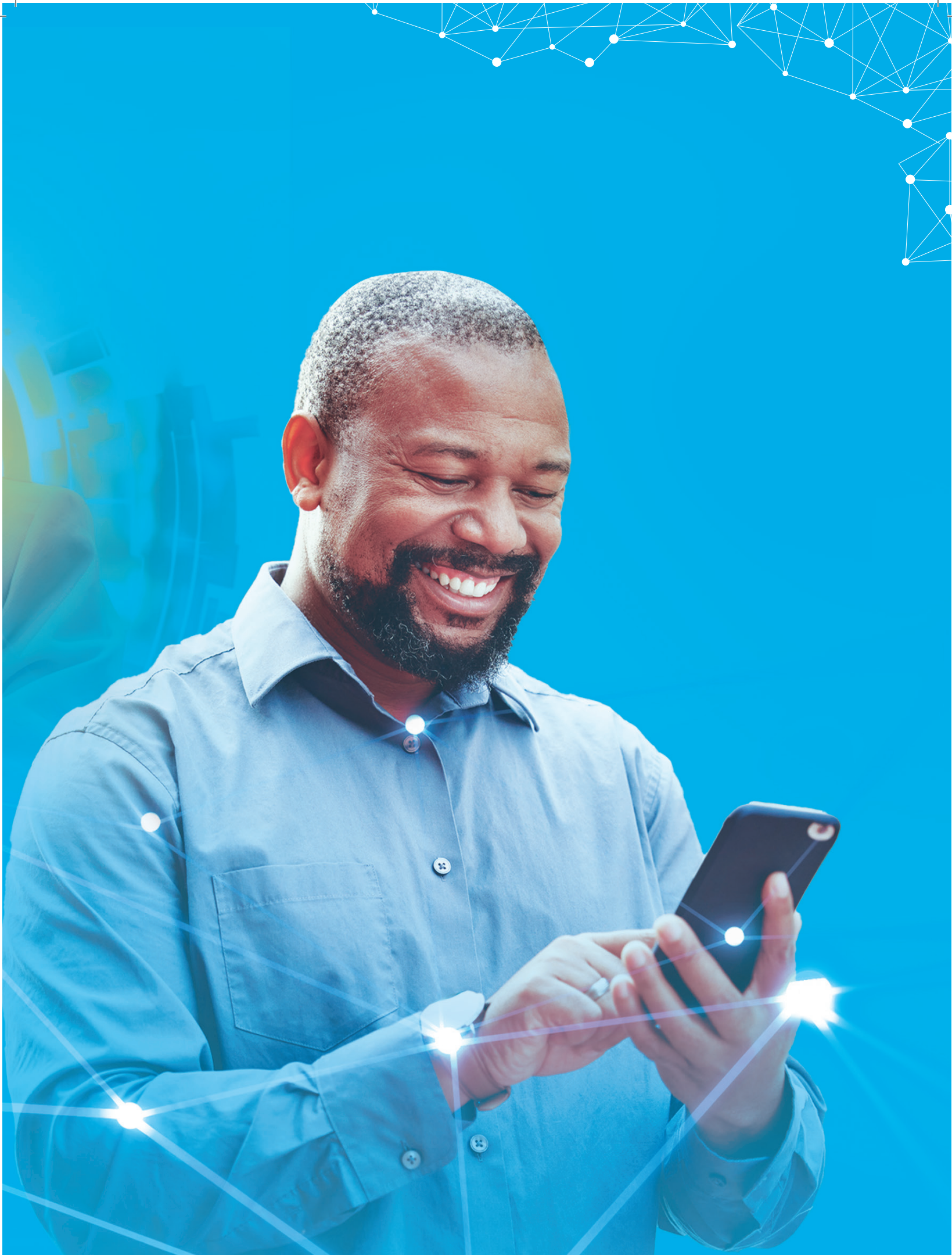




Financial Statements

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Group and Company Statements of Comprehensive Income for the year ended 31 December 2023

	Notes	Group		Company	
		2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Revenue	5	7,116.2	7,298.3	4,635.8	5,070.9
Cost of sales		(1,723.3)	(1,424.6)	(1,126.6)	(938.8)
Gross profit		5,392.9	5,873.7	3,509.2	4,132.1
Distribution costs		(313.7)	(265.8)	(231.9)	(198.0)
Administrative expenses		(3,993.3)	(3,808.9)	(2,595.9)	(2,614.0)
Net impairment losses on financial assets	6	(172.9)	(24.3)	(199.9)	(11.0)
Other expenses		(1,925.5)	(1,592.7)	(1,331.8)	(1,124.2)
Operating (loss)/ profit		(1,012.5)	182.0	(850.3)	184.9
Finance income	8	311.2	291.6	248.9	248.3
Finance costs	8	(32.6)	(38.9)	(31.0)	(36.9)
Share of profit after income tax of associate	17	302.1	57.0	-	-
(Loss)/ profit before income tax		(431.8)	491.7	(632.4)	396.3
Income tax (expense)/ credit	9	226.1	(173.2)	204.9	(98.9)
(Loss)/ profit for the year		(205.7)	318.5	(427.5)	297.4
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		261.0	46.2	-	-
Items that will not be subsequently reclassified to profit or loss					
Other comprehensive income from associate	17	108.1	12.2	-	-
Revaluation gain (net of deferred income tax)	12	-	93.7	-	81.6
		369.1	152.1	-	81.6
Total comprehensive income/ (loss) for the year		163.4	470.6	(427.5)	379.0
(Loss)/ profit for the year attributable to:					
Owners of the parent		(201.7)	315.2	-	-
Non-controlling interest		(4.0)	3.3	-	-
		(205.7)	318.5	-	-
Total comprehensive income attributable to:					
Owners of the parent		144.6	463.9	-	-
Non-controlling interest		18.8	6.7	-	-
		163.4	470.6	-	-
Basic earnings per share (Shs)	10	(1.1)	1.7	-	-
Diluted earnings per share (Shs)	10	(1.1)	1.7	-	-

Group and Company Statements of Financial Position at 31 December 2023

	Notes	Group		Company	
		2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
CAPITAL EMPLOYED					
Attributable to the Company's equity holders					
Share capital	11	518.5	518.5	518.5	518.5
Other reserves	12	512.5	172.9	172.7	175.9
Retained earnings		7,444.8	7,643.5	5,229.9	5,657.9
Proposed dividends	28	-	285.4	-	285.4
Treasury shares reserve	11	(714.8)	(427.5)	(714.8)	(427.5)
		7,761.0	8,192.8	5,206.3	6,210.2
Non-controlling interest	19	100.6	82.1	-	-
Total equity		7,861.6	8,274.9	5,206.3	6,210.2
Non-current liabilities					
Deferred income tax	13	41.4	35.4	-	-
Lease liabilities	16	306.9	313.4	242.1	309.2
Post-employment benefit obligation	27	5.5	-	5.5	-
		353.8	348.8	247.6	309.2
Total equity and non-current liabilities		8,215.4	8,623.7	5,453.9	6,519.4
Non-current assets					
Land and buildings	14(a)	716.5	704.6	466.6	488.3
Plant and equipment	14(b)	507.3	906.6	257.3	659.7
Right of use asset	16	430.1	444.9	300.7	378.3
Intangible assets	15	131.7	180.0	90.8	153.8
Investment in associate	17	1,845.2	1,556.1	94.6	94.6
Investment in subsidiaries	18	-	-	702.8	702.8
Deferred income tax	13	818.7	484.8	670.1	390.5
Post-employment benefit obligation	27	-	4.9	-	4.9
Other assets	20	52.0	63.6	52.0	63.6
		4,501.5	4,345.5	2,634.9	2,936.5
Current assets					
Inventories	21	605.6	776.8	443.9	540.3
Receivables and prepayments	22	3,442.5	3,274.0	2,426.7	2,440.3
Cash and cash equivalents	23	1,723.2	1,893.9	1,351.8	1,682.4
Short-term investments	24	1,378.8	1,861.7	965.5	1,410.0
Current income tax	9(b)	151.9	147.2	119.1	133.4
		7,302.0	7,953.6	5,307.0	6,206.4
Current liabilities					
Payables and accrued expenses	25	3,019.0	3,036.7	1,987.9	2,068.0
Provisions	26	484.2	545.2	448.9	501.4
Lease liabilities	16	84.9	93.5	51.2	54.1
		3,588.1	3,675.4	2,488.0	2,623.5
Net current assets		3,713.9	4,278.2	2,819.0	3,582.9
Total assets less current liabilities		8,215.4	8,623.7	5,453.9	6,519.4

The financial statements on pages 88 to 139 were approved and authorised for issue by the board of directors on 19 April 2024 and signed on its behalf by:



