10 animals to fatten**.**



Animal fattening programme.

Participants not only fattened and sold their animals at a better price, but also the majority of them paid back the loan they took from the Foundation in good time. In addition, some of the women bought new animals with the proceeds to continue with their business. The Foundation will evaluate the final results before taking a decision whether the programme should be scaled up or even implemented in other regions.

Gully prevention: Gully formation has serious threats to our operational villages, Botor and Ilinta; some farming plots are abandoned due to the erosion of the arable soil and the formation of drainage channels. The Foundation implemented a gully management project in February and March. By constructing well-designed soil bunds, 60 farms were repaired. The bunds reduced water runoff and increased water retention which prevented the expansion of the gullies. Moreover, the bunds enabled restoration of maximum rainwater and nutrients in the plots. After only two rainy seasons, the farms demonstrated tremendous reduction of soil loss and gully stabilisation.



Before gully prevention.



After gully prevention.



Tractor tillage of land.

Emergency support: The rain arrived unexpectedly in Botor and Illinta villages in the 2021 crop season, giving farmers no time to prepare their land on time. Consequently, the Foundation stepped in to support 250 vulnerable households by hiring tractors to accelerate tillage and farm preparation. The support helped farmers to cultivate sorghum and maize crops that improved household food security and animal feed availability during the dry season. While the Foundation focuses on long term sutainable development and does not implement emergency interventions as part of its strategy, the increasing unpredictability of the climactic factors and security problems are making us consider critical emergency interventions more regularly.

Environment week: Led by the agriculture team, Pharo environmental week was observed in the third week of November by planting trees at the Pharo Primary School in Hargeisa. The aim of the tree planting activity was firstly to teach the young students the importance of trees and the vital role they play in the ecosystem. The second objective was to establish environmental awareness within the Pharo team. While the third objective was to plant shade, ornamental and fruit trees in the school yard, which would create a peaceful and pleasing environment for the school. The activity also complements the Greening Hargeisa mission of the Hargeisa Municipality.

b. Improving Access to Quality Education

Vocational skills training: Following a skills and market gap assessment conducted on the construction industry in Hargeisa, the Foundation successfully launched its first pilot vocational training programme in September.

Finalising the necessary preparation including developing and translating course materials into the Somali language, the Foundation enrolled the first cohort of 50 trainees in painting and decorating, electric installation and solar energy. The students are mostly high school graduates who are currently unemployed. Once students complete the course and get their certificates, they will be sought after employees and are expected to find employment readily.







Vocation skills training painting and electrical installation.

Early Childhood Education (ECE)

With the establishment of three new ECE centres in 2021, the total number of Pharo supported ECE centres integrated in public primary schools in Hargeisa reached 15. In these centres 942 children were enrolled and are enjoying a safe and clean learning environment, nutritious snacks, regular health checks, and age appropriate play-based education.

This time last year we were able to supply snacks for only 4 of the 15 centres from our own kitchen while outsouricng the rest. In 2021, however, we successfully catered for all 15 centres from our own kitchen. Beyond the cost saving, the ability to control the quality of the snack has brought about a bigger impact on children's wellbeing. A pre- and post- health assessment of 816 children showed that general malnutrition decreased from 35% at enrolment to 15% at the end of the academic year across all centres.



Parents dropping kids at one our ECEs.



Nutrition snack preparation at a Pharo kitchen.



Oral health check.



Teachers training.

From Early Childhood Education to Early Childhood Development (ECE to ECD):

The current Pharo Foundation ECE programme has always had components of ECD (health assessment, community engagement, nutrition programme, etc.). However, in 2021 we started an expanded programme to target caregivers of our students. The aim is to support them in creating a nurturing and healthy environment at home, which in turn translates to higher student achievements.

The initiative is informed by the findings of International Development and Early Learning Assessment (IDELA) home learning environment survey we conducted in 2019. The survey identified that 70% of women caregivers have not been to school at all and the majority of children have no age appropriate books or toys at home.

Managing the transition to primary: Since 2016, more than 2,720 students graduated from the ECE programme and moved on to grade one. It has been observed that when our students reach grade one, the public school classroom culture and teaching did not match up to the learning environment that they were used to at Pharo ECE centres.

Teachers often find it difficult to provide individual support for grade one children as they have to deal with many children in crowded classrooms. The situation has increased frustration among children that have gone through the ECE programme as they have already learned most of the lessons being taught at grade one level.

Consequently, with the objective of facilitating a safe transition to primary school by providing education at a natural progress level after ECE, the Foundation decided to extend its support to primary schools where the ECEs are located, starting from grade one. The pilot programme targetted two schools with classroom improvement and teacher training. If the results are encouraging, the programme will be rolled out to all public schools where the ECEs are located.

Pharo Schools Somaliland

Last year, the Foundation conducted a thorough assessment of all Pharo Schools in Somaliland. Based on the findings of the assessment a comprehensive school improvement plan was developed and implementation commenced in the 2021/2022 academic year. The improvement plan includes school policy and procedures, academic standards and the teachers' expectation of professional development. All the schools adopted a new schedule, updated the curriculum delivery model, and modified teachers' work load, with a focus on having teachers as subject experts.

The Foundation's education team is now focusing on ensuring that school management has the support required to execute these new operational and academic standards. Since the implementation of the change, encouraging results have been observed in the teachers' motivation and the students achievement.

The Foundation added another classroom to the Pharo KG. This is a major milestone for the Kindergarten as student enrollment has increased by 25%.

For both the Primary school and KG, creating a welcoming safe environment was the priority for 2021. With the addition of school nurses, the Foundation focused on student wellbeing by providing health education to students and school staff.

In the 2021 National Exam, Pharo Secondary School students scored significantly high marks. Out of a total of 65 students that sat the exam, 61 scored A+ and A , while two students scored A- and another two scored B. These are the best results in the entire country for one particular school.

The comprehensive assessment also revealed some school environment related gaps, which included inadequate dormitory rooms for girls in Pharo Sheikh Secondary School. Subsequently, the Foundation embarked on a major expansion project including an additional girls' dormitory block. The first phase of the construction was completed in December 2021. When finished, the dormitory will provide comfortable living and study space for 72 female students.



Pharo Seconday School Sheikh expansion- new girls' dormitory.

c. Improving access to adequate and safe water



Community consultation during feasibility study.

The Water Programme kick started in March with the joining of the new Head of WASH. The main activities carried out were a feasibility study for 6 villages (including Awbarkhadle, Dararweyne, Hunbawayne and Jalelo) and a baseline study for 3 villages in Gabiley district, (Ijaara, Boodhley and Taysa).
The objective of the team is to design and implement transformational water structures to help alleviate the ever-worsening water shortage problems in the country.



The Foundation is also rehabilitating the earth dam in Ilinta village and installing a geo-membrane at the main reservoir. The reservoir already renovated in 2018 by the Foundation was damaged over the last few years and needed the additional works. The rehabilitation is expected to be completed in early 2022 in time for the rains.

4. Rwanda



Rwanda office team.

In 2021, the Foundation continued with the conversation to lease and take over the management of a portfolio of schools across Rwanda; unfortunately, the discussions did not yield the expected results. The Foundation then proceeded to look for other potential schools suitable for leasing. The search for a suitable school continues and we hope to open our first primary school in 2023.

The Foundation continued to grow with recruitment of additional new staff and the team remains committed to start with the education pillar in Rwanda before commencing with the other strategic pillars.

5. Kenya



The Kenya office continued its recruitment efforts and onboarded several key team members over the year including in HR, health, and education.

The due diligence on the education sector continued and the Foundation is very excited about the potential for impact in Nairobi. The Foundation also facilitated a tree planting initiative in Kenya as one of the activities to commemorate the Foundation's 10-year anniversary and as part our Corporate Social Responsibility. This was in collaboration with a local primary school and an environmental conservation body. The initiative was aimed at propagating the importance of environmental conservation and its impact on future generations.

6. Pharo Ventures (PV)

Overview and Outlook

In July, Pharo Ventures welcomed its new CEO. Despite the challenges brought about by the pandemic, Pharo Ventures did not lose momentum in its goal to invest in and scale profitable commercial ventures in East Africa. The company pivoted its country operations to a hybrid of virtual and semi-virtual delivery in direct response to the pandemic.

The pivot allowed PV to accelerate the hiring process for the country teams. This acceleration saw an influx of new talent joining at all levels. Total headcount now stands at 27 with more to join in 2022. In addition, Pharo Ventures improved its operating procedures and introduced new technologies across its organisation to strengthen procurement process and financial reporting.

Regional investment activities also gathered pace:

The Ethiopia Ventures team proposed a large investment in a 50 MT per day edible oil processing plant. The state-of-the-art plant will process four different types of oil seeds into edible oils and animal feed cakes. The board approved the business plan in July and, since then, the team has focused on gathering market intelligence, recruiting for key project positions, and securing land.





The Somaliland Ventures team set up its first commercial venture in the construction sector. 2021 being the first year of operation meant that Pharo Construction Ltd (PCL) concentrated on recruitment, gaining market entry, and learning how to remain competitive in the industry. It managed to secure six construction projects during the year. The projects are broken down as follows:

- Three are in the education sector,
- Two are in development of residential properties in Hargeisa;
- One minor project involving the construction of a wall fence.

Two of the school projects and the fencing works were completed by year-end while construction of the two residential homes is still on-going with completion expected in 2022. PCL being a platform company has provided a learning opportunity to the rest of the ventures team.

At the same time, the Somaliland team spent the year developing a business plan for the commercial farming venture and completing the installation of the batching plant at PCL.

2021 was a foundation year for Pharo Ventures in many ways and while it made the company rethink many things it also unlocked new opportunities for its work, such as how it supports the initial phases of the infrastructure buildout of its investments.

7. The Pharo Foundation Strategy (2020- 2025)

Over the course of 2019, it became clear that the Foundation's fast pace of growth would be better supported by a revised 5-year strategic plan; one that is more holistic and bottom-up, as well as one that is built on past successes. This new 5-year plan, which we started in implementing in 2019, continues to be our focus.

The key drivers of The Pharo Foundation strategy are:

- Talent development and controlled growth
- Accountability, teamwork and quantifiable results
- Building a "best in class" culture, reputation and track-record
- Two-pronged approach: support the public sector human and physical capital while building a solid Pharo-owned portfolio of programmes and businesses that focus on financial and operational self-sustainability
- Integrated holistic design that targets multiple outcomes from each programme
- Sharing and leveraging our learning and networks
- Geographical diversification within East and into West Africa

While adhering to the above principles, the Foundation will continue to invest in the four main themes that the trustees have approved as our main areas of focus: agriculture, education, health and water. Our work with the government and communities will primarily target increasing "access" and eventually quality, while our Pharo brand initiatives will represent "quality" and long-term commitment. In parallel, our social enterprises strive to fill the gaps in the services and manufacturing sectors with emphasis on quality, sustainability and job creation under Pharo Ventures. We plan to carry out our programmes in cooperation and coordination with the appropriate government, community and external stakeholders to maximise buy-in, leverage, success and longevity.

8. Structure, Governance and Management

8.1 Governing document

The 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).

8.2 Organisational structure

The Pharo Foundation is a medium-sized, yet growing, organisation with its Trustees overseeing its work routinely. The group ownership and control of various entities are listed under note 11 below.

In 2019, the Foundation took the strategic decision to establish various social enterprise businesses to carry out more of its activities under the Pharo Ventures name. The enterprises have three objectives: maximising economic value added, maximising the number of jobs created and reaching profitability within a few years.

The team at The Pharo Foundation (UK) comprises a Chief Executive Officer (CEO), one Programme Officer, an Office and HR Manager and a Finance Manager. Trustees are appointed by the Member and serve for three years after which they may put themselves forward for re-appointment. The current Trustees were appointed based on the skills and experience that they offer The Pharo Foundation and their interest in the charitable objectives of The Pharo Foundation. All Trustees are given an induction pack that explains the legal obligations of the Trustees and includes The Pharo Foundation's governing document and other key policy documents.

The Trustees who held office during the period ending 31 December 2021 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 The Pharo Foundation, during the year. Expenses reimbursed to Trustees are disclosed in note 9 of the financial statements.

The day-to-day management of the charity's activities and the implementation of its policies are delegated to the CEO of the Foundation. Management reporting lines are clearly defined, and the Trustees receive regular reports on both the programme and grant activities to enable them to fulfil their responsibilities.

The key management personnel of the charity, responsible for directing and controlling, running and operating the charity on a day-to-day basis, comprises the CEO and guidance from the Trustees as well the CEO of Pharo Ventures who reports to the CEO of the Foundation.

8.3 Statement of Trustees responsibilities

The Trustees (who are also directors of The 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.

8.4 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 2021.

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 among the major risks that the Trustees have identified and established effective controls to mitigate them:

- ✓ The Foundation stability in its vision, mission, values and strategic forward planning with potential consequences of loss of reputation and no clear objectives or priorities going forward. The Foundation's vision, mission and values have always been clear and the Trustees have developed a well-articulated five-year strategy (2020-2025) and updated the vision, mission and values.

- ✓ 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.

8.5 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.

8.6 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.

8.7 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:

8.7.1 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.

9. Future Plans and Objectives

Our strategy, vision, mission and values continued to guide us in 2021. Our strong and focussed team were critical in our growth and numerous achievements and will continue likewise in 2022. Our aim is to continue to grow our offices and headcount across all countries while continuously developing and upgrading our talent pool, to fully establish Nairobi as our East Africa headquarters, to start launching social ventures business in Somaliland and Ethiopia.