Dr. W D Kiboro
Chairman



R Tobiko
Chief Financial Officer

Group Statement of Changes in Equity for the year ended 31 December 2023

	Attributable to equity holders of the Company						Non-controlling interest	Total equity	
	Notes	Share capital	Treasury reserve	Other reserves	Retained Earnings	Proposed Dividends			Total
		Shs m	Shs m	Shs m	Shs m	Shs m			Shs m
Year ended 31 December 2022									
At start of year		518.5	(427.5)	24.2	7,613.7	285.4	8,014.3	75.9	8,090.2
Profit for the year		-	-	-	315.2	-	315.2	3.3	318.5
Other comprehensive income, net of tax									
Currency translation differences		-	-	42.8	-	-	42.8	3.4	46.2
Revaluation of buildings	12	-	-	93.7	-	-	93.7	-	93.7
Share of comprehensive income in associate	17	-	-	12.2	-	-	12.2	-	12.2
Total other comprehensive income		-	-	148.7	-	-	148.7	3.4	152.1
Total comprehensive income for the year		-	-	148.7	315.2	-	463.9	6.7	470.6
Transactions with owners									
Dividend paid to minority	19	-	-	-	-	-	-	(0.5)	(0.5)
Dividend paid – final 2021		-	-	-	-	(285.4)	(285.4)	-	(285.4)
Proposed final dividend for 2022	28	-	-	-	(285.4)	285.4	-	-	-
At end of year		518.5	(427.5)	172.9	7,643.5	285.4	8,192.8	82.1	8,274.9

Group Statement of Changes in Equity

for the year ended 31 December 2023 (continued)

	Notes	Attributable to equity holders of the Company					Total	Non-controlling interest	Total equity
		Share capital	Treasury reserve	Other reserves	Retained Earnings	Proposed Dividends			
		Shs m	Shs m	Shs m	Shs m	Shs m			
Year ended 31 December 2023									
At start of year		518.5	(427.5)	172.9	7,643.5	285.4	8,192.8	82.1	8,274.9
Loss for the year		-	-	-	(201.7)	-	(201.7)	(4.0)	(205.7)
Other comprehensive income, net of tax									
Transfer of excess depreciation		-	-	(9.6)	9.6	-	-	-	-
Deferred income tax on transfer		-	-	2.9	(2.9)	-	-	-	-
Currency translation differences		-	-	238.2	-	-	238.2	22.8	261.0
Share of comprehensive income in associate	17	-	-	108.1	-	-	108.1	-	108.1
Total other comprehensive income		-	-	339.6	6.7	-	346.3	22.8	369.1
Total comprehensive income for the year		-	-	339.6	(195.0)	-	144.6	18.8	163.4
Transactions with owners									
Shares buyback	11	-	(287.3)	-	(3.7)	-	(291.0)	-	(291.0)
Dividend paid to minority	19	-	-	-	-	-	-	(0.3)	(0.3)
Dividend paid – final 2022		-	-	-	-	(285.4)	(285.4)	-	(285.4)
At end of year		518.5	(714.8)	512.5	7,444.8	-	7,761.0	100.6	7,861.6

Company Statement of Changes in Equity for the year ended 31 December 2023

	Notes	Share Capital	Treasury reserve	Other reserves	Retained earnings	Proposed dividends	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2022							
At start of year		518.5	(427.5)	94.3	5,645.9	285.4	6,116.6
Profit for the year		-	-	-	297.4	-	297.4
Other comprehensive income, net of tax							
Revaluation of building	12	-	-	81.6	-	-	81.6
Total other comprehensive income		-	-	81.6	-	-	81.6
Total comprehensive income for the year		-	-	81.6	297.4	-	379.0
Transactions with owners							
Final dividend 2022 paid		-	-	-	-	(285.4)	(285.4)
Proposed final dividends 2022	28	-	-	-	(285.4)	285.4	-
At end of year		518.5	(427.5)	175.9	5,657.9	285.4	6,210.2
Year ended 31 December 2023							
At start of year		518.5	(427.5)	175.9	5,657.9	285.4	6,210.2
Loss for the year		-	-	-	(427.5)	-	(427.5)
Other comprehensive income, net of tax							
Transfer of excess depreciation		-	-	(4.6)	4.6	-	-
Deferred tax on revaluation		-	-	1.4	(1.4)	-	-
Total other comprehensive income for the year		-	-	(3.2)	3.2	-	-
Total comprehensive loss for the year		-	-	(3.2)	(424.3)	-	(427.5)
Transactions with owners							
Share buyback	11	-	(287.3)	-	(3.7)	-	(291.0)
Final dividend 2022 paid		-	-	-	-	(285.4)	(285.4)
At end of year		518.5	(714.8)	172.7	5,229.9	-	5,206.3

Group and Company Statement of Cash Flows

for the year ended 31 December 2023

	Notes	Group		Company	
		2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Operating activities					
Cash (used)/generated from operations	31	(203.3)	461.1	(301.5)	235.0
Income tax paid	9 (b)	(106.5)	(432.7)	(60.4)	(377.3)
Interest on lease liability	16	(32.6)	(38.9)	(31.0)	(36.9)
Share Buyback expenses		(3.7)	-	(3.7)	-
Net cash used in operating activities		(346.1)	(10.5)	(396.6)	(179.2)
Investing activities					
Interest received	8	311.2	291.6	248.9	248.3
Purchase of property, plant and equipment	14	(192.8)	(135.8)	(125.7)	(77.4)
Purchase of intangible assets	15	(19.7)	(17.8)	(2.7)	(16.0)
Proceeds from sale of property, plant and equipment		27.3	21.5	22.8	18.5
Dividends received from associate	17	121.1	53.6	121.1	53.6
Dividend received from subsidiary		-	-	1.5	82.4
Long-term deposit	20	11.6	(9.7)	11.6	(9.7)
Short-term investments	24	482.9	(15.0)	444.5	286.2
Net cash generated from investing activities		741.6	188.4	722.0	585.9
Financing activities					
Treasury shares purchase	11	(287.3)	-	(287.3)	-
Dividend paid		(285.4)	(285.4)	(285.4)	(285.4)
Dividend paid to minority	19	(0.3)	(0.5)	-	-
Principal portion of lease liability payment	16	(148.5)	(127.0)	(83.3)	(72.4)
Net cash used in financing activities		(721.5)	(412.9)	(656.0)	(357.8)
Net increase in cash and cash equivalents		(326.0)	(235.0)	(330.6)	48.9
Movement in cash and cash equivalents					
At start of year		1,893.9	2,111.9	1,682.4	1,633.5
(Decrease)/increase in cash and cash equivalents		(326.0)	(235.0)	(330.6)	48.9
Exchange gains on cash and cash equivalents		155.3	17.0	-	-
At end of year	23	1,723.2	1,893.9	1,351.8	1,682.4

Notes to the financial statements

1. General information

Nation Media Group PLC (the “Company”) is incorporated in Kenya under the Kenya Companies Act as a public limited liability company, and is domiciled in Kenya. The address of its registered office is:

Nation Media Group PLC
 Nation Centre, Kimathi Street
 P O Box 49010 - 00100
 Nairobi

The Company’s shares are listed on the Nairobi, Kampala, Dar es Salaam and Kigali Stock Exchanges.

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

2. Summary of material accounting policies

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

(a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with IFRS Accounting Standards. The financial

statements are presented in Kenyan Shillings (Shs m), rounded to the nearest one tenth of a million. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

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

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations effective and adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023. These standards and amendments did not have a material impact on the financial statements.

Title	Key requirements	Effective Date
<i>Narrow scope amendments to IAS 1 ‘Presentation of Financial Statements’, Practice statement 2 and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’</i>	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	Annual periods beginning on or after 1 January 2023
<i>Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New standards, amendments and interpretations issued not yet effective

The below new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

Title	Key requirements	Effective Date
<i>Amendments to IAS 1 - Non-current liabilities with covenants</i>	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024
<i>Amendment to IFRS 16 – Leases on sale and leaseback</i>	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
<i>Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)</i>	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
<i>Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)</i>	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for

the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(b) Consolidation (continued)

i) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The

difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting. Under the equity method, the investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss as appropriate. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/ (loss) of an associate' in the statement of comprehensive income.

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(b) Consolidation (continued)

i) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognized in profit or loss. Associates are stated at cost in the separate financial statements of the Company.

(c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market value, based on valuations that are conducted at least every five years by external independent valuers, less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising from a revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life. The annual rates used for this purpose are as follows:

Buildings	40 years
Plant and equipment	5 – 15 years

Computers and software	3 – 5 years
Motor Vehicles	3 – 5 years
Leasehold land	over the remaining lease term

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The executive management team, which is responsible for strategic decision, allocating resources and assessing performance of the operating segments, has been identified as the CODM. All transactions between business segments are conducted on an arm's length basis. Income and expenses associated with each segment as included in determining business segment performance.

(e) Revenue and income recognition

The Group recognizes revenue for direct sales of goods and rendering of services. Revenue is recognized as and when the Group satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognized is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

Circulation revenue from the sale of newspapers is recognized on delivery of the newspapers to appointed distributors based on an approved allocation list, net of returns of unsold newspapers. Advertising revenue is recognized on publication of the related advertisement on print, online or airing on a broadcast channel. Contract printing revenue recognition is based on the performance of the service agreed with the customers. ePaper revenue is recognized on delivery of electronic version of the newspaper to the customer.

The Group recognizes revenue at a point in time or over time depending on the nature of goods and services and mode of fulfilling performance obligations.

Interest income is recognized using the effective interest method.