The following are our key objectives for 2022:

Organisational

- Culture building across the entire organisation to ensure every employee is aligned with the vision, mission, and values of the organisation.
- Improve internal and external communication
- Continuous professional development for all staff
- Finalise key hires, especially in Kenya and Rwanda
- Continue to improve operational efficiencies
- Continue to improve M&E processes and reporting

In Ethiopia

- Continue to build a solid team and operational structure; upgrade team as needed
- Continue implementation of the new 5-year plan in BGRS government, covering all four areas of focus and with a renewed focus on water infrastructure development
- In line with the SEEP programme, establish the Pharo Diagnostic Centre
- Start a new and larger primary school in Assosa
- Ensure success of Pharo School Homosha graduating class in university entrance process
- Acquire land and start plans for the construction of Pharo regional offices in Assosa
- Establish a commercial farm, as well as a business plan for subsequent social ventures

In Somaliland

- Continue to build a solid team and operational structure
- Improve fiscal discipline and academic excellence at Pharo Schools
- Continue expansion of the ECE programme to 2 additional public schools
- Improve and expand the Agriculture programme
- Design and implement transformational water infrastructure to address the chronic water shortage in the country
- Kick-start the health pillar through the implementation of a strategic pilot project
- Consolidate Pharo Construction's position in the sector
- Assess the feasibility of a commercial farm under Pharo Ventures

In Kenya

- Continue to build a strong management team to oversee the East African operations and ensure seamless integration with country operations
- Analyse the feasibility of acquiring schools in Nairobi
- Analyse and approve the first Pharo Ventures business in Kenya

In Rwanda

- Become physically operational and recruit a strong founding team
- Acquire a portfolio of primary/secondary schools to be anchor entry point into the country

However, the serious extraneous hurdles we have faced and overcome over the last few years make us cognisant of the fact that, despite our best efforts, much of our progress and success will depend on the economic, political, infrastructural, and other unforeseen problems of 2022, as observed in 2021:

- Economic and political instability in Ethiopia
- Erratic weather patterns in Somaliland
- Continuous lockdowns, travel restrictions, slow turn-around and uncertainty on the part of government agencies due to Covid-19 in all countries.

10. Financial Review

10.1 Financial position

The Pharo Foundation received a donation of US$ 20,011,801 during the period from Pharo Development Investment Limited (PDIL) which was unrestricted. PDIL acts as a vehicle to distribute profits received from Pharo Management (UK) LLP.

During the year, the total income of the group for the period was US$ 20,640,982 from donations and legacies, charitable activities, investment and other trading activities. Income from donations and legacies increased by US$ 39,219 representing a 64% increase from the previous year. Income from charitable activities decreased by US$ 93,811 representing a 16% decrease from prior year mainly due to incorporation of an extra school term in prior year as compared to the current year. Income from investment increased by 130%, mainly due to increased disbursement from PDIL. Other trading incomes amounting to US$ 14,402 related to income from social ventures businesses.

During the year, the total expenditure of the group was US$ 11,253,565. Expenditure overall increased by 60%, which was a result of the Foundation operations expansion. The Foundation incurred a total cost of US$ 1,958,287 as part of social ventures trading (2020, $154,010). Foundation grants awarded increased by 7%, equivalent to US$ 65,180 as compared to the previous year. Agriculture, Education, Health, Water and Sanitation programmes cost significantly increased by US$ 2,398,880, which is up 35% compared to last year. This was mainly due to the restart of our operations after Covid-19 pandemic and expansion of the Foundation programmes during the year.

At 31 December 2021, the group had total unrestricted funds of US$ 24,174,167. Of this amount, US$ 163,799 has been committed to partners as future funding, subject only to satisfactory reviews of project progress. This amount is not available for future programme grants or general expenses. US$ 5,222,784 is the net book value of the group and charity's tangible fixed assets and US$ 1,803,222 is being invested in impact investments and the remaining unrestricted funds of US$ 16,982,818 are the group's reserves.

The Pharo Foundation does not undertake fundraising activities.

Investment policy

The Pharo Foundation had an investment portfolio valued at US$ 1,804,766 at 31 December 2021 (2020 – US$ 1,444,122). The Pharo Foundation has a mixed motive investment charitable objective. The investment objective is two-fold. One objective is to generate annual investment returns in excess of cash deposit accounts the rate and/or to further its charitable objectives. The more critical objective is to support African start-ups in becoming successful organisations that create jobs and economic value. The Foundation aims to learn from these investments with respect to African operating environments and opportunities and also potential technology transfer where applicable.

The Trustees have a significant amount of investment experience and expertise. The Trustees undertake due diligence and carefully evaluate an investment proposition in both financial and mission related terms before an investment decision is made. Performance of investments is monitored periodically by the Trustees on an on-going basis. Over the past 12 months, the value of portfolio increased by 25% resulting in a net gain of US$ 360,644. The net gain was mainly due to the revaluation of investment at year-end to reflect economic stability gained after the impact of the Covid-19 pandemic on the global markets.

10.2 Reserves policy

The Pharo Foundation has committed to several charitable grant projects and programmes with various on-going financial commitments. Accordingly, the Trustees monitor the level of reserves throughout the year to enable it to meet these financial commitments and other operational liabilities. Funds committed to partners and our own programmes are shown as designated funds in the balance sheet and are payable only after reviews of project and programme progress. The Pharo Foundation's reserves are those funds not already committed and therefore available for future programme spending. It is not the intention of the Trustees to accumulate reserves; the Trustees plan to expend the charity's resources over a reasonable period.

Approved by the Trustees and signed on their behalf by:



Mr Guillaume Fonkenell,
Trustee
Approved by the Trustees on 29th September 2022

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

Opinion

We have audited the financial statements of The Pharo Foundation (the 'foundation') and its subsidiaries (the 'group') for the year ended 31 December 2021 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 2021 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' 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.

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.

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. This description forms part of our auditor's report.

Independent auditor’s report
For the year ended 31 December 2021

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: 30 September 2022

Consolidated statement of financial activities
For the year ended 31 December 2021

	Notes	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Income from:			
Donations and legacies	**1**	100,689	61,470
Charitable activities	**2**	498,099	591,910
Other trading activities	**3**	14,402	-
Investment	**4**	20,027,792	8,703,597
Total income		20,640,982	9,356,977
Expenditure on:			
Social ventures trading	**5**	1,958,287	154,010
Charitable activities	**6**	9,295,278	6,896,398
Total expenditure		11,253,565	7,050,408
Minority interests		228	-
Net income before investment gains		9,387,645	2,306,569
Net gains/(losses) on investment assets	**7**	360,644	(1,953,219)
Net income		9,748,289	353,350
Other recognised gains/losses			
(Losses) on foreign exchange		(764,183)	(649,407)
Net movement in funds	**8**	8,984,106	(296,057)
Total funds brought forward		15,190,061	15,486,118
Total funds carried forward		24,174,167	15,190,061

All the above results are derived from continuing operations. The Pharo Foundation has no recognised gains or losses other than those shown above.

Statement of Financial Position
31 December 2021

	Notes	Group 2021 US$	Group 2020 US$	Foundation 2021 US$	Foundation 2020 US$
Fixed assets					
Tangible assets	10	5,222,784	3,345,076	3,407,283	2,836,627
Investments	11	1,804,766	1,444,122	4,057,705	1,976,875
		7,027,550	4,789,198	7,464,988	4,813,502
Current assets					
Debtors due within one year	12	854,535	710,024	654,406	749,863
Cash at bank and in hand		17,157,953	10,309,165	16,873,664	10,272,217
		18,012,488	11,019,189	17,528,070	11,022,080
Creditors: amounts falling due within one year	13	(865,427)	(618,326)	(834,658)	(552,639)
Net current assets		17,147,061	10,400,863	16,693,412	10,469,441
Total net assets		24,174,611	15,190,061	24,158,400	15,282,943
Minority interests		(444)	-	-	-
Net assets attributable to Group		24,174,167	15,190,061	24,158,400	15,282,943
Funds of the charity:					
Unrestricted Funds					
. General funds		16,982,818	9,280,698	16,529,613	9,349,276
. Designated funds	14	7,191,349	5,909,363	7,628,787	5,933,667
		24,174,167	15,190,061	24,158,400	15,282,943

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

G. Fonkenell

Mr Guillaume Fonkenell,
Trustee
Approved on 29th September 2022

Statement of Cash Flows
31 December 2021

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Cash flows from operating activities:		
Net cash (used in) operating activities	(9,715,134)	(6,306,150)
Cash flows from investing activities:		
Income from investments	20,027,792	8,703,597
Purchase of tangible fixed assets	(3,213,202)	(1,464,582)
Net cash provided by investing activities	16,814,590	7,239,015
Change in cash and cash equivalents in the reporting period	7,099,456	932,866
Cash and cash equivalents at 01 January 2021	10,309,165	9,747,442
Change in cash and cash equivalents due to exchange rate movements	(250,668)	(371,143)
Cash and cash equivalents at 31 December 2021	17,157,953	10,309,165

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Net income for the reporting period (as per the statement of financial activities)	9,748,289	353,350
Adjustments for:		
(Gains) / losses on investments	(360,644)	1,953,219
Finance cost / Interest expense	-	-
Depreciation charges	446,674	211,552
Impairement of fixed assets	375,749	-
Income from investments	(20,027,792)	(8,703,597)
(Increase) in debtors	(144,511)	(287,512)
Increase in creditors	247,101	166,838
Net cash used in operating activities	(9,715,134)	(6,306,150)

Principal accounting policies
31 December 2021

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

Basis of accounting
The Consolidated Financial Statements incorporate the results of the charity and its subsidiaries, as listed at note 11, for the year ended 31 December 2021.The acquisition method of accounting has been adopted.

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

Basis of consolidation
The Consolidated Financial Statements incorporate the results of the charity and its subsidiaries, as listed at note 11, for the year ended 31 December 2021.The acquisition method of accounting has been adopted.

Under section 408 of the Companies Act 2006 and the SORP, The 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 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.

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.

- New Forest Company: Following availability of reliable fair values at the year-end, this investment has been held at revalued amount mainly to reflect economic stability gained after the impact of the

Covid-19 pandemic on the global markets. 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 has been informed by financial performance information provided to shareholders

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 2021, 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 it's activities as planned will be affected, as detailed on page 26 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 its allocated profit share in May 2022 from Pharo Management (UK) LLP 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.

Principal accounting policies
31 December 2021

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.

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 The 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.

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 partial completed proportion of the buildings measured at cost.

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.

Although the functional and presentational currency, as stated above, is US$, the 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 14.

1 Donations and legacies

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Donations	100,689	61,470
	100,689	61,470

2 Income from charitable activities

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Pharo Schools	496,627	573,088
Other income	1,472	18,822
	498,099	591,910

3 Income from social enterprise trading

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Construction income	14,402	-
	14,402	-

4 Income from investments

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Profit share from Pharo Management UK LLP	20,014,586	8,630,375
Bank interest	13,206	73,222
	20,027,792	8,703,597

5 Expenditure on Social Ventures Trading

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Expenses incurred by Social Ventures Group of companies	133,293	26,751
Operational costs from the Social Ventures Group of companies	1,776,022	124,824
Governance costs	48,972	2,435
	1,958,287	154,010

6 Expenditure on charitable activities

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Grants	1,064,147	998,967
Integrated Livelihood Programme	7,611,524	5,465,253
Support costs of grantmaking and programme activities	619,607	432,178
	9,295,278	6,896,398

Analysis of activities	Activities undertaken directly 2021 US$	Grant funding of activities 2021 US$	Support costs 2021 US$	Amount 2021 US$
Agriculture	643,641	-	45,968	689,609
Education	6,289,801	289,147	469,862	7,048,810
Health	364,392	775,000	81,374	1,220,766
Water & Sanitation	313,690	-	22,403	336,093
	7,611,524	1,064,147	619,607	9,295,278

Analysis of activities	Activities undertaken directly 2020 US$	Grant funding of activities 2020 US$	Support costs 2020 US$	Amount 2020 US$
Agriculture	448,677	-	29,997	478,674
Education	4,971,017	273,967	350,664	5,595,648
Health	3,854	725,000	48,729	777,583
Water & Sanitation	41,705	-	2,788	44,493
	5,465,253	998,967	432,178	6,896,398

Support costs have been allocated to each of the above activities on the basis of resources used during the year.

Analysis of support costs	1 Jan 2021 to 31 Dec 2021 US$	1 Jan 2020 to 31 Dec 2020 US$
Communications & IT	24,019	14,609
Finance costs	423	366
General management	81,882	23,168
Office and premises	88,542	83,578
Staff costs	343,071	246,720
Governance costs	81,670	63,737
	619,607	432,178

7 Gains / (Losses) on investment assets

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Investment gains / (losses)	360,644	(1,953,219)
	360,644	(1,953,219)

The Foundation incurred a gain on investment because of revaluation of share price on invested entities. Further details on the basis of valuation for these investments are included at note 11. The motivation for holding these investments is in part a contribution to the charity's aims. The trustees' assessment of these holdings against their overall investment objectives is detailed within the trustees report.

8 Net movement in funds

This is stated after charging:

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Staff costs (note 9)	4,059,744	2,954,636
Parent company auditor's remuneration		
- statutory audit services	26,220	22,444
- other services	-	3,690
Other companies auditor's remuneration		
- statutory audit services	24,454	8,926
- other services	12,645	5,484
Depreciation	446,674	211,552
Impairement of fixed assets	375,749	-
Operating lease rentals	59,356	73,985

9 Staff costs, key management personnel and trustee's remuneration

	Group 1 Jan 2021 to 31 Dec 2021 US$	Group 1 Jan 2020 to 31 Dec 2020 US$
Employees		
- wages and salaries	3,867,760	2,826,171
- social security costs	21,640	14,773
- employer pension contributions	170,344	113,692
	4,059,744	2,954,636

The average number of employees during the period totalled 377 persons (2020: 265 persons). This is analysed as follows:

	Group 1 Jan 2021 to 31 Dec 2021 No.	Group 1 Jan 2020 to 31 Dec 2020 No.
Number of support staff	3	3
Number of programme staff	345	258
Number of social ventures staff	29	4
	377	265

	Group 1 Jan 2021 to 31 Dec 2021 No.	Group 1 Jan 2020 to 31 Dec 2020 No.
Employees with emoluments between £60,001 to £70,000 per annum	2	-
Employees with emoluments between £80,001 to £90,000 per annum	-	1
Employees with emoluments between £160,001 to £170,000 per annum	2	1
Employees with emoluments between £110,001 to £120,000 per annum	1	-
Employees with emoluments between £190,001 to £200,000 per annum	-	2
Employees with emoluments between £210,001 to £220,000 per annum	-	1
	5	5

The key management personnel of the Group comprises the CEO, Trustees of the Pharo Foundation and the CEO of Pharo Ventures Kenya. The CEO of Pharo Ventures Kenya reports to the CEO of the Foundation.

The total remuneration of the key management personnel was US$ 141,637 (2020: US$ 321,314) due to a delay in the replacement hiring of some key staff. The CEO of the charity is on an unpaid basis.

No Trustees received any remuneration or reimbursement of expenses in their capacity as trustees. No Trustee incurred travel expenses during the year (2020: US$ 23,318 for three Trustees).