Dividends are recognized as income in the period the right to receive payment is established.

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average principle. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Goods in transit are stated at cost. Specific provisions are made for obsolete, slow moving and defective inventories.

(g) Financial instruments

(i) Initial recognition

Financial instruments are recognized when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

(ii) Classification

The Group classifies its financial instruments into the following categories:

- a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortized cost.
- b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
- c) All other financial assets are classified and measured at fair value through profit or loss.
- d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- e) All other financial liabilities are classified and measured at amortized cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and short term investments were classified at amortized cost.

- Trade and other liabilities were classified as at amortized cost

(iii) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.

- Trade receivables are measured at their transaction price.

- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Exchange gains and losses on monetary items, interest income and dividend income are recognized in profit or loss.

Fair value is determined as set out in Note 4(e). Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

v) Impairment

The Group recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments (Note 4(b)) for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(g) Financial instruments (continued)

v) Impairment (continued)

expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(vi) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

(vii) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset. Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

(viii) Offsetting

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

(h) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, the deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Intangible assets

(i) Goodwill

Goodwill represents the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest (NCI), and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(i) Intangible assets (continued)

(i) Goodwill (continued)

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for purposes of impairment testing.

The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose and are identified according to operating segments.

(ii) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortized over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programmes are recognized as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Acquired computer software and computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

(iii) Transmission frequencies

Acquired transmission frequencies are capitalized on the basis of the costs incurred to acquire and to bring them to use. Transmission frequencies are tested annually for impairment and carried at cost less accumulated impairment losses.

(j) Employee benefits

(i) Post employment benefit obligations

The Group operates a defined contribution retirement benefit scheme for its employees. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid

contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company and all its employees also contribute to the National Social Security Funds in the countries which they operate, which are defined contribution schemes. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate. The Company has no further obligation once the contributions have been paid.

In addition, the Group operates a gratuity scheme where the group makes contributions to a special purpose vehicle that is administered independently. The employees are entitled to specified benefits as per the scheme's rules. The gratuity scheme is a defined benefit scheme. The liability or asset recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation and related service costs is determined using the 'projected unit credit method', which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. The defined benefit obligation is calculated every three years by independent actuaries.

(ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(k) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenyan Shillings (Shs m), rounded to the nearest one tenth of a million which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income/costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed or sold, exchange differences that are recorded in equity are recognized in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity

are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(m) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(n) Share Capital

Ordinary shares are classified as equity.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investment with original maturities of three months or less, and bank overdrafts.

(p) Provisions

Provisions for legal claims are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(q) Leases

Definition of Lease

At inception of a contract, the Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to a customer for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Group as a Lessee

As a lessee, the Group leases various assets, mainly offices. These lease contracts are typically made for fixed periods of 1 to 6 years but may have extension/termination options. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for the qualifying leases (i.e. these leases are on statement of financial position).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the

group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease modifications

The Group accounts for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(r) Treasury Shares

These are shares acquired on the open market and are held by the Company. These shares are deducted from contributed equity and disclosed as treasury shares. Where a company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from

Notes to the financial statements (continued)

2. Summary of material accounting policies (continued)

(r) Treasury Shares (continued)

equity attributable to the owners. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the shareholders. Treasury shares are not taken into account when calculating the basic earnings per share.

3. Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

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

a) Impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements and estimations are also required in applying the accounting requirements for measuring ECL, such as:

The determination and application of IFRS 9 risk parameters i.e. probably of default (PD), loss given at default (LGD) and definition of default to trade receivables; and

Determination of expected future payment pattern for government advertising debt.

The assumption, estimates and judgement made by management are disclosed in note 4(b).

b) Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters.

Management in consultation with the legal advisers estimates a provision based on past precedents. The assumptions and estimates made are disclosed in note 26.

c) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected product lifecycles for its assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The useful lives for the various asset classes is shown under note 2(c). Assuming a reduction in useful lives of property, plant and equipment by one year, the consolidated post tax profit for the year and equity would have been Shs 42.3 million lower (2022: Shs 65.2 million).

d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining the classification of financial assets and whether assets are impaired.

4. Financial risk management

The Group's and the Company's activities expose it to a variety of financial risks comprising market risk (including foreign exchange risks, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects on its financial performance within the options available in East Africa to hedge against such risks.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies,

Notes to the financial statements (continued)

4. Financial risk management (continued)

evaluates and mitigates against financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group and the Company make significant purchases of raw materials in foreign currency, principally newsprint, inks and plates used in newspaper production, and TV programming used in broadcasting. This exposes the Group and the Company to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Management manages this risk by making the significant foreign currency purchases within periods when the exchange rates are favourable. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investment in foreign operations.

At 31 December 2023, if the Shilling had weakened/strengthened against the US Dollar and Euro by 5%, with all other variables held constant, the consolidated post tax profit for the year and equity would have been Shs 11.6 million higher/ lower for the US dollar whereas the Euro effect would have been Shs 1.8 million higher/ lower (2022: Shs 3.2 million for the US dollar and Shs 0.7 million for the Euro) higher/ lower mainly as a result of foreign exchange gains/losses on translation of US\$ and Euro-denominated trade receivables, payables and bank balances. The US dollar denominated trade receivables, payables and bank balances in 2023 amounted to Shs 232.6 million (2022: Shs 65.0 million) while Euro denominated amounted to Shs 36.5 million (2022: Shs 14.2 million)

(ii) Price risk

The Group and the Company do not hold any investments subject to price risk.

(iii) Interest rate risk

The Group and the Company do not hold any borrowing and therefore not subject to interest rate risk.

(b) Credit risk and expected credit losses

Credit risk arises from cash and short-term investments as well as trade and other receivables. The Group has policies in place to ensure that sales are made to customers with an

appropriate credit history. The credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. For banks and financial institutions, only reputable well established financial institutions are accepted. The utilization of credit limits is regularly monitored.

The amounts that represent the Group's maximum exposure to credit risk is equal to the carrying amount of financial assets in the statement of financial position.

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade and other receivables because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Forward looking information has not been taken into account for other advertising debtors because of their short-term nature. Using the simplified approach, management has segmented their accounts receivable balances into Government advertising debtors, other advertising debtors, and circulation and subscription debtors. This segmentation is based on the characteristics of respective debtors. The credit period for trade receivables extended to our customers is 45 days for agencies and 30 days for all the other categories.

For the Government advertising debtors, management uses the Government debt collection trends in the past to determine the expected cash flows from these debts and discounts them to the present value to determine the provision.

For the other advertising debtors, management determines probabilities of default (PD) using collection trends in the past. The calculated PDs based on historical data are then used to determine the provision. However, any debt with the exception of Government debt over 180 days is fully impaired.

For circulation and subscription debtors, management determines the portion of the debt not secured by a bank guarantee and applies a PD based on average collection trends in the past on this unsecured portion to compute the provision. Dormant accounts are fully provided for in addition to any other debt over 120 days.

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. Cash balances and long-term deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(b) Credit risk and expected credit losses (continued)

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December is made up as follows:

Trade receivables (Note 22)

Group 2023	Current	30 Days	60 Days	90 days	120+ days	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Gross carrying amount	383.9	320.7	240.1	145.3	3,758.9	4,848.9
Expected credit losses	(40.2)	(43.5)	(45.7)	(28.3)	(2,236.6)	(2,394.3)
Carrying amount	343.7	277.2	194.4	117.0	1,522.3	2,454.6
2022						
Gross carrying amount	403.2	300.8	231.1	126.5	3,323.9	4,385.5
Expected credit losses	(39.7)	(39.1)	(30.4)	(26.0)	(2,094.1)	(2,229.3)
Carrying amount	363.5	261.7	200.7	100.5	1,229.8	2,156.2
Company						
2023	Current	30 Days	60 Days	90 days	120+ days	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Gross carrying amount	211.5	200.4	161.4	100.7	2,887.5	3,561.5
Expected credit losses	(25.7)	(24.6)	(29.2)	(16.5)	(1,670.0)	(1,766.0)
Carrying amount	185.8	175.8	132.2	84.2	1,217.5	1,795.5
2022						
Gross carrying amount	246.7	208.5	172.4	97.6	2,622.4	3,347.6
Expected credit losses	(24.7)	(23.8)	(16.2)	(14.0)	(1,486.4)	(1,565.1)
Carrying amount	222.0	184.7	156.2	83.6	1,136.0	1,782.5

Trade receivables ageing is based on customers' payment terms and expected collection trends.

The overall increase in the provision for Expected Credit Losses (ECL) results from higher Loss Given Default (LGD) for Government debt after the revision of IFRS 9 to reflect the current prevailing economic conditions.