10 Tangible assets

Tangible fixed assets

Group	Furniture and fittings US$	Plant and Machinery US$	IT equipment US$	Motor Vehicles US$	Building US$	Leasehold Improvements US$	Land US$	Work in progress US$	Total US$
Cost									
At 1 January 2021	124,565	-	92,225	505,333	2,189,538	102,238	-	638,761	3,652,660
Additions	330,814	299,778	91,735	1,019,499	120,501	-	198,824	1,152,051	3,213,202
Transfers	-	-	-	-	583,309	-	-	(583,309)	-
Impairement	-	-	-	-	-	-	-	(375,749)	(375,749)
FX on exchange rate	(22,378)	-	(10,476)	(16,503)	(491,419)	(20,581)	-	(33,565)	(594,922)
At 31 December 2021	433,001	299,778	173,484	1,508,329	2,401,929	81,657	198,824	798,189	5,895,191
Depreciation									
At 1 January 2021	37,954	-	21,233	177,300	62,206	8,891	-	-	307,584
Charge for the period	77,938	20,247	41,739	187,937	100,492	18,321	-	-	446,674
FX on exchange rate	(14,108)	-	(5,979)	(33,442)	(24,541)	(3,780)	-	-	(81,850)
At 31 December 2021	101,784	20,247	56,993	331,795	138,157	23,432	-	-	672,407
Net book value									
At 31 December 2021	331,217	279,531	116,491	1,176,534	2,263,772	58,225	198,824	798,189	5,222,784
At 31 December 2020	86,611	-	70,992	328,033	2,127,332	93,347	-	638,761	3,345,076

Foundation	Furniture and fittings US$	IT equipment US$	Motor Vehicles US$	Building US$	Land US$	Work in progress US$	Total US$
Cost							
At 1 January 2021	118,306	83,623	416,920	2,057,151	-	444,719	3,120,719
Additions	200,621	56,533	100,951	-	61,314	931,268	1,350,687
Transfers	-	-	-	583,309	-	(583,309)	-
FX on exchange rate	(21,119)	(9,674)	1,293	(464,769)	-	(73,036)	(567,305)
At 31 December 2021	297,808	130,482	519,164	2,175,691	61,314	719,642	3,904,101
Depreciation							
At 1 January 2021	36,390	19,198	168,504	60,000	-	-	284,092
Charge for the period	58,542	34,150	98,251	89,615	-	-	280,558
FX on exchange rate	(12,458)	(5,340)	(26,905)	(23,129)	-	-	(67,832)
At 31 December 2021	82,474	48,008	239,850	126,486	-	-	496,818
Net book value							
At 31 December 2021	215,334	82,474	279,314	2,049,205	61,314	719,642	3,407,283
At 31 December 2020	81,916	64,425	248,416	1,997,151	-	444,719	2,836,627

The transfers relate to Homosha boarding school staff residence blocks which was fully completed and handed over in September 2021. Impairment recognised relates to idle infrastructural developments that were done on the farm in Ethiopia.

Assets not valued

In Ethiopia, the Foundation has been granted use of a 26 and a 484 hectare plot of land from the Environment Forest and Land Administration Office, of Benishangul Gumuz Regional State for the construction of the Pharo School Homosha and establishment of Pharo Farm respectively.

In Somaliland, the Foundation has been granted three School sites from the Ministry of Education and Science to be responsible for operating, running, and developing the Schools.

Although the risks and rewards of ownership of these sites is held by the Foundation, no value has been attributed to them in the financial statements. The Foundation is unable to reliably estimate their value under the specific terms granted.

11 Investments

	Group 2021 US$	Group 2020 US$	Foundation 2021 US$	Foundation 2020 US$
Unlisted investments	1,804,766	1,444,122	1,803,221	1,442,576
Investment in subsidiary company	-	-	2,254,484	534,299
	1,804,766	1,444,122	4,057,705	1,976,875

Analysis of movement in investments

	Group 2021 US$	Group 2020 US$	Foundation 2021 US$	Foundation 2020 US$
Market value at 01 January 2021	1,444,122	3,247,341	1,976,875	3,245,799
Additions	-	150,000	3,055,385	684,295
Impairement in subsidiary investment	-	-	(1,335,199)	-
Net (loss) on investment asset	360,644	(1,953,219)	360,644	(1,953,219)
Market value at 31 December 2021	1,804,766	1,444,122	4,057,705	1,976,875

Analysis of historical costs

	Group 2021 US$	Group 2020 US$	Foundation 2021 US$	Foundation 2020 US$
Unlisted investments	5,151,542	5,151,542	5,151,542	5,151,542
Investment in subsidiary company	-	-	3,589,681	534,296
	5,151,542	5,151,542	8,741,223	5,685,839

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.

During the prior year, the Foundation had invested in Lynk as part of its mixed motive investment charitable objective. However, the business was affected significantly by the Covid-19 pandemic, and this adversely affected the operations of Lynk and Trustees' deemed it appropriate to impair the value of US$ 150,000 investment to US$ 1.

During the year, the Trustees' deemed it appropriate to revalue the New Forests Company Holdings Limited investment from US$ 1,444,122 to US$ 1,804,766 to reflect the current market value due to stability gained after the impact of the Covid-19 pandemic on the global markets.

Subsidiary undertakings

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

Name	Parent undertaking	Registration status	Registration number	Nature of business
Pharo Development Investment Limited ('PDIL')	The 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 The Pharo Foundation.
Pharo Enterprises Limited ('PEL')	The Pharo Foundation - 100%	Company limited by shares (England	Company number 12211206	PEL is a holding company whose principal activity is to establish Social Enterprises in East Africa.

		& Wales)		
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 – 99.9%	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 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.
The Pharo Foundation Farm ('FARM')	The Pharo Foundation - 100%	Company limited by shares (Ethiopia)	Registered number MT/AA10/0050443/2011	The Farm is an income-generating part of The 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.
The Pharo Foundation Rwanda Ltd ('PFRW')	The 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. This entity remained dormant during the year.
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 2021 is as follows:

	2021 PDIL $	2021 PEL $	2021 PVSL $	2021 PCL $	2021 RESL $	2021 FARM SL $	2021 PIAM ET $	2021 FARM ET $	2021 PVKL $	2021 PVRWL $
Income	20,011,801	-	-	405,542	-	-	-	506	1,268,111	-
Administrative expenditure	(2,669)	(2,604)	(134,540)	(679,669)	-	-	(142,013)	(782,665)	(1,238,727)	-
Operating surplus (deficit)	20,009,132	(2,604)	(134,540)	(274,127)	-	-	(142,013)	(782,159)	29,384	-
Distributions under gift aid	(20,005,801)	-	-	-	-	-	-	-	-	-
Net result	3,331	(2,604)	(134,540)	(274,127)	-	-	(142,013)	(782,159)	29,384	-
Other gains (losses)	(4)	(27)	8	52	-	-	27,748	21,555	7,973	-
Taxation	-	-	-	-	-	-	-	-	(26,633)	-
Net surplus / (deficit)	3,327	(2,631)	(134,532)	(274,075)	-	-	(114,266)	(760,604)	10,724	-
Retained funds at 1 January 2021	(357)	(2,182)	-	-	-	-	-	(144,523)	38,903	-
FX on exchange rate	-	-	-	-	-	-	-	29,502	(1,216)	
Retained funds at 31 December 2021	2,970	(4,813)	(134,532)	(274,075)	-	-	(114,266)	(875,625)	48,411	-
Called up share capital At 31 December 2021	2	2,254,481	2,000,000	1,800,510	1,000	1,000	216,955	1,335,300	2,236,903	1,000

	2020 PDIL $	2020 PEL $	2020 FARM $	2020 PVKL $	2020 PVRWL $
Income	8,630,375	-	26	1,151,262	-
Administrative expenditure	(2,437)	(2,435)	(151,575)	(1,100,648)	-
Operating surplus (deficit)	8,627,939	(2,435)	(151,549)	50,614	-
Distributions under gift aid	(8,630,375)	-	-	-	-
Net result	(2,437)	(2,435)	(151,549)	50,614	-
Other gains (losses)	(71)	253	7,027	4,208	-
Taxation	-	-	-	(15,919)	-
Net surplus / deficit	(2,507)	(2,182)	(144,523)	38,903	-
Retained funds at 1 January 2020	2,150	-	-	-	-
Retained funds at 31 December 2020	(357)	(2,182)	(144,523)	38,903	-
Called up share capital At 31 December 2020	2	5,481	528,816	917	1,000

12 Debtors

	Group 2021 US$	Group 2020 US$	Foundation 2021 US$	Foundation 2020 US$
Accounts Receivable	18,413	127,134	18,413	127,136
Prepayments	754,748	416,061	581,347	228,241
Construction advance	-	35,783	-	35,783
Sundry debtors	81,374	70,639	54,040	53,826
Amounts due from subsidiary undertaking	-	60,407	606	304,877
	854,535	710,024	654,406	749,863

Sundry debtors include rent deposits of US$ 40,285 (2020 – US$ 38,410). The rent deposit is subject to a charge against all sums due and all The Pharo Foundation's obligations under property leases.

13 Creditors: amounts falling due within one year

	Group 2021 US$	Group 2020 US$	Foundation 2021 US$	Foundation 2020 US$
Provision for corporation tax in subsidiary entity	-	15,543	-	-
Accruals	306,656	128,903	364,621	120,652
Trade and other payables	558,771	473,880	470,037	431,987
	865,427	618,326	834,658	552,639

14 Designated funds

Group	At 1 Jan 2021 US$	Net new commitments/ Investment US$	Granted / (Gained / Impaired / Utilised) US$	At 31 Dec 2021 US$
Grants payable	1,120,165	107,781	(1,064,147)	163,799
Impact investments	1,442,578	-	360,644	1,803,222
Investments	1,544	-	-	1,544
Tangible fixed assets	3,345,076	2,618,280	(740,572)	5,222,784
	5,909,363	2,726,061	(1,444,075)	7,191,349

Foundation	At 1 Jan 2021 US$	Net new commitments/ Investment US$	Granted / (Gained / Impaired) US$	At 31 Dec 2021 US$
Grants payable	1,120,165	107,781	(1,064,147)	163,799
Impact investments	1,442,578	-	360,644	1,803,222
Investments	534,296	3,055,385	(1,335,199)	2,254,482
Tangible fixed assets	2,836,627	783,382	(212,725)	3,407,284
	5,933,666	3,946,548	(2,251,427)	7,628,787

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 “Grants payable” fund represents monies which the Trustees have committed to various partner organisations. Net new commitments represent new grants awarded in the year less amounts committed in previous periods.

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

The investments fund in the group represents investment of PDIL in Pharo Management (UK) LLP.
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.

15 Taxation

The Pharo Foundation is a registered charity and, therefore, is not liable for 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 The Pharo Foundation and hence no tax is payable by them.

The Foundation’s branches registered in Ethiopia 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 2021 was 30% as per the Tax Laws (Amendment) Act 2020. As a result, the tax charge for the year was US$ 26,633 (2020 US$ 15,919).

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.

16 Related party transactions

The Pharo Foundation is funded by a proportion of profits realised by Pharo Management (UK) LLP, US$ 20M (2020 US$ 8.6M), where Mr Guillaume Fonkenell is a Managing Member. During the year, a trustee procured a piece of land in Somaliland valued at $ 3.6 million with the intention of leasing out the land to the Foundation free of charge. The Foundation assisted the trustee by facilitating this purchase. No amounts were owed to or from the trustee as at 31 December 2021 and the lease is expected to be entered into in 2022.

17 Analysis of net assets between funds

Group	General funds US$	Designated funds US$	Total 2021 US$
Tangible fixed assets		5,222,784	5,222,784
Investments	-	1,804,766	1,804,766
Net current assets	16,982,818	163,799	17,146,617
	16,982,818	7,191,349	24,174,167

Foundation	General funds US$	Designated funds US$	Total 2021 US$
Tangible fixed assets	-	3,407,283	3,407,283
Investments	-	4,057,705	4,057,705
Net current assets	16,529,613	163,799	16,693,412
	16,529,613	7,628,787	24,158,400

18 Financial commitments

At 31 December 2021, The Pharo Foundation had the following future minimum commitments under non-cancellable operating leases on land and buildings:

	2021 US$	2020 US$
Land & Buildings		
. Less than one year	106,126	55,489
. Between two to five years	401,869	-
	507,995	55,489

The Pharo Foundation's commitments to fund projects where recipients have yet to meet all conditions for receipt are shown in note 14.

19 Post balance sheet event

Subsequent to the year-end, the Trustees decided to bring the Pharo Farm Ethiopia to closure due to challenges experienced in operating this farm. The factors that resulted in the closure surrounded poor weather patterns, soil and topography and infrastructural development challenges due to the location of this farm. Therefore, it was resolved to close the business by 30 September 2022.

Pharo Foundation

England & Wales - Charity number 1143152

Accounts

The Pharo Foundation

Annual Report and Financial Statements

For the year ended 31 December 2020

Company Limited by Guarantee
Registration Number 07678862
(England and Wales)

Charity Registration Number 1143152

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Reference and administrative information

Trustees	Mr Matthieu Baumgartner Mr Guillaume Fonkenell Ms Farah Jirdeh-Fonkenell Ms Gulden Kazandag (Resigned 21 December 2020) Mr Mustafa Jama (Joined 21 December 2020) Mr Nicolas Sagna
Chief Executive Officer	Ms Gulden Kazandag
Principal office	154 Brompton Road 3rd Floor London SW3 1HX
Charity registration number	1143152
Company registration number	07678862 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal Bankers	HSBC Bank Plc 16 King Street Covent Garden London WC2E 8JF
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

Trustees' Report (including Strategic Report)
For the year ended 31 December 2020

The Trustees present their statutory report together with the consolidated financial statements of The Pharo Foundation (the "Foundation") and its subsidiaries for the year ended 31 December 2020.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 36 to 39 therein and comply with the charitable company's Articles of Association, applicable laws and the requirements of 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 UK and Republic of Ireland (FRS 102).

1. Introduction

In 2020 The Pharo Foundation continue to work with the new Vision, Mission and Values and these are at the forefront of the day-to-day operations of the organisation.

1.1 Our vision

The Pharo Foundation's vision is an inclusive and economically vibrant Africa.

1.2 Our mission

Our mission is to achieve our vision by investing in Africa's human and physical capital, with a strong focus on job creation.