Shs 179.2 million was held as collateral in the form of bank guarantees for trade receivables as at 31 December 2023 (2022: Shs 191.9 million). The stated bank guarantee amounts approximate their fair value.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(b) Credit risk and expected credit losses (continued)

Bank deposits and short-term investments

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Deposits with banks (Notes 20, 23 & 24)	2,991.7	3,658.6	2,207.0	2,995.4
Other short-term investments (Note 24)	201.4	200.6	201.4	200.6
Expected credit losses	(39.1)	(40.0)	(39.1)	(40.0)
Total carrying value	3,154.0	3,819.2	2,369.3	3,156.0

Other receivables	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Due from related parties (Note 32)	16.4	12.5	440.7	437.9
Expected credit losses	-	-	(378.7)	(372.9)
	16.4	12.5	62.0	65.0
Other receivables and prepayments	971.5	1,105.3	569.2	592.8
Total carrying value	987.9	1,117.8	631.2	657.8

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which, together with management, closely monitor the Group's and Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's and the Company's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(c) Liquidity risk (continued)

Group	Less than 1 year	Over 1 year	Total
2023	Shs m	Shs m	Shs m
Payables and accrued expenses (Note 25)	3,019.0	-	3,019.0
Lease liabilities	149.3	266.6	415.9
Total financial liabilities	3,168.3	266.6	3,434.9
2022			
Payables and accrued expenses (Note 25)	3,036.7	-	3,036.7
Lease liabilities	126.5	290.1	416.6
Total financial liabilities	3,163.2	290.1	3,453.3

Company	Less than 1 year	Over 1 year	Total
2023	Shs m	Shs m	Shs m
Payables and accrued expenses (Note 25)	1,987.9	-	1,987.9
Lease liabilities	105.1	220.7	325.8
Total financial liabilities	2,093.0	220.7	2,313.7
2022			
Payables and accrued expenses (Note 25)	2,068.0	-	2,068.0
Lease liabilities	105.9	286.5	392.4
Total financial liabilities	2,173.9	286.5	2,460.4

(d) Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to manage capital.

The capital structure of the Group and Company consists of equity attributable to equity holders, comprising issued capital and retained earnings. The Group and Company had no borrowings at year end (2022: Nil).

(e) Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The carrying amounts of all assets and liabilities at the year-end date approximate their fair values.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(e) Fair value estimation (continued)

The following table shows an analysis of financial and non- financial instruments measured at fair value by level of the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
	Shs m	Shs m	Shs m	Shs m
At 31 December 2023				
Non- financial assets				
Freehold land and buildings	-	716.5	-	716.5
At 31 December 2022				
Non- financial assets				
Freehold land and buildings	-	704.6	-	704.6
Company				
At 31 December 2023				
Non- financial assets				
Freehold land and buildings	-	466.6	-	466.6
At 31 December 2022				
Non- financial assets				
Freehold land and buildings	-	488.3	-	488.3

Land and buildings are categorized under Level 2 fair value hierarchy as their value is based on inputs other than quoted prices, or inputs that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. There were no transfers between the various levels during the year.

The Group freehold land and buildings are revalued every 5 years by independent professional valuers. The last revaluation was done in 2022 and was based on market value for the existing use. There was no change in the valuation technique.

5. Segmental information

Management has determined the operating segments based on the various products or section's performance that are used by Executive Management Team that are used to make strategic decisions. The Group considers the business from a product perspective;

(i) Newspapers and Digital - Incorporating sale of newspapers, advertisements published in the newspapers, advertisements in the digital platforms and subscriptions of e-paper.

(ii) Broadcasting - Incorporating advertisements and other content aired on television and radio.

The Executive Management team considers the East African countries in which the Group operates as one geographical segment because of similarities in the risks and returns in the four countries.

Other Group operations mainly comprise courier operations and third party printing services. Neither of these constitute a separately reportable segment and have therefore been included as part of Newspapers, and Digital on the basis that the said operations are closely related and have similar economic characteristics. There are no significant transactions between the two reportable segments.

Notes to the financial statements (continued)

5. Segmental information (continued)

Entity-wide information

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines;

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Advertising revenue	4,665.9	4,926.4	2,980.9	3,350.7
Circulation revenue	1,509.2	1,638.6	1,102.0	1,240.0
Other	941.1	733.3	552.9	480.2
Total	7,116.2	7,298.3	4,635.8	5,070.9
Timing of revenue recognition:				
- At a point in time	7,116.2	7,298.3	4,635.8	5,070.9

Segment performance

Nation Media Group PLC is domiciled in Kenya. The revenue attributed to Kenya was Shs 4,635.8 million (2022: Shs 5,070.9 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Shs 2,480.4 million (2022: Shs 2,227.4 million). The Group does not derive revenues in excess of 10% of the total Group's revenue from any individual customer except the Government of Kenya.

Segment assets comprise primarily property, plant and equipment, inventories and receivables. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Notes to the financial statements (continued)

5. Segmental information (continued)

Statement of comprehensive income

	Newspapers and Digital	Broadcasting	Unallocated	Total
	Shs m	Shs m	Shs m	Shs m
2023				
Revenue	5,755.7	1,360.5	-	7,116.2
Cost of sales	(1,343.3)	(380.0)	-	(1,723.3)
Gross profit	4,412.4	980.5	-	5,392.9
Depreciation and amortization of RoU assets	(423.4)	(113.1)	(3.3)	(539.8)
Impairment	(291.4)	-	-	(291.4)
Amortization of intangible assets	(56.2)	(12.9)	-	(69.1)
Provision for expected credit losses	(173.6)	0.7	-	(172.9)
Other operating costs	(3,928.3)	(889.1)	(514.8)	(5,332.2)
Total operating expenses	(4,872.9)	(1,014.4)	(518.1)	(6,405.4)
Operating profit	(460.5)	(33.9)	(518.1)	(1,012.5)
Finance income	-	-	311.2	311.2
Finance cost	(32.5)	(0.1)	-	(32.6)
Share of results of associate	-	-	302.1	302.1
Contribution/profit before income tax	(493.0)	(34.0)	95.2	(431.8)
2022				
Revenue	5,766.0	1,532.3	-	7,298.3
Cost of sales	(1,085.1)	(339.5)	-	(1,424.6)
Gross profit	4,680.9	1,192.8	-	5,873.7
Depreciation and amortization of RoU assets	(400.5)	(113.9)	(3.4)	(517.8)
Amortization of intangible assets	(65.0)	(12.9)	-	(77.9)
Provision for expected credit losses	(30.0)	5.7	-	(24.3)
Other operating costs	(3,793.2)	(891.0)	(387.5)	(5,071.7)
Total operating expenses	(4,288.7)	(1,012.1)	(390.9)	(5,691.7)
Operating profit	392.2	180.7	(390.9)	182.0
Finance income	-	-	291.6	291.6
Finance cost	(36.9)	(2.0)	-	(38.9)
Share of results of associate	-	-	57.0	57.0
Contribution/profit before income tax	355.3	178.7	(42.3)	491.7

Notes to the financial statements (continued)

5. Segmental information (continued)

Statement of financial position

	Newspapers and Digital	Broadcasting	Unallocated	Total
	Shs m	Shs m	Shs m	Shs m
2023				
Current assets				
Inventories	561.6	44.0	-	605.6
Receivables and prepayments	1,713.0	1,107.6	621.9	3,442.5
Other assets	-	-	3,253.9	3,253.9
	2,274.6	1,151.6	3,875.8	7,302.0
Non-current assets				
Property, plant and equipment	982.7	232.1	9.0	1,223.8
Right of Use Asset	367.4	55.7	7.0	430.1
Investment in associate	-	-	1,845.2	1,845.2
Other assets	90.1	19.8	892.5	1,002.4
	1,440.2	307.6	2,753.7	4,501.5
Total assets	3,714.8	1,459.2	6,629.5	11,803.5
Current liabilities				
Payables and accrued expenses	1,660.2	713.8	645.0	3,019.0
Lease liability	72.2	12.7	-	84.9
Other liabilities	411.0	73.2	-	484.2
	2,143.4	799.7	645.0	3,588.1
Non-current liabilities				
Lease liability	260.8	46.1	-	306.9
Other liabilities	-	-	46.9	46.9
	260.8	46.1	46.9	353.8
Total liabilities	2,404.2	845.8	691.9	3,941.9
Capital expenditure	150.4	62.1	-	212.5
2022				
Current assets				
Inventories	728.7	48.1	-	776.8
Receivables and prepayments	1,636.3	1,087.5	550.2	3,274.0
Other assets	-	-	3,902.8	3,902.8
	2,365.0	1,135.6	4,453.0	7,953.6
Non-current assets				
Property, plant and equipment	1,381.2	222.5	7.5	1,611.2
Right of Use Asset	402.6	33.8	8.5	444.9
Investment in associate	-	-	1,556.1	1,556.1
Other assets	148.2	31.8	553.3	733.3
	1,932.0	288.1	2,125.4	4,345.5
Total assets	4,297.0	1,423.7	6,578.4	12,299.1
Current liabilities				
Payables and accrued expenses	1,530.8	1,010.6	495.3	3,036.7
Lease liability	84.3	9.2	-	93.5
Other liabilities	458.4	86.8	-	545.2
	2,073.5	1,106.6	495.3	3,675.4
Non-current liabilities				
Lease liability	282.7	30.7	-	313.4
Other liabilities	-	-	35.4	35.4
	282.7	30.7	35.4	348.8
Total liabilities	2,356.2	1,137.3	530.7	4,024.2
Capital expenditure	89.5	64.1	-	153.6

Notes to the financial statements (continued)

6. Expenses by nature

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
The following items have been charged/(credited) in arriving at operating profit:				
Profit/(loss) on disposal of property, plant and equipment	25.5	20.2	(22.4)	(18.7)
Employee benefits expense (Note 7)	3,074.6	3,054.8	2,001.4	2,127.0
Trade receivables-provision for expected credit losses (Note 22)	173.9	12.5	200.9	(0.8)
Cash and cash equivalent provision for expected credit losses	(1.0)	11.8	(1.0)	11.8
	172.9	24.3	199.9	11.0
Depreciation of property, plant & equipment (Note 14)	387.9	376.9	258.0	272.3
Impairment (Note 14)	291.4	-	291.4	-
Amortization of ROU assets (Note 16)	151.9	140.9	90.9	89.2
Amortization of intangible assets (Note 15)	69.1	77.9	65.7	76.0
Consumption of inventories	1,179.1	999.7	776.9	681.9
Exchange (gains)/losses	(23.4)	9.3	(8.3)	27.7
Provision for inventory	(3.9)	1.5	-	1.3
Auditors' remuneration	28.0	25.6	14.0	13.9
Repairs and maintenance expenditure on property, plant and equipment	82.9	49.5	13.6	29.2

7. Employee benefits expense

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Salaries and wages	2,913.1	2,905.7	1,916.2	2,048.6
Defined contribution benefit scheme	68.9	74.0	61.0	67.6
National Social Security Fund	78.1	68.1	9.7	3.8
Post-employment benefit obligation (Note 27)	14.5	7.0	14.5	7.0
	3,074.6	3,054.8	2,001.4	2,127.0

	2023	2022
	Number	Number
The number of persons employed by the Group at the year-end was:		
Full time	870	846
Part time	375	407
	1,245	1,253

8. Finance cost and income

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Finance income:				
Interest income	311.2	291.6	248.9	248.3
Finance costs:				
Interest on leases (Note 16)	(32.6)	(38.9)	(31.0)	(36.9)

Notes to the financial statements (continued)

9. Income tax expense

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Current income tax:				
- Current year charge to profit or loss	100.9	212.7	74.7	153.8
- Under/(over) provision of current tax in prior years	0.9	(0.9)	-	(1.0)
Deferred income tax credit (Note 13):	(327.9)	(38.6)	(279.6)	(53.9)
Total income tax expense	(226.1)	173.2	(204.9)	98.9

9. (a) Income tax expense

The tax on the Group and Company's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country as follows:

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
(Loss)/ profit before income tax	(431.8)	491.7	(632.4)	396.3
Tax calculated at the statutory tax rate of 30% (2022: 30%)	(129.5)	147.5	(189.7)	118.9
Tax effect of:				
- Income not subject to tax	(125.9)	(34.8)	(40.6)	(50.8)
- Expenses not deductible for tax purposes	28.6	44.2	25.2	30.3
Under provision of deferred tax in prior years	(0.2)	17.2	0.2	1.6
Under/(over) provision of current tax in prior years	0.9	(0.9)	-	(1.1)
Income tax expense	(226.1)	173.2	(204.9)	98.9

9. (b) Current income tax movement

	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Opening balance	147.2	(73.8)	133.4	(91.2)
Current tax liability charge for the year	(100.9)	(212.6)	(74.7)	(153.8)
Under/(over) provision of current tax in prior years	(0.9)	0.9	-	1.1
Tax paid	106.5	432.7	60.4	377.3
Closing balance	151.9	147.2	119.1	133.4

Notes to the financial statements (continued)

10. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weight-
ed average number of ordinary shares in issue during the year. The ordinary shares have been adjusted for treasury shares bought
during the year (2023 is weighted average of shares after repurchase of treasury shares within the year).

	Group	
	2023	2022
Net profit attributable to shareholders (Shs million)	(201.7)	315.2
Number of ordinary shares in issue (million) (2023 weighted average)	185.1	190.3
Basic earnings per share (Shs)	(1.1)	1.7

b) Diluted earnings per share

There were no dilutive/potentially dilutive ordinary shares at 31 December 2023 (2022: nil) and therefore diluted earnings per share
is equal to basic earnings per share.

11. Share capital

	Group & Company	
	Number of shares (million)	Ordinary shares Shs m
Authorised (par value of Shs 2.5 per share)	240.0	600.0
Issued and fully paid:		
31 December 2022	207.4	518.5
31 December 2023	207.4	518.5

Movement of share capital is as follows:

	2023	2022
	Shs m	Shs m
At the start of the year	518.5	518.5
At the end of the year	518.5	518.5

Number of shares is as follows:

	2023	2022
Issued and fully paid shares at start and end of year	207.4	207.4
Treasury shares	(31.4)	(17.1)
Adjusted outstanding shares	176.0	190.3

b) Treasury Shares

	Number of shares (million)	Treasury shares Shs m
At the start of the year	(17.1)	(427.5)
Shares purchased during the year	(14.3)	(287.3)
At the end of the year	(31.4)	(714.8)

Notes to the financial statements (continued)

12. Other Reserves

Group	Revaluation reserve on buildings	Controlling Interest	Currency translation	Total
	Shs m	Shs m	Shs m	Shs m
As at 1 January 2022	163.8	(27.1)	(112.5)	24.2
Share of comprehensive income from associate	-	12.2	-	12.2
Currency translation differences	-	-	42.8	42.8
Revaluation of buildings (note 14)	133.8	-	-	133.8
Deferred income tax on revaluation	(40.1)	-	-	(40.1)
	93.7	-	-	93.7
Balance as at 31 December 2022	257.5	(14.9)	(69.7)	172.9
As at 1 January 2023	257.5	(14.9)	(69.7)	172.9
Share of comprehensive income from associate	-	108.1	-	108.1
Currency translation differences	-	-	238.2	238.2
Transfer of excess depreciation	(9.6)	-	-	(9.6)
Deferred income tax on transfer of excess depreciation	2.9	-	-	2.9
	(6.7)	-	-	(6.7)
Balance as at 31 December 2023	250.8	93.2	168.5	512.5

Company	Revaluation reserve on buildings	Total
	Shs m	Shs m
As at 1 January 2022	94.3	94.3
Revaluation of buildings (note 14)	116.5	116.5
Deferred income tax on revaluation	(34.9)	(34.9)
	81.6	81.6
Balance as at 31 December 2022	175.9	175.9
As at 1 January 2023	175.9	175.9
Transfer of excess depreciation	(4.6)	(4.6)
Deferred income tax on transfer of excess depreciation	1.4	1.4
	(3.2)	(3.2)
Balance as at 31 December 2023	172.7	172.7

Notes to the financial statements (continued)

13. Deferred income tax

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
At start of year	(449.4)	(450.9)	(390.5)	(371.5)
(Credit) to profit or loss (Note 9)	(327.9)	(38.6)	(279.6)	(53.9)
Charge to other comprehensive income (Note 12)	-	40.1	-	34.9
At end of year	(777.3)	(449.4)	(670.1)	(390.5)
Presented by:				
Deferred income tax liabilities	41.4	35.4	-	-
Deferred income tax assets	(818.7)	(484.8)	(670.1)	(390.5)
At end of year	(777.3)	(449.4)	(670.1)	(390.5)

Deferred income tax assets and liabilities are attributable to the following items:

Group	2022	Charged/ (credited) to P&L	Charged/ (credited) to OCI	2023
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2023				
Deferred income tax liabilities				
Property, plant and equipment	13.7	(165.1)	-	(151.4)
Buildings	114.4	(0.1)	-	114.3
Right of use asset	111.3	(7.4)	-	103.9
Unrealized exchange gains	40.2	192.3	-	232.5
	279.6	19.7	-	299.3
Deferred income tax assets				
Provisions	(557.0)	(64.3)	-	(621.3)
Tax losses	(2.1)	(113.7)	-	(115.8)
Lease liability	(120.0)	7.0	-	(113.0)
Unrealized exchange losses	(49.9)	(176.6)	-	(226.5)
	(729.0)	(347.6)	-	(1,076.6)
Net deferred income tax (asset)	(449.4)	(327.9)	-	(777.3)

Group	2021	Charged/ (credited) to P&L	Charged (credited) to OCI	2022
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2022				
Deferred income tax liabilities				
Property, plant and equipment	69.8	(56.1)	-	13.7
Buildings	75.2	(0.9)	40.1	114.4
Right of use asset	135.5	(24.2)	-	111.3
Unrealized exchange gains	23.3	16.9	-	40.2
	303.8	(64.3)	40.1	279.6
Deferred income tax assets				
Provisions	(584.2)	27.2	-	(557.0)
Tax losses	(2.1)	-	-	(2.1)
Lease liability	(140.5)	20.5	-	(120.0)
Unrealized exchange losses	(27.9)	(22.0)	-	(49.9)
	(754.7)	25.7	-	(729.0)
Net deferred income tax (asset)	(450.9)	(38.6)	40.1	(449.4)

Notes to the financial statements (continued)