1.3 Our values

Our values are:

- Passion and Respect
- Creativity and Entrepreneurship
- Trust and Accountability

2. Objectives and Activities

2.1 Purpose

The objects of the Foundation are to invest in Africa's human and physical capita so as to foster an inclusive and vibrant economy on the continent I. The availability of capital, both human and physical, is indispensable to the development of any society. No people or economy can flourish without it. Unfortunately, many African countries suffer from a deficit in both human and physical capital.

Our strategy is focused on empowering communities and countries through investment in their people and infrastructures. Our integrated programmes are anchored in Agriculture, Education, Health, Water and Social Enterprise development. We seek to optimise results through development programmes aimed at achieving economic self-reliance at the family and community level, in line with our vision of an inclusive and economically vibrant Africa.

2.2 Objectives

The following were our key objectives for 2020:

In Ethiopia

- Agree and start the implementation of a new 5-year plan with the Benishangul Gumuz Regional State (BGRS) government, covering all four areas of focus.
- Establish a commercial farm, as well as a business plan for subsequent social enterprises.
- Continue improving operations and education standards at Pharo School Homosha

In Somaliland

- Continue consolidation and growth of a strong Foundation team
- Ensure the smooth operation, fiscal discipline and academic excellence at Pharo Schools.
- Continue the expansion of the ECE programme to 2 additional public schools.
- Continue implementation of the Agriculture programme

In Kenya

- Consolidate our office in Nairobi with the right team and establish the headquarters for social enterprises in East Africa.

In Rwanda

- Establish the Foundation's legal presence.
- Analyse the potential of acquisition of primary/secondary schools to be the anchor entry point into the country.

2.3 Activities

We envisaged that 2020 would be a year of real growth and faster expansion for the Foundation. Subsequently, despite the challenges posed by the COVID19 pandemic, we not only consolidated and expanded our programmes in Ethiopia and Somaliland; we also established our presence in Rwanda in November 2020.

Moreover, with the vision of setting up an impact driven portfolio of businesses across East Africa, we successfully established Pharo Ventures in Kenya and Rwanda. Pharo Ventures finalised all the legal and preparatory work for establishing its presence in Ethiopia and Somaliland in the first quarter of 2021.

3. Achievements and Performance

The Pharo Foundation has made significant strides in the reporting period:

In Ethiopia, the development of a new five-year (2020-2024) Social and Economic Empowerment Programme (SEEP) , the official opening of the Pharo School Homosha, the cultivation and planting of Pharo Farm, the setting up of a Pharo Diagnostic Centre and the opening of Pharo Primary School Assosa were among the major accomplishments of the year.

To complement the regional response to the COVID19 pandemic the Foundation supplied 42,000 facemasks, 20 thermo scanners and 6 oxygen concentrators to the BGRS COVID19 response task force.

Moreover, the Foundation carried out 3 major assessments: evaluation of the three year Education and Integrated Livelihoods Development Programme (EILDP), a comprehensive assessment on the functionality and usage of shallow water wells developed by the Foundation, and the SEEP baseline survey.

In Somaliland, the year 2020 marked the graduation of Cohort II drip-irrigation farmers and the enrolment of Cohort III, taking the total number of participants trained in drip irrigation and good agricultural practice to 176.

The construction of a Berkad (underground water storage facility) in Ilma Dado village was another major milestone. The Berkad is the first of its kind and has the capacity of storing 432m3 of water for human consumption and an additional 51m3 water in its sedimentation chamber for animal consumption.

In the reporting period, two additional ECE centres were built and became operational, in Daloodho and Maxamed Alifdoon Primary Schools. The programme is now serving 673 (320 boys and 353 girls) in twelve ECE centres.

Pharo Schools, in the meantime, continued to establish themselves as top in class. The schools stood out for their efforts in online learning through school closures due to the Covid pandemic.

In Kenya, the Foundation continued establishing its presence in Nairobi as the East African headquarters and a CEO for Pharo Ventures, Director of Education and Head of HR were recruited.

In Rwanda, we completed the legal registration process of our entities and continued discussions with SOS Rwanda regarding taking over their existing portfolio of schools.

Details of the above and other programmatic achievements and challenges are shown in the subsequent sections.

3.1 Ongoing grant projects

We continued supporting the implementation of legacy grant projects by partner organisations. Three grant projects were still under implementation at the end of the year as shown in **Table 1.**

Table 1:

Grant Project	Project Location	Grant Project Objective
Barwaaqo University	Somaliland	To set the standard for Somaliland higher education institutions, producing and training well-rounded teachers who live by the values of integrity, tenacity and critical thinking.
Kigutu Hospital / Women's Health Pavilion – Village Health Works	Burundi	Construction and running costs of the Kigutu Hospital, a state of the art 150-bed teaching hospital, to meet the needs of women and children.
SOS Children's Village Rwanda	Rwanda	Partial funding of operating costs for SOS Schools in Kayonza, Kigali, Byumba and Gikongoro.

In addition to partner organisations, the Foundation promotes the involvement of its sister organisation, Pharo Management, in international development. Each year Pharo Management employees are encouraged to identify and put forward a one-year proposal for approval. The employee then gets involved in implementation and light-touch monitoring of the project as well. In 2020, there was one such employee grant approved. Based on the proposal, the USD 25,000 grant was awarded to ASSIST, a US based organisation, to help with scholarships and school placements for Abaarso students in the United States. The grant covered 3 students who were sent to boarding schools in the US from Somaliland.

Staff changes

In 2020, the headcount ended the year at 298, up from 232 in 2019; a substantial increase of 28.5% year-on-year. The majority of growth for 2020 came from staff at the Pharo Schools in both Ethiopia and Somaliland as well as Pharo Ventures. In addition, a Director of Education joined us in Nairobi in August 2020 to support the Education expansion initiatives across East Africa.

Pharo Ventures kicked off in January with the joining of the CEO, followed by heads in Ethiopia and Somaliland, as well as an Investment Analyst based in Nairobi.

Of the 298 employees, 285 are permanent at the programme level and are supplemented by 13 temporary staff; compared to 55 permanent and 18 temporary staff respectively at the end of 2019. Most of the departures were in Ethiopia, mainly due to the completion of various contracts at the Pharo School. We have increased our recruitment efforts across all countries and expect our staff numbers to grow in a controlled manner in 2021 and beyond as we expand into Rwanda and Pharo Ventures teams continue to grow.

3.2 Programme development

Envisioning an inclusive and economically vibrant Africa, we work with communities and partners in developing and implementing programmes that aim at transforming human and physical capital. We focus on people and communities with the potential to become economically self-reliant and able to effect wider change.

We take an entrepreneurial approach to development; we invest in programmes with a potential to self-sustaining and bring about the optimal social and economic return. Guided by the Foundation's mission and values, our country teams continue to seek such opportunities and work with our partners in developing integrated programmes anchored in priority sectors.

Our five-year (2020-2024) Social and Economic Empowerment Programme (SEEP) in Ethiopia, the consolidation of Pharo Ventures and the establishment of the Rwanda entity were among the major programme development accomplishments of 2020. The process involved rigorous context assessment, community consultations as well as social and economic return analysis.

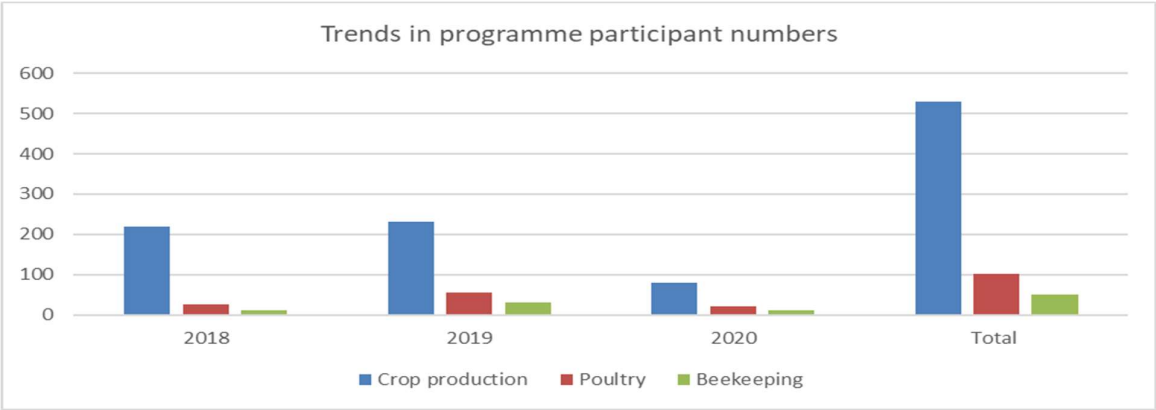
3.2.1 Ethiopia

Despite the challenges of COVID19, our Ethiopia team made significant strides in 2020. The year marked the successful completion of our initial 3-year integrated programme called the Education and Integrated Livelihood Development Programme (EILDP) in BGRS and the launch of a new programme.

Building on the achievements and lessons learnt in the past three years, this time a new and longer five-year (2020-2024) programme called the Social and Economic Empowerment Programme (SEEP) has been developed. Like its predecessor, SEEP has four programme components, but has a much wider geographic coverage and increased number of programme participants. Targeting four woredas, or districts, SEEP envisages increasing agricultural productivity of 1,500 farmers, improving access and quality of education for more than 10,815 children, enabling 29,000 people access water from improved water sources and reaching more than 63,500 people in health and sanitation interventions.

a. Improving agriculture production and productivity

In 2020, an additional 110 new households joined the agriculture programme, raising the total number of participants to 681 households. Of these households, 530 participate in crop production, 101 in poultry and 50 in beekeeping. The lower enrolment of new participants for the year 2020 was due to COVID19 restrictions on movement and the gathering of people, as well as the early arrival of the rainy season.

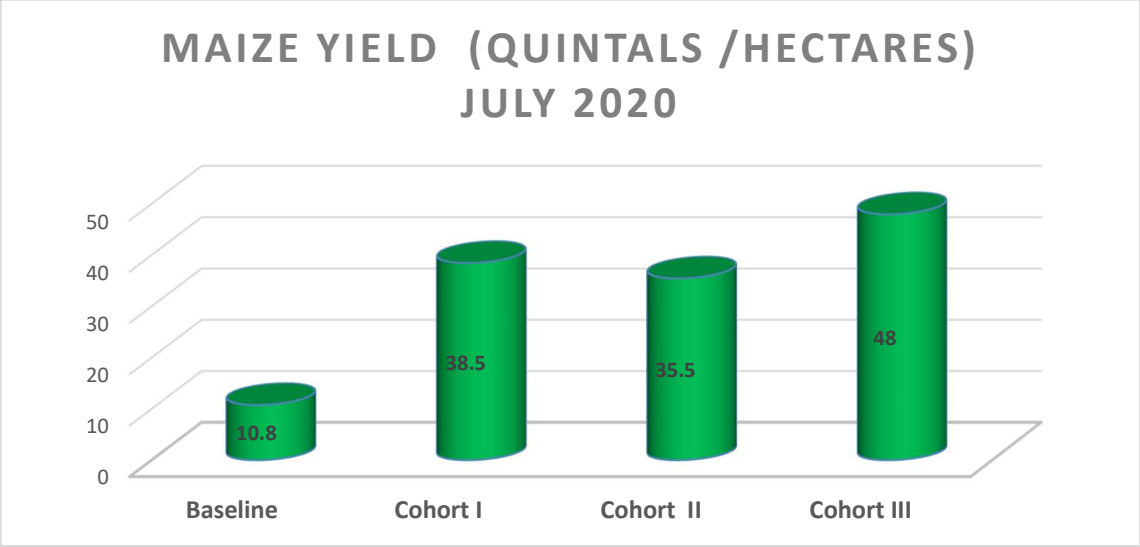


Improving crop production and productivity

During the 2020 crop season, most programme participants chose to cultivate maise, owing to its high yield potential, being a staple food for the area, resistance to field challenges and higher local market demand. Accordingly, the Foundation delivered the BH 540 maise variety, as per the choice of the farmers and the recommendation of local agriculture experts, with the necessary technical support throughout the cropping season.

In July, as part of the overall evaluation of the first three-year programme, productivity was assessed using the Crop Cut Estimate (CCE) method in randomly selected farms of the three cohort programme participants. The results revealed that maise productivity had increased fourfold in each of the three cohorts.

The chart below depicts the average maise yield per hectare as measured in July 2020 compared to the baseline data collected in 2017. Cohort I represents participants that joined the programme in 2018, Cohort II in 2019 and Cohort III in 2020.



Poultry



Household poultry production has important economic, social, and cultural benefits and plays a significant role in a family's nutrition. However, previously, only a few households engaged in poultry in the programme area owing to the lack of access to improved varieties, limited knowledge and skill of managing poultry, poor extension services as well as slow growth, late maturity, and low productivity of the indigenous chicken varieties.

The Foundation has been introducing exotic breeds of poultry with high productivity such as Brown (BB), Babcock and dual-purpose hybrid Potchefstroom Koekoek breeds to the programme area since 2018.

During the 2020 cropping season, 612 Koekoek variety were provided to 36 targeted participants from 4 programme kebeles of Menge Woreda. The improved breed provision was supplemented with training and continuous extension support on proper production and management, which included poultry feeding, poultry disease management and poultry housing.

The initial results are encouraging with reported 10% increase in poultry and egg consumption of households as well as significant additional income generation.

Beekeeping

The programme area is endowed with a variety of flowering and non-flowering vegetation and wild honey collection has been an age-old practice of the community. However, beekeeping has remained predominantly traditional. As per our baseline study, only 5.6% of the programme participants possessed beehives in 2017.

The knowledge and skill gap in apiculture hinders the community from harnessing the potential of the environment for producing good quality honey for household consumption, subsidising income and improving biodiversity.

In this reporting period, 14 additional households enrolled in training for modern beekeeping knowledge and skill development. Upon completion, each of the participants, selected from Keshaf, Abora, Belmegoha and Kidiyu kebeles, was provided with one transitional and one modern beehive.

Small ruminant livestock

Small ruminant husbandry is an important economic activity for many rural households. However, in most parts of the region, the practice is very traditional with low input and low output. This again is mainly due to gaps in skill and knowledge, poor extension services and animal health care services.