13. Deferred income tax (continued)

Company	2022	Charged/ (credited) to P&L	Charged/ (credited) to OCI	2023
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2023				
Deferred income tax liabilities				
Property, plant and equipment	28.1	(114.9)	-	(86.8)
Buildings	78.2	-	-	78.2
Right of use asset	102.5	(22.9)	-	79.6
Unrealized exchange gains	42.7	191.4	-	234.1
	251.5	53.6	-	305.1
Deferred income tax assets				
Provisions	(501.1)	(80.5)	-	(581.6)
Tax losses	-	(100.7)	-	(100.7)
Lease liability	(109.0)	21.0	-	(88.0)
Unrealized exchange losses	(31.9)	(173.0)	-	(204.9)
	(642.0)	(333.2)	-	(975.2)
Net deferred income tax (asset)	(390.5)	(279.6)	-	(670.1)

Company	2021	Charged/ (credited) to P&L	Charged/ (credited) to OCI	2022
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2022				
Deferred income tax liabilities				
Property, plant and equipment	68.0	(39.9)	-	28.1
Buildings	43.3	-	34.9	78.2
Right of use asset	113.6	(11.1)	-	102.5
Unrealized exchange gains	25.9	16.8	-	42.7
	250.8	(34.2)	34.9	251.5
Deferred income tax assets				
Provisions	(499.1)	(2.0)	-	(501.1)
Lease liability	(115.5)	6.5	-	(109.0)
Unrealized exchange losses	(7.7)	(24.2)	-	(31.9)
	(622.3)	(19.7)	-	(642.0)
Net deferred income tax (asset)	(371.5)	(53.9)	34.9	(390.5)

Notes to the financial statements (continued)

14. (a) Land and buildings

Group	Freeholdland	Buildings	Total
	Shs m	Shs m	Shs m
As at 1 January 2022			
Valuation	9.1	840.1	849.2
Accumulated depreciation	-	(263.8)	(263.8)
Net book value	9.1	576.3	585.4
Year ended 31 December 2022			
Opening net book value	9.1	576.3	585.4
Depreciation charge	-	(27.4)	(27.4)
Revaluation	1.2	133.5	134.7
Currency translation differences	-	11.9	11.9
Closing net book value	10.3	694.3	704.6
Year ended 31 December 2023			
Opening net book value	10.3	694.3	704.6
Depreciation charge	-	(32.4)	(32.4)
Currency translation differences	-	44.3	44.3
Closing net book value	10.3	706.2	716.5
As at 31 December 2023			
Valuation	10.3	1,029.8	1,040.1
Accumulated depreciation	-	(323.6)	(323.6)
Net book value	10.3	706.2	716.5
Company	Freehold land	Buildings	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2022			
Opening net book value	9.1	380.7	389.8
Depreciation charge	-	(18.9)	(18.9)
Revaluation	1.2	116.2	117.4
Closing net book value	10.3	478.0	488.3
As at 31 December 2022			
Valuation	10.3	687.0	697.3
Accumulated depreciation	-	(209.0)	(209.0)
Net book value	10.3	478.0	488.3
Year ended 31 December 2023			
Opening net book value	10.3	478.0	488.3
Depreciation charge	-	(21.7)	(21.7)
Closing net book value	10.3	456.3	466.6
As at 31 December 2023			
Valuation	10.3	687.0	697.3
Accumulated depreciation	-	(230.7)	(230.7)
Net book value	10.3	456.3	466.6

Notes to the financial statements (continued)

14. (a) Land and buildings (continued)

The Group's freehold land and buildings were revalued in 2022 by independent professional valuers. Valuations were made on the basis of open market value for existing use. The book values of the revalued assets were adjusted to the revalued amounts. Increase/ (decrease) arising on the revaluation was recognized in other comprehensive income and accumulated in the revaluation surplus. There was no change in the valuation technique.

If the buildings were stated on historical cost basis, the amounts would be as follows:

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Cost	560.7	560.7	411.0	411.0
Accumulated depreciation	(285.2)	(252.8)	(247.2)	(225.5)
Net book value	275.5	307.9	163.8	185.5

If freehold land was to be stated on historical cost basis, the amount would be as follows:

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Cost	1.8	1.8	1.8	1.8

14. (b) Plant and equipment

Group	Plant and equipment	Motor vehicle	Total
	Shs m	Shs m	Shs m
As at 1 January 2022			
Cost	8,787.3	576.8	9,364.1
Accumulated depreciation	(7,706.9)	(550.3)	(8,257.2)
Net book value	1,080.4	26.5	1,106.9
Year ended 31 December 2022			
Opening net book value	1,080.4	26.5	1,106.9
Additions	107.4	28.4	135.8
Disposals	(0.3)	(0.5)	(0.8)
Depreciation charge	(320.2)	(29.3)	(349.5)
Currency translation differences	14.2	-	14.2
Closing net book value	881.5	25.1	906.6

Notes to the financial statements (continued)

14. (b) Plant and equipment (continued)

Group	Plant and equipment	Motor vehicle	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2023			
Opening net book value	881.5	25.1	906.6
Additions	162.1	30.7	192.8
Disposals	(0.3)	(0.3)	(0.6)
Depreciation charge	(320.8)	(34.7)	(355.5)
Impairment	(291.4)	-	(291.4)
Currency translation differences	55.4	-	55.4
Closing net book value	486.5	20.8	507.3
As at 31 December 2023			
Cost	9,125.8	635.1	9,760.9
Accumulated depreciation	(8,639.3)	(614.3)	(9,253.6)
Net book value	486.5	20.8	507.3
Company	Plant and equipment	Motor vehicle	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2022			
Opening net book value	817.6	18.8	836.4
Additions	56.4	21.0	77.4
Disposals	(0.7)	-	(0.7)
Depreciation charge	(225.6)	(27.8)	(253.4)
Closing net book value	647.7	12.0	659.7
As at 31 December 2022			
Cost	6,724.0	499.8	7,223.8
Accumulated depreciation	(6,076.3)	(487.8)	(6,564.1)
Net book value	647.7	12.0	659.7
Year ended 31 December 2023			
Opening net book value	647.7	12.0	659.7
Additions	103.0	22.7	125.7
Disposals	(0.2)	(0.2)	(0.4)
Depreciation charge	(212.5)	(23.8)	(236.3)
Impairment	(291.4)	-	(291.4)
Closing net book value	246.6	10.7	257.3
As at 31 December 2023			
Cost	6,826.8	522.3	7,349.1
Accumulated depreciation	(6,580.2)	(511.6)	(7,091.8)
Net book value	246.6	10.7	257.3

During the year, management decided to impair the printing press in Kenya and accelerated depreciation amounting to Shs 291.4 m was recognized. The decision was based on the general direction of print business in the region and explicit focus on the five-year digital transformation strategy.

Notes to the financial statements (continued)

15. Intangible assets

Group	Goodwill	Computer software	Transmission frequencies	Total
	Shs m	Shs m	Shs m	Shs m
As at 1 January 2022				
Cost	187.9	920.2	27.2	1,135.3
Impairment/ accumulated amortization	(164.9)	(703.3)	(27.2)	(895.4)
Net book value	23.0	216.9	-	239.9
Year ended 31 December 2022				
Opening net book value	23.0	216.9	-	239.9
Additions	-	17.8	-	17.8
Amortization	-	(77.9)	-	(77.9)
Currency translation differences	-	0.2	-	0.2
Closing net book value	23.0	157.0	-	180.0
Year ended 31 December 2023				
Opening net book value	23.0	157.0	-	180.0
Additions	-	19.7	-	19.7
Amortization	-	(69.1)	-	(69.1)
Currency translation differences	-	1.1	-	1.1
Closing net book value	23.0	108.7	-	131.7
As at 31 December 2023				
Cost	187.9	959.0	27.2	1,174.1
Impairment/ accumulated amortization	(164.9)	(850.3)	(27.2)	(1,042.4)
Net book value	23.0	108.7	-	131.7

The goodwill arose from the historical acquisition of various entities and is allocated to the newspaper and broadcasting segments. The directors monitor goodwill impairment at the level of the acquired entity, being the cash generating unit (CGU). The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

A segment-level summary of the goodwill allocated is presented below:

	Operating Segment	2023	2022
		Shs m	Shs m
Monitor Publications Limited (MPL)	Newspapers	23.0	23.0
Movement in goodwill		2023	2022
		Shs m	Shs m
At start of year		23.0	23.0
Impairment of goodwill		-	-
At end of year		23.0	23.0

Significant estimates: key assumptions used for value-in-use calculations

Notes to the financial statements (continued)

15. Intangible assets (continued)

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of goodwill has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media industry in which the CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them;

	Monitor Publications Limited	
	2023	2022
Pre-tax Discount rate	29.8%	29.8%
Long term growth rate	6.6%	4.6%
Gross profit margin	85%	86%

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax Discount rate* - reflects the specific risks relating to the relevant segments and the countries in which they operate. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.
- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports eg inflation rate.
- *Gross profit margin* - is based on past performance and management's expectations for the future.

No impairment was noted from the calculations done by management. Sensitivity analysis conducted by management did not result in impairment upon applying reasonable possible shifts in key assumptions.

Notes to the financial statements (continued)

15. Intangible assets (continued)

	Computer software	Transmission Frequencies	Total
Company	Shs m	Shs m	Shs m
As at 1 January 2022			
Cost	848.9	27.2	876.1
Accumulated amortization	(635.1)	(27.2)	(662.3)
Net book value	213.8	-	213.8
Year ended 31 December 2022			
Opening net book value	213.8	-	213.8
Additions	16.0	-	16.0
Amortization	(76.0)	-	(76.0)
Closing net book value	153.8	-	153.8
As at 31 December 2022			
Cost	864.9	27.2	892.1
Accumulated amortization	(711.1)	(27.2)	(738.3)
Net book value	153.8	-	153.8
Year ended 31 December 2023			
Opening net book value	153.8	-	153.8
Additions	2.7	-	2.7
Amortization	(65.7)	-	(65.7)
Closing net book value	90.8	-	90.8
As at 31 December 2023			
Cost	867.6	27.2	894.8
Accumulated amortization	(776.8)	(27.2)	(804.0)
Net book value	90.8	-	90.8

Notes to the financial statements (continued)

16. Leases

(i) Right of Use Asset

Group	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2023					
At start of year	67.3	366.0	8.4	3.2	444.9
Additions	-	100.3	-	25.8	126.1
Amortization for the year	(1.9)	(139.3)	(3.8)	(6.9)	(151.9)
Modifications	-	-	-	(2.7)	(2.7)
Currency translation differences	5.7	6.2	-	1.8	13.7
At end of year	71.1	333.2	4.6	21.2	430.1
Year ended 31 December 2022					
At start of year	67.0	440.1	3.4	8.3	518.8
Additions	-	52.6	9.3	-	61.9
Amortization for the year	(1.8)	(129.4)	(4.3)	(5.4)	(140.9)
Currency translation differences	2.1	2.7	-	0.3	5.1
At end of year	67.3	366.0	8.4	3.2	444.9

Amounts charged to profit and loss account during the year in relation to short term leases amounted to Shs 10.9 million (2022: Shs 3.8 million).

Company	Land	Buildings	Plant and Equipment	Total
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2023				
At start of year	36.7	333.2	8.4	378.3
Additions	-	13.3	-	13.3
Amortization for the year	(1.4)	(85.7)	(3.8)	(90.9)
At end of year	35.3	260.8	4.6	300.7
Year ended 31 December 2022				
At start of year	38.1	375.3	3.4	416.8
Additions	-	41.4	9.3	50.7
Amortization for the year	(1.4)	(83.5)	(4.3)	(89.2)
At end of year	36.7	333.2	8.4	378.3

The company does not have any short-term leases.

Notes to the financial statements (continued)

16. Leases (continued)

ii) Lease liabilities

The movement in the lease liabilities over the year was as follows:

Group	Buildings	Plant and Equipment	Motor Vehicle	Total
	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2023				
At start of year	393.8	9.1	4.0	406.9
Additions	100.3	-	25.8	126.1
Interest on lease liability	31.0	0.4	1.2	32.6
Interest payment	(31.0)	(0.4)	(1.2)	(32.6)
Modifications	-	-	(2.7)	(2.7)
Principal portion of lease payment	(137.4)	(4.0)	(7.1)	(148.5)
Currency translation differences	7.7	-	2.3	10.0
At end of year	364.4	5.1	22.3	391.8

Year ended 31 December 2022				
At start of year	455.4	4.1	8.9	468.4
Additions	52.6	9.3	-	61.9
Interest on lease liability	37.1	0.7	1.1	38.9
Interest payment	(37.1)	(0.7)	(1.1)	(38.9)
Principal portion of lease payment	(117.4)	(4.3)	(5.3)	(127.0)
Currency translation differences	3.2	-	0.4	3.6
At end of year	393.8	9.1	4.0	406.9

Company	Buildings	Plant and Equipment	Total
	Shs m	Shs m	Shs m
Year ended 31 December 2023			
At start of year	354.3	9.0	363.3
Additions	13.3	-	13.3
Interest on lease liability	30.7	0.3	31.0
Interest payment	(30.7)	(0.3)	(31.0)
Principal portion of lease payment	(79.2)	(4.1)	(83.3)
At end of year	288.4	4.9	293.3

Year ended 31 December 2022			
At start of year	380.9	4.1	385.0
Additions	41.4	9.3	50.7
Interest on lease liability	36.3	0.6	36.9
Interest payment	(36.3)	(0.6)	(36.9)
Principal portion of lease payment	(68.0)	(4.4)	(72.4)
At end of year	354.3	9.0	363.3

The company leases the building from its associates Property Development Management Limited (PDM)

Notes to the financial statements (continued)

16. Leases (continued)

ii) Lease liabilities (continued)

The split of the lease liabilities is as follows:

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Current	84.9	93.5	51.2	54.1
Non-current	306.9	313.4	242.1	309.2
At end of year	391.8	406.9	293.3	363.3

iii) Net debt reconciliation

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Cash and cash equivalent	1,723.2	1,893.9	1,351.8	1,682.4
Short-term investments	1,378.8	1,861.7	965.5	1,410.0
Lease liabilities	(391.8)	(406.9)	(293.3)	(363.3)
Net cash and cash equivalent	2,710.2	3,348.7	2,024.0	2,729.1

iii) Net debt movement

Group	Leases	Cash and Cash Equivalent	Short-term Investment	Total
				Shs m
Year ended 31 December 2023				
At start of year	(406.9)	1,893.9	1,861.7	3,348.7
Financing cash flows	-	(326.0)	(482.9)	(808.9)
New leases	(126.1)	-	-	(126.1)
Principal portion of lease payment	148.5	-	-	148.5
Interest payment	32.6	-	-	32.6
Interest expense	(32.6)	-	-	(32.6)
Modifications	2.7	-	-	2.7
Currency translation differences	(10.0)	155.3	-	145.3
At end of year	(391.8)	1,723.2	1,378.8	2,710.2
Year ended 31 December 2022				
At start of year	(468.4)	2,111.9	1,846.7	3,490.2
Financing cash flows	-	(235.0)	15.0	(220.0)
New leases	(61.9)	-	-	(61.9)
Principal portion of lease payment	127.0	-	-	127.0
Interest payment	38.9	-	-	38.9
Interest expense	(38.9)	-	-	(38.9)
Currency translation differences	(3.6)	17.0	-	13.4
At end of year	(406.9)	1,893.9	1,861.7	3,348.7

Notes to the financial statements (continued)

16. Leases (continued)

iii) Net debt movement (continued)

Company	Leases	Cash and Cash Equivalent	Short-term Investment	Total
Year ended 31 December 2023				
At start of year	(363.3)	1,682.4	1,410.0	2,729.1
Financing cash flows	-	(330.6)	(444.5)	(775.1)
New leases	(13.3)	-	-	(13.3)
Principal portion of lease payment	83.3	-	-	83.3
Interest payment	31.0	-	-	31.0
Interest expense	(31.0)	-	-	(31.0)
At end of year	(293.3)	1,351.8	965.5	2,024.0
Year ended 31 December 2022				
At start of year	(385.0)	1,633.5	1,696.2	2,944.7
Financing cash flows	-	48.9	(286.2)	(237.3)
New leases	(50.7)	-	-	(50.7)
Principal portion of lease payment	72.4	-	-	72.4
Interest payment	36.9	-	-	36.9
Interest expense	(36.9)	-	-	(36.9)
At end of year	(363.3)	1,682.4	1,410.0	2,729.1

Notes to the financial statements (continued)

17. Investment in associate

	Group	
	2023 Shs m	2022 Shs m
At start of year	1,556.1	1,540.5
Share of profit before income tax	378.8	126.1
Share of income tax expense	(76.7)	(69.1)
Dividends received	302.1	57.0
Share of other comprehensive income	(121.1)	(53.6)
Share of other comprehensive income	108.1	12.2
At end of year	1,845.2	1,556.1

Property Development and Management Limited (PDM)'s principal activity is property investment, development and management. PDM operates primarily in the East African region. The associate company leases one of its property to the group as disclosed in note 32.

Investment in associate is carried in the consolidated statement of financial position at amounts that reflect the Group's share of the net assets of the associate and includes goodwill on acquisition.

Other comprehensive income from associate relates to the net fair value (loss)/gain on financial assets (quoted and unquoted investments).

The group holds an interest of 20% in PDM. Key financial information on the associate, PDM which was incorporated in Kenya and is unlisted, was as follows:

	Current assets	Non- Current assets	Current liabilities	Non- current liabilities	Revenues	Profit/ (loss)	Other Comprehensive income
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year 2023							
PDM	981.1	10,616.0	526.3	1,488.1	933.0	1,510.2	540.5
Year 2022							
PDM	360	9,651.6	520.8	1,325.8	834.7	166.6	61.0

There were no changes in the interest held in the unlisted associate during the year. The initial investment in associate carried in the Company's statement of financial position is Shs 94.6 million (2022: Shs 94.6 million).