With the objective of introducing improved ways of small ruminant animal husbandry, the Foundation initiated a pilot programme with 20 target participants in Menge Woreda. Comprehensive training on intensive small ruminant animal husbandry practices was provided. Of the twenty participants, fifteen completed the construction of a small ruminant animal house as per the standard, which is one of the preconditions for receiving improved breeds from the Foundation as the next step in the project.

Access to finance and the market



Like many of their counterparts, farmers in our programme area suffer from limited or no access to the financial market and services. Although, it is becoming common in many parts of the country that farmers organise themselves and establish cooperative unions to facilitate the supply of agricultural inputs and create market outlets for their produce, the process has been slow in our programme area.

After a concerted effort of frequent and sustained consultation with programme participants, we succeeded in establishing the first farmers' cooperatives' union in Menge Woreda. Four independent primary farmers' cooperatives with 521 members formed the multipurpose cooperatives' union. In 2020 the union's working capital reached ETB 906,778.70 ETB (USD 21,871). The Foundation supported the process by constructing a warehouse for improved post-harvest handling and storage for a better market price.

Advancing Good Agricultural Practices (GAP)

The Foundation's approach to advancing good agricultural practices is multi-dimensional. Upon enrolment, programme participants receive modular training in Farmer Training Centres (FTCs). The Foundation's agriculture field workers provide continuous on-and-off farm extension services in

collaboration with government development agents. Moreover, the Foundation programme office organises farmers' field days, farmer-to-farmer experience sharing programmes and exposure visits to research sites.

Farmer Training Centres (FTCs) serve as training venues, demonstration sites, technology transfer centres and community information sharing hubs. In 2020, the Foundation constructed one new FTC in Abora Kebele which is fully furnished with the necessary furniture and farming skill development materials.



All 2020 newly enrolled programme participants received modular training on components of good agricultural practices (GAP) as well as specialised areas of poultry, beekeeping, and small ruminate animal production and management skills. Moreover, training on Conservation Agriculture (CA) was provided to 50 programme participants selected among the three cohorts. Trained farmers have cultivated a portion of their farm applying CA principles that entails a minimum hours of tillage and mulching to suppress weed growing and reduce soil moisture loss.

b. Improving access and quality of education

The official inauguration of Pharo School Homosha and the establishment of Pharo Primary School Assosa are the two major accomplishments of the year, along with our continuous public school upgrading activities.

Pharo School Homosha

The Pharo School Homosha official opening ceremony was held on Feb 29, 2020. Five hundred and sixty (560) guests including parents, community representatives, students as well as regional and federal government officials and the media attended the full day ceremony. The event was successful in creating regional and national level acknowledgement of the Foundation's investment in not only establishing the boarding school but also completing several other developmental projects in the region.







H.E. Ashadlie Hasan, President of the Benishangul Gumuz regional government, H.E. Dr. Eng Getahun Mekuria, Minister of Federal Ministry of Education and Mr Jima Dilbo, Director General of Federal Charities and Civil Societies Agency, together with the Foundation's CEO and a Foundation Board Member led the colourful ribbon cutting ceremony.

Students with Captain Amsale Gualu



The highlight of the day was the inspirational talks by prominent Ethiopian female personalities and their interaction with the Pharo School Students. This group included Olympic Gold medallist and 10km world record holder (Almaz Ayana), the first female senior captain of Ethiopian Airlines (Amsale Gualu), renowned singer and charity activist (Chachi Tadesse), author and activist (Marry Jafar), activist and media mogul (Zemi Yenus).

Students with athlete Almaz Ayana



Each guest made inspirational speeches from their own experiences and held individual and smaller group conversations with the students throughout the day.

Not long after the spectacular opening ceremony, COVID19 started spreading in Ethiopia. As it is the case in many schools around the world, the pandemic posed additional challenges on Pharo School Homosha. Mandated by the Regional Education Authority, the school had to suspend face-to-face teaching and closed its doors. Subsequently, on 25th March students were transported back to their families.

Due to limited internet access in areas where students and teachers are based, online education proved to be difficult. The Foundation and school staff then devised an alternative mode of delivering lessons via local FM radio, which had not been tried before in the region. Hence, from June 2020, the school managed to broadcast Grade 9 and 10 lessons on the radio that benefited not only our girls but also Grade 9 and 10 students across the region.

The programming was broadcast for one hour each day, five days a week covering all school subjects, with each subject segment complying with the 15-minute duration regulation. Subject content planning

and logistics with the FM radio station and the Regional Education Authority was ongoing for much of April and May, with initial obstacles eventually being overcome.

Students were contacted every two weeks to maintain dialogue and solicit student feedback on the broadcasts. Students were very excited by the broadcasts, which not only helped to continue education in this unprecedented time but also build greater regional awareness of the Pharo School, potentially leading to more demand for the school in the coming years.





Pharo School Homosha teachers' residence (right) and service quarters (left) that accommodate around 50 teaching and support staff. The construction of these two structures was completed in the last quarter of 2020.

Pharo School Assosa

The establishment of Pharo School Assosa is an extension of our commitment to offering life changing opportunities for children and young people through the provision of quality education with affordable fees. The plan was to open a K-12 high quality school that works to achieve the highest standard of intellectual and personal development with an emphasis on Science, Engineering, Technology, Mathematics (STEM) and English as well as teaching the Ethiopian national curriculum at the highest standard,.

To this end, we decided to start the much needed service in a rented facility in the 2020/21 academic year.

Consequently, meeting all the regulatory requirements and revamping the facility, Pharo Primary School Assosa opened in October 2020, enrolling 168 students across grades 1-4. The school is staffed with a highly qualified head teacher, ten experienced teachers and ten support staff.





Public Schools upgrading

Most public schools in the programme area are poorly constructed, unsanitary, and overcrowded. Since 2018, the Foundation has constructed six new additional classroom blocks each containing four classrooms, nine student toilets, and two water-harvesting structures and established one new primary school in Belmegoha Kebele. These interventions improved the learning environment of more than 5,000 children. In 2020 an additional two new classroom blocks, two toilet blocks and a water harvesting structure were built in Abora, Tumet Aziz and Alharam primary schools, which used to have 1:75 and 1:92 classroom: student ratios, expected to improve significantly with the new additions.



Roof water harvesting structure (Abora)



Student toilet block (Tumet)



Tumet Primary School additional block.

Expanding our work in the Early Childhood Care and Education (ECCE) three pre-primary education centres constructed in Tumet, Alharam and Abora primary schools will start operation in 2021.



Abora ECCE



Tumet ECCE



Alharam ECCE

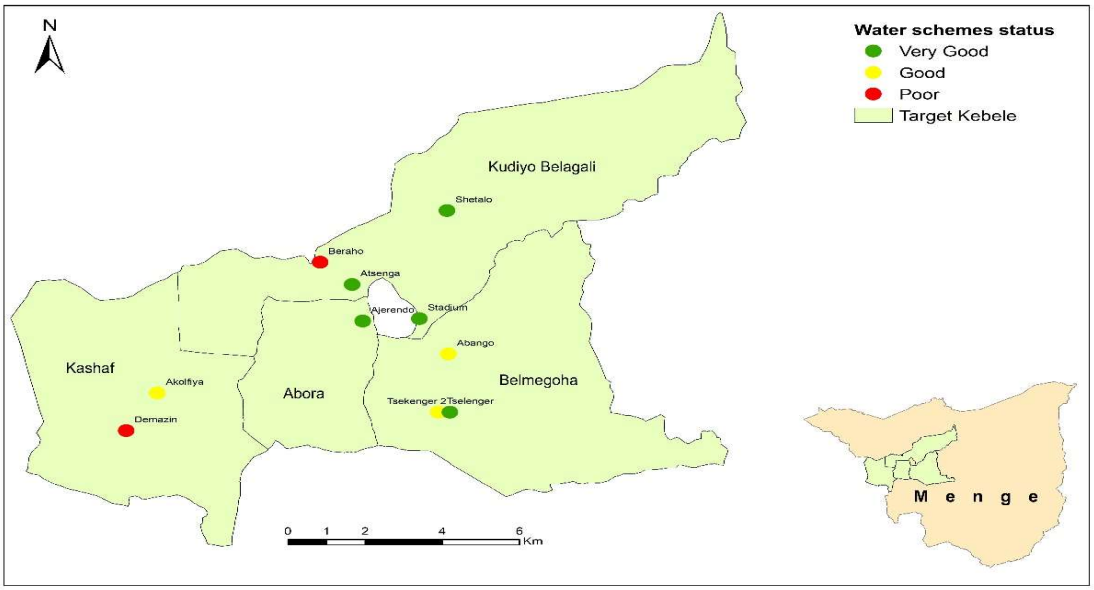
Five schools in the programme area; Menge primary, Belmegoha, Tumet, Keshaf and Abora were provided with reference books and other instructional materials, while 350 children (178 boys and 172 girls) from disadvantaged families received essential learning materials.

c. Increasing access to clean and adequate drinking water

In 2020, the plan was to develop three deep-water wells with all the necessary electromechanical work and an 11km pipeline installation that would alleviate the severe water shortage of the regional capital Assosa. Unfortunately, the general slowdown of activities due to the COVID19 pandemic and the early

arrival of the rainy season slowed down the process. Nonetheless, we conducted the hydrological investigation study in collaboration with Assosa Town Water Supply Authority and rescheduled the rest of the activities to 2021.

In Menge Woreda, we conducted a comprehensive assessment on the functionality and usage of 11 new shallow wells that the Foundation had developed from 2018 to 2019. The assessment revealed that 83% of Cohort I, 86% Cohort II and 95% of Cohort III programme participants have access to these improved water sources within 30 minutes as compared to only 59% of them during the baseline in 2017. The map below depicts the location and performance of 11 shallow wells developed by the Foundation as of July 2020.





Abango shallow well in Belmegoha Kebele with water good yield

Although there is a significant improvement in accessing potable water, per capita water consumption remains low. Only 10% of the population consumes the government standard of 25 litres/capita/day. The low ratio indicates the need for continued infrastructure work and more public awareness on hygiene and sanitation. Both activities are part of our subsequent activities in SEEP.

d. Improving access and quality of health services

Pharo Diagnostic Centre Assosa



The plan to expand our health works in 2020 was significantly affected by the COVID 19 pandemic. We had to postpone the physical upgrading and equipping of public health centers in Menge and Homosh Woredas to the first quarter of 2021.

However, we carried on the conceptualisation and establishment of the Pharo Diagnostic Centre (PDC) in Assosa Town. In addition, the Foundation took steps in hiring the necessary senior personnel and identifying an ideal location to start the much-needed service in a rented facility.

The centre under establishment envisions becoming a dependable partner in the quality of health care, and aims to provide accurate and client-friendly diagnostic services including medical laboratory and imaging studies. We hired a laboratory technologist to lead the establishment and management of the centre. A centrally located premise has been rented and refurbished. We expect to be operational in the second half of 2021.

ICU support and COVID 19 response

To complement the regional response to the COVID19 pandemic the Foundation supplied 42,000 facemasks, 20 thermos scanners and 6 oxygen concentrators to the regional COVID response task force. The supplies were delivered to the head of the regional health office, Mrs. Frehiwot Abebe, in the presence of the regional public health emergency management and logistics team as well as other departments of the regional health bureau and the media.





Further to the performance-based supply of consumables and quality assuring items to Assosa General Hospital ICU, the Foundation supplied oxygen concentrators that are much needed

Community Hygiene and Sanitation promotion

Our sanitation and hygiene intervention follows a two-pronged approach, which includes the supply side interventions and the demand creation interventions. From the demand creation interventions, community empowerment activities using Community Led Total Sanitation and Hygiene (CLTSH) and Community Conversation (CC), sanitation promotions and targeted training for mothers are key activities. In 2020, we were able to deliver CLTSH Training of Trainers (ToT) training for the health workers and kebele leaders. Forty facilitators received the blended community engagement training to initiate the engagement at the kebele level to achieve improved sanitation. After the training, facilitators from 9-target kebeles have formed community conversation groups to discuss and take collective action to achieve improved sanitation.

On the other hand, the supply side intervention of our sanitation and hygiene initiatives included public latrine construction and the strengthening of youth led sanitation businesses so that they produce and supply sanitation products. To materialise our plan of constructing public latrines, an ideal location for the construction of the facility was selected in consultation with the Mayor's office and construction is planned to commence in the first quarter of 2021.

Furthermore, to ensure the sustained use of the sanitation facility, a small sanitation marketing youth group has been formed through the involvement of the health office and micro enterprise agency. We will further capacitate this group in the months ahead as the construction of the facility nears completion.

f. Pharo Farm



Despite the challenges of COVID19 and early arrival of the rainy season, Pharo Farm made significant progress in 2020. The key to the progress is a combination of factors including consolidated partnership with the local community and collaborative effort of Pharo Foundation and Pharo Ventures staff.

Before COVID19 struck hard and the heavy rains started, we completed equipment-sourcing, earth moving and a large portion of irrigation pipe installation work. Moreover, we managed to cultivate and grow bananas on 10Ha of land. The unusually heavy rainfall did pose some challenges as we provided care for the bananas. However, as the rainy season subsided, the team has been able to cultivate and weed the banana plants. Scouting the prevalence of insects and diseases has been successfully undertaken for crop protection.

The completion of the farm workers' residential facility which comprises housing, canteen, offices, and other amenities is another major landmark of 2020. Furthermore, the expansion plan to bring under cultivation the additional 60ha is progressing well, starting with bush clearing and first round ploughing. This will bring the developed land for planting in 2021 to 100Ha out of the total land of 584Ha. The plan is to complete the irrigation works fully before the end of March 2021 and partially use some system components.



Bulldozer at the farm



Labour Accommodation

3.2.2 Somaliland

2020 proved to be another difficult year in Somaliland. Unpredictable rains, locust attacks and the Covid pandemic made the operating environment even more challenging.

Despite these challenges, the Foundation team continued to grow, consolidate and progress with the existing programmes.

a. Improving agriculture production and productivity

The Pharo Foundation has been implementing drip-irrigation projects in Botor and Ilinta villages in the North Gabiley district since 2018. The projects include the establishment of demonstration plots in each village, training of farmers and supply of the necessary inputs in the form of long-term loans.

The year 2020 marked the graduation of Cohort II drip-irrigation farmers and the enrolment of Cohort III, taking the total number of participants trained in drip irrigation and good agricultural practice to 176. In the last month of the year, most of Cohort II farmers completed digging their own water harvesting ponds and received drip irrigation kits. While newly joining Cohort III farmers completed the training and started preparing their water harvesting structures.

In the last quarter of 2020, we reflected on the contribution of our intervention to the livelihoods of our participants. Accordingly, we conducted a rapid assessment of Cohort I participants applying an adapted version of Herford & Harries' pathways framework for assessing the contribution of small-scale irrigation in improving productivity, household income, water availability and women empowerment.

Botor Demo site and Greenhouse



Second Cohort pond preparation Ilinta



Drip irrigated onions in Botor



In the cropping season, 53 members of Cohort I collectively cultivated 23.5 hectares of land with different varieties of vegetables and oil seeds such as tomato, onion, carrot, cabbage, beetroot, beans, pepper, garlic and sunflower. This generated USD 10,926 of income (approximately USD 206 additional income per farmer, in a country where GDP/ capita is around USD 500). Similar to 2019, onions and tomatoes were the major cash crops covering 21 of the 23.5 hectares and this produce was 17.39 tons and 8.49 tons, respectively.

Further analysis of the assessment data showed that, farmers that had implemented drip irrigation and applied good agricultural practices properly, produced much better yields and generated higher income compared to those farmers with partial or intermittent application of the technology.



Moreover, almost all participants have been using the harvested water for animal and household consumption, which amplifies the contribution of the project in improving access and availability of water. Consequently, having water in their backyard reduced the women's energy expenditure and time they used to spend in fetching water from a distance.



Generally, the drip irrigation project has significantly contributed to the livelihood of farmers that applied the technology properly in both villages. It has improved food security, generated additional income to the household and improved access to water. Moreover, it has vastly improved the farmers' skills and knowledge in good agricultural practices and climate smart technology.

Introduction to greenhouse technology

Building on our experience in introducing drip-irrigation to the community, we have established a greenhouse demonstration farm, where farmers receive training on the new technology and observe demonstrations. The greenhouse was installed at the Botor demonstration site. So far, the greenhouse is performing well both as a production and demonstration site.



Animal fattening

Where we operate, it is not uncommon to see women looking after sheep and goats as well as buying and selling them in the market. The practice is so traditional and labour intensive that women spend a lot of their time and energy following their herds in search of pasture and water.



With the objective of improving the situation and increasing women's incomes, the Foundation started working with ten women from the Botor community introducing them to fodder production and training them in good animal husbandry practices. Upon completion of the training the participants were provided with fodder seeds and loans for buying ten animals of a better breed for fattening. Each woman is expected to fatten her animals and sell them at peak season to pay back the loan and reinvest the surplus in additional animals.

b. Improving access to quality education

Advancing ECE continues to be the Foundation's flagship government collaborated programme in Somaliland in coordination with the Ministry of Education and Science (MoES). While expanding our reach in Hargeisa by building additional centres, we closely work with the Ministry in building the institutional capacity of the ECE Unit in the Ministry.

Integrating ECE centres into public primary schools, an approach introduced by the Foundation, is now firmly placed in the country's ECE policy framework. Besides helping with the policy work, the Foundation has also supported the Ministry's ECE Unit by supplying the unit with the necessary working equipment and furniture.



In the reporting period, two additional ECE centres were built and have become operational, in Daloodho and Maxamed Alifdoon Primary Schools. The programme is now serving 673 students (320 boys and 353 girls) in twelve ECE centres.

In 2020, we also continued with capacity enhancement trainings. Fifty-two teachers were trained in collaboration with the MoES ECE Unit. Furthermore, eleven parent and community workshops were conducted with a total of 336 participants. Topics discussed at the workshops included child nutrition, children's physical and mental development, children's common illness, the importance of antenatal and postnatal care and first aid.



To ensure nutritional value, cost effectiveness and sustainability, we decided to gradually shift from outsourcing children's snacks to in-house made snacks. In the 2020 academic year, we successfully supplied snacks to 4 schools from our own kitchen and outsourced the remaining ones. This has significantly reduced the costs and we plan to cater ourselves for all centres by the next academic year.

As part of our continuous assessment of our programme and children's development and learning, a baseline assessment was conducted using the International Development Early Learning Assessment (IDELA) framework.

The purpose is to benchmark pre-intervention emergent; learning and development of children enrolled in Pharo ECE centres, against which future gain can then be measured. The survey also includes social and economic background of caregivers and home learning environment of children.

The students scored higher on motor and emotional skills and lower on emergent literacy and numeracy. These issues will be addressed in the next academic year, with additional emphasis on improving home learning environments.



A child completing a picture puzzle, one of the IDELA activities

Pharo Schools

In 2020, despite Covid challenges, improvements continued at Pharo Schools, including revamping Pharo Kindergarten (KG) and Pharo Primary School in Hargeisa and Pharo Secondary School in Sheikh, undertaking overall assessment of all the three schools and onboarding the required qualified staff and upgrading the skills of existing ones.



The entire KG was renovated and an additional classroom was added, increasing the total number of students to 140.

At the Primary School, the interior was painted and the football field resurfaced.

For our Secondary School, some major improvements were carried out: water-proofing the roof, internal decoration of the accommodation areas, kitchen, classrooms, library, labs, toilet facilities, and improvements to the students' dormitory.

We also put considerable emphasis on improving the academic quality of the schools. For the Primary School, we focused on English fluency. We were able to create an after-school tutoring program to support low performing upper primary students in English. In addition, all students were given access to an online interactive learning software called Essential Skills, which provides focused instruction in reading and English language.

When it came to the National Somaliland Examination, the Pharo Secondary School performed marvellously with all of Pharo students getting As. Most significantly, a Pharo student received the highest mark in all of Somaliland.

To get an accurate assessment of the Pharo Schools we utilised the services of an Educational advisor/consultant who carried out an assessment on four areas: school administration and management, teaching and learning, student affairs, and school community partnership. Furthermore, the advisor provided recommendations for improvement in each of the four areas based on contemporary theories and practices of education and school management.

Our schools persevered through the challenge of COVID-19 by creating online lessons for all of our students so that learning could continue while schools were closed.



While we were excited about many things that happened in our schools in 2020, the most exciting event was the visit of the President of Somaliland, Musa Bihi, to our Secondary School in Sheikh.

C. Improving access to clean water

Ilma Dado Berkad completion

Although the Foundation assisted in the construction and rehabilitation of [1]*Berkad*s in the Somali Region of Ethiopia, the Ilma Dado Berkad is our first in Somaliland. The berkad is well modified with its increased size, provision of double sedimentation components to further reduce turbidity and roofed with 4 windows to enhance de-silting and let in adequate air and daylight.



It has the capacity of storing 432m3 of water with no turbidity for human consumption. In addition, another 51m3 water is retained in its sedimentation chamber, which can be used for animal consumption. It serves 20 households for a 6-month period considered at 20 litres/day/person. The Ilma Dado community appreciated the construction of the berkad. The village chairperson (Abdulahe Ahemed), who has been following the construction since the start expressed his excitement as follows, looking at the water stored in the Berkad;

"I am really impressed with the improved type of berkad, its quality and the way the project has been carried out. It is a very large size of its kind and I can see it serves the whole community in the village. Before this, breast feeding mothers, pregnant women and old people had to travel to a location called Ceelberdaale' (12kms away) spending half a day to quench their thirst."

Community Hygiene and Sanitation promotion

Hygiene and Sanitation promotion plays a key role in changing collective and individual behaviours together with fostering ownership and the sustainable use of water and sanitation facilities. It is upon this premise that we facilitated the establishment of Water Sanitation and Hygiene Committees (WASHCOs) in all our intervention villages. These committees play a crucial role by mobilising volunteers in promoting sanitation and hygiene in their communities. In July 2020, with the aim of enhancing their capacity, a four-day [2]PHAST and [3]CHAST training was provided for members of the WASHCOs including teachers, elderly, women and children.



[1] The *berkad*s(ground tankers) are ground surface catchments for rainwater harvesting and storage suitable in micro watersheds with high coefficient of runoff.

[2] Participatory Hygiene and Sanitation Transformation (PHAST) is a systematic participatory approach consisting of seven sequential steps that culminate in the development of an action plan for addressing the prevailing WASH problems in each community.

[3] Children's Hygiene and Sanitation Training (CHAST) is an interactive approach for training children on hygiene and sanitation aspects. Its major objective is to infuse critical hygiene practices that children may adopt into their daily lives.



Further to strengthening the WASHCO's capacity, the programme supports the construction of roof-water harvesting structures and latrines as well as the organisation of public sensitisation events. In the reporting period, four roof-water harvesting structures were constructed in four schools and nine villagers were supported in building their own latrines.





COVID-19 response

Complementing the national response to the COVID 19 pandemic, in collaboration with WASHCOs the Foundation conducted several community sensitisation events using different Health Information, Education and Communication (HIEC) materials and approaches. Moreover, six hand washing facilities with the capacity of 300 litres of water were installed in selected locations of the two villages. Sanitising soap and face coverings were also provided for more than a thousand households. Through our ECEs, we installed twenty hand washing stations and supplied sanitising liquids to schools in Hargeisa.



3.2.3 Kenya

The East Africa headquarters in Nairobi, Kenya is operational. In 2020, we continued to grow and strengthen the Nairobi team with the addition of the CEO and an investment analyst for Pharo Ventures. The Foundation hired a Director of Education and Head of Human Resources as well as an Office and Admin Manager.

3.2.4 Rwanda

In 2020, the Foundation finalised the registration of its legal entities in Rwanda and started the recruitment process for its key hires. In parallel, the conversations with SOS CVI Rwanda continued to lease their schools and take over the management of these schools. Although the agreement was hoped to be finalised in 2020, Covid-19 and its challenges pushed the process well into 2021.

The Foundation will start its operations in the education field and expand into other strategic pillars after the recruitment of the senior management team.

4. Pharo Ventures

The Pharo Foundation believes that a vibrant private sector is critical to job creation indeed the key to economic development and harnessing social impact in any country. With this in mind, the Foundation, in early 2020, hired the CEO Social Ventures (based in Nairobi, Kenya), as a major step towards the setting up of an impact driven portfolio of businesses across East Africa. In the medium term, the ventures envisages to be operational in Somaliland, Ethiopia, Kenya and Rwanda, with a view to achieving the following three main objectives;

- Maximising job creation[4] for the local communities.
- Maximising value added (The sum of the enterprise's wage bill and its profits).
- Developing profitable[5] and sustainable social ventures that adhere to and respect the community environmental expectations.

Given the overall philanthropic mission, the purpose of these "social ventures" is not to maximise shareholder profit. Rather, at a high level and in addition to the objectives outlined above, priority will be given to those social ventures that;

- Fill the service provision gaps in the market across a number of sectors and industries.
- Are in accord with the philanthropic arm of the Foundation and provide the services that the Foundation will require, while remaining quite competitive in the market.
- Are scalable and can significantly grow both in country and regionally.
- Contribute significantly towards the Foundation's ambition to be the largest employer in Eastern Africa by 2030.



The ventures is set-up and run by the Pharo Ventures team under the umbrella of The Pharo Foundation.

[4] While all jobs are valuable, we will endeavour, whenever possible, to gradually create more skilled and well-paying jobs.

[5] Reaching profitability within a few years, ideally 3-4 years or less.

For the year 2020 and as part of creating a solid base for the development of social ventures, Pharo Ventures accomplished the following;

a. Development of the 2020-2025 social ventures strategy for Eastern Africa region.
b. Development of the social venture country strategies for Kenya, Somaliland and Ethiopia.
c. Registration of the legal entities for social ventures.
d. Operationalisation of the Pharo Farm Assosa and roll out of Phase 1.
e. Development of first social venture in Rwanda.
f. Building of the social ventures team, both at operational headquarters in Nairobi and in the target countries.

5. The Pharo Foundation Strategy (2019 - 2025)

Over the course of 2019, it became clear that the Foundation's fast pace of growth would be better supported by a revised 5-year strategic plan; one that is more holistic and bottom up, as well as one that is built on past successes. This new 5-year plan, which we started in implemining in 2019, continues to be our focus.

The key drivers of The Pharo Foundation strategy are:

- Talent development and controlled growth
- Accountability, teamwork and quantifiable results
- Building a "best in class" culture, reputation and track-record
- Two-pronged approach: support the public sector human and physical capital while building a solid Pharo-owned portfolio of programmes and businesses that focus on financial and operational self-sustainability
- Integrated holistic design that targets multiple outcomes from each programme
- Sharing and leveraging our learning and networks
- Geographical diversification within East and into West Africa

While adhering to the above principles, the Foundation will continue to invest in the four main themes that the trustees have approved as our main areas of focus: agriculture, education, health and water. Our work with the government and communities will primarily target increasing "access" and eventually quality, while our Pharo brand ventures will represent "quality" and long-term commitment. In parallel, our social enterprises strive to fill the gaps in the services and manufacturing sectors with emphasis on quality, sustainability and job creation. We plan to carry out our programmes in cooperation and coordination with the appropriate government, community and external stakeholders to maximise buy-in, leverage, success and longevity.

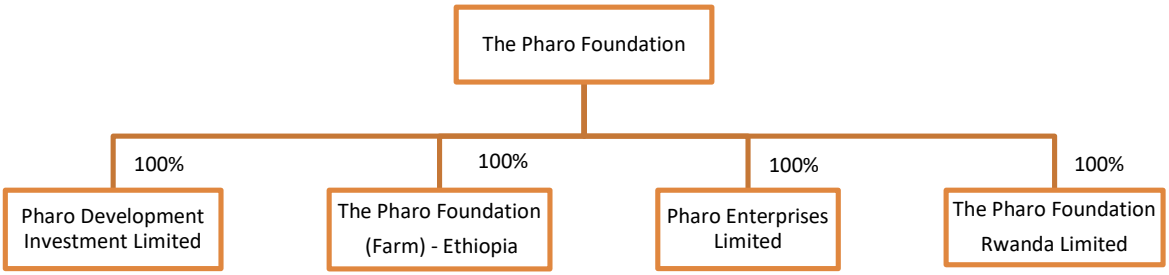
6. Structure, Governance and Management

6.1 Governing document

The 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).

6.2 Organisational structure

The Pharo Foundation is a modest sized, yet growing, organisation with its Trustees overseeing its work (structure below). The Pharo Foundation has four wholly owned subsidiaries – Pharo Development Investment Limited (PDIL), The Pharo Foundation Farm, Pharo Enterprises Limited (PEL) and The Pharo Foundation Rwanda (PFRW) as at 31 December 2020.



PDIL's principal activity is to receive profit distributions from Pharo Management (UK) LLP and make charitable donations to The Pharo Foundation. Pharo Enterprises Limited represent mission-related investments whose principal activity is to establish Social Ventures in East Africa. The Pharo Foundation Farm is an income-generating part of The Pharo Foundation's Ethiopia programme and is located in the Menge Woreda of BGRS, Ethiopia. The Pharo Foundation Rwanda is a non-profit making entity incorporated in Rwanda. The Foundation's principal activity is to carry out charitable related programmes within the country.

In 2019, the Foundation took the strategic decision to establish various social enterprise businesses to carry out more of its activities. The enterprises have three objectives: maximising economic value added, maximising the number of jobs created and reaching profitability within a few years.

The team at The Pharo Foundation (UK) comprises of a Chief Executive Officer (CEO), one Programme Officer, an Office and HR Manager and a Finance Manager. Trustees are appointed by the Member and serve for three years after which they may put themselves forward for re-appointment. The current Trustees were appointed based on the skills and experience that they offer The Pharo Foundation and their interest in the charitable objectives of The Pharo Foundation. All Trustees are given an induction pack that explains the legal obligations of the Trustees and includes The Pharo Foundation's governing document and other key policy documents.

The Trustees who held office during the period ending 31 December 2020 and up to the date of approval of these financial statements were:

Mr Matthieu Baumgartner
Mr Guillaume Fonkenell
Ms Farah Jirdeh-Fonkenell
Ms Gulden Kazandag (Resigned 21 December 2020)
Mr Mustafa Jama (Joined 21 December 2020)
Mr Nicolas Sagna

No Trustee received any remuneration for services as a Trustee, nor had any beneficial interest in any contract with The 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 CEO of the Foundation. Management reporting lines are clearly defined, and the Trustees receive regular reports on both the programme and grant activities to enable them to fulfil their responsibilities.

The key management personnel of the charity, responsible for directing and controlling, running and operating the charity on a day to day basis, comprises of the CEO and guidance from the Trustees as well the CEO of Pharo Ventures who reports to the CEO of the Foundation.

6.3 Statement of Trustees responsibilities

The Trustees (who are also directors of The 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.

6.4 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 May 2020.

Our updated risk management matrix contains 19 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 among the major risks that the Trustees have identified and established effective controls to mitigate them:

- ✓ The Foundation stability in its vision, mission, values and strategic forward planning with potential consequences of loss of reputation and no clear objectives or priorities going forward. The

Foundation's vision, mission and values have always been clear and the Trustees have developed a well-articulated five-year strategy (2020-2025) and updated the vision, mission and values.

- ✓ 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.

6.5 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.

6.6 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.

7. Future Plans and Objectives

We believe our well-defined strategy, vision, mission and values and our passionate and motivated team position us very well for further growth and expansion in 2021 and beyond. We plan 2021 to be year of expansion in Rwanda and in Kenya. Our aim is to continue to grow our offices and headcount across all countries while continuously upgrading our talent pool, to fully establish Nairobi as our East African headquarters, to start launching social enterprise business in Somaliland and Ethiopia.

The following are our key objectives for 2021:

In Ethiopia

- Continue to build a solid team and operational structure
- Agree and start implementation of a new 5-year plan with the BGRS government, covering all four areas of focus.
- In line with the SEEP programme, establish the Pharo Diagnostic Centre
- Establish a commercial farm, as well as a business plan for subsequent social enterprises

In Somaliland

- Continue to build a solid team and operational structure
- Ensure smooth operation, fiscal discipline and academic excellence at Pharo Schools
- Continue expansion of the ECE programme to 2 additional public schools

- Improve and expand the Agriculture programme
- Establish the first Pharo Ventures business in the construction sector

In Kenya
- Continue to build a strong management team to oversee the East African operations
- Analyse the feasibility of acquiring schools in Nairobi
- Analyse and approve the first Pharo Ventures business in Kenya

In Rwanda
- Become physically operational and recruit a strong founding team
- Acquire a portfolio of primary/secondary schools to be anchor entry point into the country

However, the serious extraneous hurdles we have faced and overcome over the last few years make us cognisant of the fact that, despite our best efforts, much of our progress and success will depend on the economic, political, infrastructural, and other unforeseen problems of 2021, as observed in 2020:

- Economic and political instability in Ethiopia
- Erratic weather patterns in Somaliland
- Continuous lockdowns, travel restrictions, slow turn-around and uncertainty on the part of government agencies due to Covid-19 in all countries.

8. Financial Review

8.1 Financial position

The Pharo Foundation received a donation of US$8,630,375 during the period from Pharo Development Investment Limited (PDIL) which was unrestricted. PDIL acts as a vehicle to distribute profits received from Pharo Management (UK) LLP.

During the year, the total income of the group for the period was US$9,356,977 from donations and legacies, charitable activities and from investment. Income from donations and Legacies increased by US$3,140 to US$61,470, resulting to a 5% increase from the previous year. Income from charitable activities increased by US$195,460 to US$591,910, resulting in a 49% increase mainly due to Pharo Schools being operated for a full financial year as compared to the previous year. Income from investment slightly decreased by 2%, mainly due to the drop in bank interest rates.

During the year, the total expenditure of the group was US$7,050,408. Expenditure overall increased by 14%, which was a result of the Foundation operations expansion. The Foundation incurred a total cost of US$151,575 as part of social ventures trading (2019, $nil). Foundation grants awarded increased by 51%, equivalent to US$361,090 as compared to the previous year. Ethiopia programme cost significantly dropped by US$992,071, which is 26% compared to last year, due to the covid-19 pandemic slowing the operations within the country. Somaliland programme increased significantly by $ 1,349,717, representing 81% compared to the previous year. The increase is mainly due to Pharo Schools being operated for a full financial year compared with last year.

At 31 December 2020, the group had total unrestricted funds of US$15,190,061. Of this amount US$1,120,165 has been committed to partners as future funding, subject only to satisfactory reviews of project progress. This amount is not available for future programme grants or general expenses. US$3,345 076 is the net book value of the group and charity's tangible fixed assets and US$1,444,122 is being invested in impact investments and the remaining unrestricted funds of US$9,280,698 are the group's reserves.

The Pharo Foundation does not undertake fundraising activities.

8.2 Investment policy

The Pharo Foundation had an investment portfolio valued at US$1,444,121 at 31 December 2019 (2019 – US$3,247,341). This includes an additional investment of $ 150,000 as part of its mixed motive investment charitable objective. The Pharo Foundation's investment objective is two-fold. The objective is to generate annual investment returns in excess of cash deposit accounts rate and/or to further its

charitable objectives. The more critical objective is to support Afrcian start-ups in becoming successful organisations that create jobs and economic value. The Foundation aims to learn from these investments with respect to African operating environemnts and opportunities and potential technology transfer where applicable.

The Trustees have a significant amount of investment experience and expertise. The Trustees undertake due diligence and carefully evaluate an investment proposition in both financial and mission related terms before an investment decision is made. Performance of investments is monitored periodically by the Trustees on an on-going basis. Over the past 12 months, the value of portfolio decreased by 55% resulting in a net loss of $ 1.9 million. The net loss was mainly due to the impairment of investment at year-end because of the impact of the Covid-19 pandemic on the global markets. Although the trustees are disappointed with the financial performance of these investments during the period under review, the trustees are content that these investments have continued to further the Foundation's charitable objectives.

8.3 Reserves policy

The Pharo Foundation has committed to several charitable grant projects and programmes with various on-going financial commitments. Accordingly, the Trustees monitor the level of reserves throughout the year to enable it to meet these financial commitments and other operational liabilities. Funds committed to partners and our own programmes are shown as designated funds in the balance sheet and are payable only after reviews of project and programme progress. The Pharo Foundation's reserves are those funds not already committed and therefore available for future programme spending. It is not the intention of the Trustees to accumulate reserves; the Trustees plan to expend the charity's resources over a reasonable period.

Approved by the Trustees and signed on their behalf by:



Mr Guillaume Fonkenell,
Trustee
Approved by the Trustees on 27 September 2021

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

Opinion

We have audited the financial statements of The Pharo Foundation (the 'foundation') and its subsidiaries (the 'group') for the year ended 31 December 2020 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 2020 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' 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.

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.

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. This description forms part of our auditor's report.

Independent auditor's report
For the year ended 31 December 2020

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: 29 September 2021

Consolidated statement of financial activities
For the year ended 31 December 2020

	Notes	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Income from:			
Donations and legacies	**1**	61,470	58,329
Charitable activities	**2**	591,910	396,450
Investment	**3**	8,703,597	8,874,223
Total income		9,356,977	9,329,002
Expenditure on:			
Social ventures trading	**4**	154,010	-
Charitable activities	**5**	6,896,398	6,177,661
Total expenditure		7,050,408	6,177,661
Net income before investment gains		2,306,569	3,151,341
Net (losses) on investment assets	**6**	(1,953,219)	(1,442,576)
Net income		353,350	1,708,765
Other recognised gains/losses			
(Losses) on foreign exchange		(649,406)	(338,442)
Net movement in funds	**7**	(296,056)	1,370,323
Total funds brought forward		15,486,118	14,115,795
Total funds carried forward		15,190,061	15,486,118

All the above results are derived from continuing operations. The Pharo Foundation has no recognised gains or losses other than those shown above.

Statement of Financial Position
31 December 2020

	Notes	Group 2020 US$	Group 2019 US$	Foundation 2020 US$	Foundation 2019 US$
Fixed assets					
Tangible assets	**9**	3,345,076	2,520,311	2,836,627	2,520,311
Investments	**10**	1,444,122	3,247,341	1,976,875	3,245,799
		4,789,198	5,767,652	4,813,502	5,766,110
Current assets					
Debtors due within one year	**11**	710,024	422,512	749,862	424,748
Cash at bank and in hand		10,309,165	9,747,442	10,272,217	9,742,308
		11,019,189	10,169,953	11,022,079	10,167,056
Creditors: amounts falling due within one year	**12**	(618,326)	(451,488)	(552,639)	(449,198)
Net current assets		10,400,863	9,718,465	10,469,440	9,717,858
Total net assets		15,190,061	15,486,118	15,282,942	15,483,968
Net assets attributable to Group		15,190,061	15,486,118	15,282,942	15,483,968
Funds of the charity:					
Unrestricted Funds					
. General funds		9,280,698	10,326,536	9,349,276	10,325,931
. Designated funds	**13**	5,909,363	5,159,582	5,933,667	5,158,037
		15,190,061	15,486,118	15,282,943	15,483,968

Approved by the Trustees of The 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 September 2021

Statement of Cash Flows
31 December 2020

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Cash flows from operating activities:		
Net cash (used in) operating activities	(6,306,149)	(5,947,909)
Cash flows from investing activities:		
Income from investments	8,703,597	8,874,223
Purchase of tangible fixed assets	(1,464,582)	(1,230,175)
Net cash provided by investing activities	7,239,015	7,644,047
Change in cash and cash equivalents in the reporting period	932,866	1,696,138
Cash and cash equivalents at 01 January 2020	9,747,442	7,831,056
Change in cash and cash equivalents due to exchange rate movements	(371,143)	220,248
Cash and cash equivalents at 31 December 2020	10,309,165	9,747,442

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Net income for the reporting period (as per the statement of financial activities)	353,350	1,708,765
Adjustments for:		
Losses on investments	1,953,219	1,442,576
Depreciation charges	211,553	79,469
Income from investments	(8,703,597)	(8,874,223)
(Increase) in debtors	(287,512)	(106,049)
Increase / (decrease) in creditors	166,838	(198,447)
Net cash used in operating activities	(6,306,149)	(5,947,908)

Principal accounting policies
31 December 2020

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

Basis of accounting
The Consolidated Financial Statements incorporate the results of the charity and it's subsidiaries, as listed at note 10, for the year ended 31 December 2020.The acquisition method of accounting has been adopted.

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

Basis of consolidation
The Consolidated Financial Statements incorporate the results of the charity and it's subsidiaries, as listed at note 10, for the year ended 31 December 2020.The acquisition method of accounting has been adopted.

Under section 408 of the Companies Act 2006 and the SORP, The 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 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 site 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.

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.

- PDIL: 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.

- 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 has been informed by the price offered for a rights issue to existing

shareholders during the year as part of a debt restructuring exercise. This value was significantly below the previous value obtained on trades between existing shareholders. In the absence of further shareholder activity post year end, the investment has been impaired to the price obtained on the rights issue.

- 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 has been informed by financial performance information provided to shareholders

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 2020, the Foundation has assessed the potential impact of ongoing consequences of the Covid-19 pandemic on the Foundation and concluded that while the ability of the Foundation to undertake it's activities as planned will be affected, as detailed on page 25 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 its allocated profit share during April-21 from Pharo Management (UK) LLP 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 are 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.

Principal accounting policies
31 December 2020

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.

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 venture's trading expenditure includes direct and indirect costs such as salaries, overheads, and governance costs incurred by the Social Ventures companies within the Group.
- Charitable activities include the salaries, overheads, governance costs, and grants payable associated with the furtherance of The 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.

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
Building	20 years estimated useful life
Leasehold Improvement	5 years estimated useful life
Construction in progress	No depreciation

Construction in progress comprises the costs of the completed proportion of the school buildings.

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.

Although the functional and presentational currency, as stated above, is US$, the 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.

Principal accounting policies
31 December 2020

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 13.

Notes to the financial statements
31 December 2020

1 Donations and legacies

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Donations	61,470	58,329
	61,470	58,329

2 Income from charitable activities

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Pharo Schools	573,088	396,450
Other income	18,822	-
	591,910	396,450

3 Income from investments

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Profit share from Pharo Management UK LLP	8,630,375	8,667,818
Bank interest	73,222	206,405
	8,703,597	8,874,223

4 Expenditure on Social Ventures Trading

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Expenses incurred by Social Ventures Group of companies	26,751	-
Operational costs from the Social Ventures Group of companies	124,824	-
Governance costs	2,435	-
	154,010	-

5 Expenditure on charitable activities

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Grants	998,967	646,146
Integrated Livelihood Programme	5,465,253	5,018,495
Support costs of grantmaking and programme activities	432,178	513,020
	6,896,398	6,177,661

Analysis of activities	Activities undertaken diretly 2020 US$	Grant funding of activities 2020 US$	Support costs 2020 US$	Amount 2020 US$
Education	-	273,967	18,317	292,284
Health	-	725,000	48,471	773,471
Ethiopia Programme	2,637,954	-	176,365	2,814,319
Somaliland Programme	2,827,299	-	189,025	3,016,324
	5,465,253	998,967	432,178	6,896,398

Support costs have been allocated to each of the above activities on the basis of resources used during the year.

Analysis of support costs	1 Jan 2020 to 31 Dec 2020 US$	1 Jan 2019 to 31 Dec 2019 US$
Communications & IT	14,609	16,897
Finance costs	366	864
General management	23,168	80,413
Office and premises	83,578	92,538
Staff costs	246,720	233,129
Governance costs	63,737	89,179
	432,178	513,020

6 (Losses) / gains on investment assets

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Investment losses	(1,953,220)	(1,442,576)
	(1,953,220)	(1,442,576)

The Foundation incurred a loss on investment as a result of liquidity risk experienced in the invested entities. Further details on the basis of valuation for these investments are included at note 10. The motivation for holding these investments is in part a contribution to the charity's aims. The trustees assessment of these

holdings against their overall investment objectives is detailed within the trustees report.

7 Net movement in funds

This is stated after charging:

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Staff costs (note 8)	2,954,636	1,394,690
Parent company auditor's remuneration		
- statutory audit services	22,444	22,037
- other services	3,690	3,222
Other companies auditor's remuneration		
- statutory audit services	8,926	4,435
- other services	5,484	-
Depreciation	211,553	79,469
Operating lease rentals	73,985	73,019

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

	Group 1 Jan 2020 to 31 Dec 2020 US$	Group 1 Jan 2019 to 31 Dec 2019 US$
Employees		
- wages and salaries	2,826,171	1,312,195
- social security costs	14,773	17,704
- employer pension contributions	113,692	64,791
	2,954,637	1,394,690

The average number of employees during the period totalled 265 persons (2019: 166 persons). This is analysed as follows:

	Group 1 Jan 2020 to 31 Dec 2020 No.	Group 1 Jan 2019 to 31 Dec 2019 No.
Number of support staff	3	3
Number of programme staff	258	163
Number of social ventures staff	4	-
	265	166

	Group 1 Jan 2020 to 31 Dec 2020 No.	Group 1 Jan 2019 to 31 Dec 2019 No.
Employees with emoluments between £80,001 to £90,000 per annum	1	1
Employees with emoluments between £110,001 to £120,000 per annum	1	1
Employees with emoluments between £190,001 to £200,000 per annum	2	-
Employees with emoluments between £210,001 to £220,000 per annum	1	-
	5	2

The key management personnel of the Group comprises of the CEO and Trustees of the Pharo Foundation and the CEO of Pharo Ventures. The CEO of Pharo Ventures reports to the CEO of the Foundation.

The total remuneration of the key management personnel was US$ 321,314 (2019: US$nil). The CEO of the charity is on an unpaid basis and was reimbursed US$ nil (2019: US$9,285) relating to travel expenses incurred in her capacity as CEO.

No Trustees' received any remuneration or reimbursement of expenses in their capacity as trustees. US$23,318 for travel expenses were met directly by the Foundation for three Trustees in connection with their duties as Trustees during the year (2019: US$33,287 for four Trustees).

9 Tangible assets

Group	Furniture and fittings US$	IT equipment US$	Motor Vehicles US$	Building US$	Leasehold Improvements US$	Work in progress US$	Total US$
Cost							
At 1 January 2020	87,457	30,247	349,128	-	-	2,186,325	2,653,157
Additions	53,101	66,650	194,630	409,202	102,238	638,761	1,464,582
Transfers	-	-	-	1,780,336	-	(1,780,336)	-
FX on exchange rate	(15,993)	(4,672)	(38,425)	-	-	(405,989)	(465,079)
At 31 December 2020	124,565	92,225	505,333	2,189,538	102,238	638,761	3,652,660
Depreciation							
At 1 January 2020	18,280	10,130	104,436	-	-	-	132,846
Charge for the period	25,704	13,631	92,175	70,032	10,010	-	211,552
FX on exchange rate	(6,030)	(2,528)	(19,311)	(7,826)	(1,119)	-	(36,814)
At 31 December 2020	37,954	21,233	177,300	62,206	8,891	-	307,584
Net book value							
At 31 December 2020	86,611	70,992	328,033	2,127,332	93,347	638,761	3,345,076
At 31 December 2019	69,178	20,117	244,692	-	2,186,325	2,186,325	2,520,311

Foundation	Furniture and fittings US$	IT equipment US$	Motor Vehicles US$	Building US$	Leasehold Improvements US$	Work in progress US$	Total US$
Cost							
At 1 January 2020	87,458	30,247	349,129	-	-	2,186,325	2,653,159
Additions	46,841	58,048	106,216	276,815	-	444,719	932,639
Transfers	-	-	-	1,780,336	-	(1,780,336)	-
FX on exchange rate	(15,993)	(4,672)	(38,425)	-	-	(405,989)	(465,079)
At 31 December 2020	118,306	83,623	416,920	2,057,151	-	444,719	3,120,719
Depreciation							
At 1 January 2020	18,280	10,131	104,436	-	-	-	132,847
Charge for the period	23,942	11,463	82,273	67,548	-	-	185,226
FX on exchange rate	(5,833)	(2,395)	(18,205)	(7,548)	-	-	(33,981)
At 31 December 2020	36,389	19,199	168,504	60,000	-	-	284,092
Net book value							
At 31 December 2020	81,917	64,424	248,416	1,997,151	-	444,719	2,836,627
At 31 December 2019	69,178	20,116	244,693	-	-	2,186,324	2,520,311

The transfers relates to Pharo School Homosha construction which was fully completed on the 31st May 2020.

Assets not valued

In Ethiopia, the Foundation has been granted use of a 26 and a 484 hectare plot of land from the Environment Forest and Land Administration Office, of Benishangul Gumuz Regional State for the construction of the Pharo School Homosha and establishment of Pharo Farm respectively.

In Somaliland, the Foundation has been granted three School sites from the Ministry of Education and Science to be responsible for operating, running, and developing the Schools.

Although the risks and rewards of ownership of these sites is held by the Foundation, no value has been attributed to them in the financial statements. The Foundation is unable to reliably estimate their value under the specific terms granted.

10 Investments

	Group 2020 US$	Group 2019 US$	Foundation 2020 US$	Foundation 2019 US$
Unlisted investments	1,444,122	3,247,341	1,442,576	3,245,796
Investment in subsidiary company	-	-	534,299	3
	1,444,122	3,247,341	1,976,875	3,245,799

Analysis of movement in investments

	Group 2020 US$	Group 2019 US$	Foundation 2020 US$	Foundation 2019 US$
Market value at 01 January 2020	3,247,341	4,689,917	3,245,799	4,688,374
Additions	150,000	-	684,295	1
Net (loss) on investment asset	(1,953,219)	(1,442,576)	(1,953,219)	(1,442,576)
Market value at 31 December 2020	1,444,122	3,247,341	1,976,875	3,245,799

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.

The Foundation had invested in Lynk during the year as part of its mixed motive investment charitable objective. However, the business was affected significantly by the covid-19 pandemic, and this adversely affected the operations of Lynk and Trustees' deemed it appropriate to impair the value of their $150,000 investment to $1.

During the year, New Forests Company Holdings Limited undertook a debt restructuring exercise. As part of this the company gave a rights issue to existing shareholders at a price that was significantly lower than trades which had been undertaken in recent periods. In the absence of more recent transactions either during the year or prior to the signing of these financial statements, then Trustees' deemed it appropriate to impair the value of their investment from $3,245,797 to $1,442,576 to reflect the price of redemption under the rights issue.

Subsidiary undertakings

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

Name	Parent undertaking	Registration status	Registration number	Nature of business
Pharo Development Investment Limited ('PDIL')	The Pharo Foundation	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 The Pharo Foundation.
Pharo Enterprises Limited ('PEL')	The Pharo Foundation	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.
The Pharo Foundation Farm ('FARM')	The Pharo Foundation	Company limited by shares (Ethiopia)	Registered number MT/AA10/0050443/2011	The Farm is an income-generating part of The Pharo Foundation's Ethiopia programme.
Pharo Ventures Kenya Limited ('PVKL')	Pharo Enterprises Limited	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.
The Pharo Foundation Rwanda Ltd ('PFRW')	The Pharo Foundation	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. This entity remained dormant during the year.
Pharo Venture Rwanda Ltd ('PVRWL')	Pharo Ventures Kenya Limited	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 2020 is as follows:

	2020 PDIL $	2020 PEL $	2020 FARM $	2020 PVKL $	2020 PFRW $	2020 PVRWL $
Income	8,630,375	-	26	1,151,262	-	-
Administrative expenditure	(2,437)	(2,435)	(151,575)	(1,100,648)	-	-
Operating surplus (deficit)	8,627,939	(2,435)	(151,549)	50,614	-	-
Distributions under gift aid	(8,630,375)	-	-	-	-	-
Net result	(2,437)	(2,435)	(151,549)	50,614	-	-
Other gains (losses)	(71)	253	7,027	4,208	-	-
Taxation	-	-	-	(15,919)	-	-
Net surplus / deficit	(2,507)	(2,182)	(144,523)	38,903	-	-
Retained funds at 1 January 2020	2,150	-	-	-	-	-
Retained funds at 31 December 2020	(357)	(2,182)	(144,523)	38,903	-	-
Called up share capital At 31 December 2020	2	5,481	528,816	917	-	1,000

	2019 PDIL $	2019 PEL $	2019 FARM $	2019 PVKL $	2019 PFRW $	2019 PVRWL $
Income	8,667,818	-	-	-	-	-
Administrative expenditure	(2,305)	-	-	-	-	-
Operating surplus (deficit)	8,665,513	-	-	-	-	-
Distributions under gift aid	(8,665,211)	-	-	-	-	-
Net result	302	-	-	-	-	-
Other gains (losses)	(28)	-	-	-	-	-
Taxation		-	-	-	-	-
Net surplus / deficit	274	-	-	-	-	-
Retained funds at 1 January 2019	1,876	-	-	-	-	-
Retained funds at 31 December 2019	2,150	-	-	-	-	-
Called up share capital At 31 December 2019	2	1	-	1,000	-	-

11 Debtors

	Group 2020 US$	Group 2019 US$	Foundation 2020 US$	Foundation 2019 US$
Accounts Receivable	127,135	148,050	127,135	148,050
Prepayments	416,061	157,150	228,241	157,150
Construction advance	35,783	55,533	35,783	55,533
Sundry debtors	70,639	61,779	53,826	61,779
Amounts due from subsidiary undertaking	60,407	-	304,877	2,236
	710,025	422,512	749,862	424,749

Construction advance includes advance payments of ETB 1,406,130 (2019: ETB 1,776,973) made to the construction companies less any proportional deductions made after subsequent payments. Sundry debtors include rent deposits of £20,781 (2019 – £20,781). The rent deposit is subject to a charge against all sums due and all the Pharo Foundation's obligations under property leases.

12 Creditors: amounts falling due within one year

	Group 2020 US$	Group 2019 US$	Foundation 2020 US$	Foundation 2019 US$
Provision for corporation tax in subsidiary entity	15,543	-	-	-
Accruals	128,903	73,223	120,652	70,932
Sundry creditors	473,880	378,265	431,987	378,266
	618,326	451,488	552,639	449,198

13 Designated funds

Group	At 1 Jan 2020 US$	Net new commitments/ Investment US$	Granted / (Gained / Impaired / Utilised) US$	At 31 Dec 2020 US$
Grants payable	1,912,239	206,893	(998,967)	1,120,165
Impact investments	3,245,797	150,000	(1,953,219)	1,442,578
Investments	1,544	-	-	1,544
Tangible fixed assets	2,520,311	999,502	(174,737)	3,345,076
	7,679,891	1,356,395	(3,126,923)	5,909,363

Foundation	At 1 Jan 2020 US$	Net new commitments/ Investment US$	Granted / (Gained / Impaired) US$	At 31 Dec 2020 US$
Grants payable	1,912,239	206,893	(998,967)	1,120,165
Impact investments	3,245,797	150,000	(1,953,219)	1,442,578
Investments	-	534,296	-	534,296
Tangible fixed assets	2,520,311	467,559	(151,243)	2,836,627
	7,678,347	1,358,748	(3,103,429)	5,933,666

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

The "Grants payable" fund represents monies which the Trustees have committed to various partner organisations. Net new commitments represent new grants awarded in the year less amounts committed in previous periods.

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

The investments fund in the group represents investment of PDIL in Pharo Management (UK) LLP.
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.

14 Taxation

The Pharo Foundation is a registered charity and, therefore, is not liable for 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 The Pharo Foundation and hence no tax is payable by them.

The Foundation’s branch registered in Ethiopia and Somaliland are non-profit making, non-government organisation. 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 was reduced from 30% to 25% for the year of income 2020 by the Tax Laws (Amendment) Act 2020. As a result, the tax charge for the year was US$15,919 (2019 $Nil).

15 Related party transactions

The Pharo Foundation is funded by a proportion of profits realised by Pharo Management (UK) LLP, where Mr Guillaume Fonkenell is a Managing Member.

16 Analysis of net assets between funds

Group	General funds US$	Designated funds US$	Total US$
Tangible fixed assets	3,345,076	-	3,345,076
Investments	-	1,444,122	1,444,122
Net current assets	5,935,622	4,465,241	10,400,863
	9,280,698	5,909,363	15,190,061

Foundation	General funds US$	Designated funds US$	Total US$
Tangible fixed assets	2,836,627	-	2,836,627
Investments	-	1,976,875	1,976,875
Net current assets	6,512,649	3,956,792	10,469,441
	9,349,276	5,933,667	15,282,943

Financial commitments

At 31 December 2020, The Pharo Foundation had the following future minimum commitments under non-cancellable operating leases on land and buildings:

	2020 US$	2019 US$
Land & Buildings		
. Less than one year	55,489	73,019
. Between two to five years	-	54,764
	55,489	127,784

At 31 December 2020, The Pharo Foundation had capital commitments of 2020 - $nil (2018 – $330,067) in respect of contracted for construction works.

The Pharo Foundation’s commitments to fund projects where recipients have yet to meet all conditions for receipt are shown in note 13.