Notes to the financial statements (continued)

18. Investment in subsidiaries

The Company's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the Company, were as follows as at 31 December 2023 and 2022:

	Country of incorporation	Principal Activity	Holding %	Company	
				2023 Shs m	2022 Shs m
Trading subsidiaries:					
Nation Marketing & Publishing Limited	Kenya	Magazines Distribution	100.0	0.5	0.5
Monitor Publications Limited	Uganda	Print Publication	83.3	75.1	75.1
Mwananchi Communications Limited	Tanzania	Print Publication	100.0	569.3	569.3
Nation Holdings Tanzania Limited	Tanzania	Property Development	100.0	150.4	150.4
Africa Broadcasting Uganda Limited	Uganda	Television Broadcasting	100.0	347.7	347.7
Nation Holdings Rwanda Limited	Rwanda	Print Circulation	100.0	8.3	8.3
Kenya Buzz Limited	Kenya	Ticketing	51.0	2.0	2.0
				1,153.3	1,153.3
Non trading subsidiaries:					
Nation Carriers Limited	Kenya	Dormant	100.0	3.0	3.0
Nation Infotech Limited	Kenya	Dormant	100.0	1.5	1.5
East African Televisions Network Limited	Kenya	Dormant	100.0	-	-
Africa Broadcasting Limited	Kenya	Dormant	100.0	-	-
Nation Newspapers Limited	Kenya	Dormant	100.0	-	-
Nation Carriers Uganda Limited	Uganda	Dormant	100.0	-	-
Nation Carriers Tanzania Limited	Tanzania	Dormant	100.0	-	-
Africa Broadcasting Tanzania Limited	Tanzania	Dormant	100.0	-	-
Nation Printers and Publishers Limited	Kenya	Dormant	100.0	-	-
Radio Uhuru Limited	Tanzania	Dormant	100.0	20.5	20.5
				1,178.3	1,178.3
Provision for impairment on investment in:					
Mwananchi Communications Limited				(416.8)	(416.8)
Africa Broadcasting Uganda Limited				(17.5)	(17.5)
Radio Uhuru Limited				(20.5)	(20.5)
Nation Holdings Rwanda Limited				(8.3)	(8.3)
Nation Holdings Tanzania Limited				(12.4)	(12.4)
				(475.5)	(475.5)
Net investment in subsidiaries				702.8	702.8

Notes to the financial statements (continued)

18. Investment in subsidiaries (continued)

The company tests whether investment in subsidiaries has suffered any impairment whenever indicators are noted. The Directors performed an impairment assessment on Mwananchi Communications Limited. The recoverable value of the entity has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

	Mwananchi Communications Limited	
	2023	2022
Pre-tax Discount rate	26.0%	28.3%
Long term growth rate	6.6%	5.6%
Gross profit margin	64%	66%

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax discount rate* - reflects the specific risks relating to the entity and the countries in which the subsidiary operates. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.
- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports e.g. inflation rate.
- *Gross profit margin* - is based on past performance and management's expectations for the future.

Following the above exercise, there was no additional provision for impairment made on the Company's investment in Mwananchi Communications Limited.

Notes to the financial statements (continued)

19. Non-controlling interest

Group	2023	2022
	Shs m	Shs m
At start of the year	82.1	75.9
Share of (loss)/profit	(4.0)	3.3
Dividend paid to minority	(0.3)	(0.5)
Currency translation difference	22.8	3.4
At end of the year	100.6	82.1

Summary of non-controlling interest (NCI)

16.7% equity interest is held by other individuals in Monitor Publications Limited.

Monitor Publications Limited, which has a 16.7% non-controlling interest, operates as a Print Publication and Radio Broadcasting Company in Uganda. A summary of its financial performance is set out below:

Monitor Publications Limited summarised statement of financial position

	2023	2022
	Shs m	Shs m
Current assets	679.9	626.4
Current liabilities	(226.5)	(257.7)
Total current net assets	453.4	368.7
Non-current assets	234.4	188.3
Non-current liabilities	(21.2)	-
Total non-current net assets	213.2	188.3
Total net assets	666.6	557.0

Monitor Publications Limited summarised statement of comprehensive income

	2023	2022
	Shs m	Shs m
Revenue	1,036.9	862.8
(Loss)/Profit before income tax	(28.9)	35.2
Income tax credit/(expense)	6.5	(10.3)
Profit for the year	(22.4)	24.9
Other comprehensive income	123.9	24.3
Total comprehensive income	101.5	49.2

Notes to the financial statements (continued)

19. Non-controlling interest (continued)

Monitor Publications Limited summarised cash flows

	2023	2022
	Shs m	Shs m
Net cash (used in)/ generated from operating activities	(59.3)	61.9
Net cash generated from/ (used in) investing activities	49.5	(24.9)
Net cash used in financing activities	(15.8)	(19.4)
Net (decrease)/ increase in cash and cash equivalents	(25.6)	17.6
Cash and cash equivalents at start of year	32.2	11.5
Effect of exchange rates	1.7	3.1
At end of year	8.3	32.2

The loss allocated to NCI in Monitor Publications Limited is Shs 4.0 million (2022: profit Shs 3.3 million) while the cumulative NCI balance was Shs 100.6 million (2022: Shs 82.1 million).

20. Other assets

	2023	2022
	Shs m	Shs m
Gross long-term deposits	54.9	66.4
Expected credit loss	(2.9)	(2.8)
Net carrying value	52.0	63.6
Movement of long-term deposit is as below:		
Interest earned	2.0	3.2
(Redemption)/injection	(13.5)	4.8
Expected credit loss	(0.1)	1.7
Net (decrease)/increase in long-term deposit	(11.6)	9.7
At start of the year	63.6	53.9
At end of year	52.0	63.6

The balance relates to long-term deposits held with a bank as back up funds for staff mortgage scheme. The long-term deposits have been assessed for credit loss based on the credit rating of the financial institution holding the assets. The calculated impairment is as shown in the table above.

21. Inventories

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Raw materials	517.8	642.9	367.9	434.5
Engineering spares	73.3	237.8	61.8	206.3
Other stock	54.2	86.8	53.9	86.3
Gross inventory	645.3	967.5	483.6	727.1
Less: provision for obsolete stock	(39.7)	(190.7)	(39.7)	(186.8)
Closing balance	605.6	776.8	443.9	540.3

Inventories are held at cost using the weighted average costing method. The cost of inventories recognized as an expense and included in the consolidated 'cost of sales' amounted to Shs 1,179.1 million (2022: Shs 999.7 million). The cost of sales for the company amounted to Shs 776.9 million (2022: Shs 681.9 million). During the year, obsolete stock amounting to Kshs 147.1m which had been provisioned for earlier was written off.

Notes to the financial statements (continued)

22. Receivables and prepayments

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Trade receivables	4,848.9	4,385.5	3,561.5	3,347.6
Less: provision for impairment	(2,394.3)	(2,229.3)	(1,766.0)	(1,565.1)
	2,454.6	2,156.2	1,795.5	1,782.5
Due from related parties (Note 32)	16.4	12.5	440.7	437.9
Less: provision for impairment	-	-	(378.7)	(372.9)
	16.4	12.5	62.0	65.0
Other receivables and prepayments	971.5	1,105.3	569.2	592.8
Closing balance	3,442.5	3,274.0	2,426.7	2,440.3

Movement on the provision for impairment of trade receivables is as follows:

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
At start of year	2,229.3	2,394.7	1,565.1	1,565.9
Charge for the year	173.9	12.5	200.9	(0.8)
Debt write off	(8.9)	(177.9)	-	-
At end of year	2,394.3	2,229.3	1,766.0	1,565.1

The carrying amounts of the above receivables approximate their fair values.

23. Cash and cash equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash and bank balances and term deposits held with banks, maturing in less than 90 days from origination. The year-end cash and cash equivalent comprise the following:

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Cash and bank balances	432.0	657.2	233.3	552.1
Fixed deposits with banks	1,291.2	1,236.7	1,118.5	1,130.3
Closing balance	1,723.2	1,893.9	1,351.8	1,682.4

24. Short-term investments

Fixed deposits with banks	1,177.4	1,661.1	764.1	1,209.4
Other short-term investments	201.4	200.6	201.4	200.6
Closing balance	1,378.8	1,861.7	965.5	1,410.0

The short-term investments include term deposits, treasury bills and other short-term investments with maturity more than 90 days but less than one year. Included in the other short-term investments is a commercial paper and fixed deposits with related parties. Refer to Note 32 (vi) for further details.

The weighted average effective interest rate on the bank deposits during the year was 12.4% (2022: 10.1%) and that of the other short-term investments was 6.2% (2022: 7.6%). The carrying amounts of the above short-term investments approximate their fair values.

Notes to the financial statements (continued)

25. Payables and accrued expenses

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Trade payables	587.1	583.6	343.3	362.5
Due to related parties (Note 32)	11.4	4.8	14.0	3.8
Accrued expenses	1,415.8	1,347.4	961.2	977.9
Other payables	1,004.7	1,100.9	669.4	723.8
	3,019.0	3,036.7	1,987.9	2,068.0

The carrying amounts of the above payables and accrued expenses approximate their fair values. The average credit terms extended by key creditors is 90 days.

26. Provisions for claims and other liabilities

	Group		Company	
	Shs m	Shs m	Shs m	Shs m
	2023	2022	2023	2022
At 1 January	545.2	578.9	501.4	548.7
Payments in the year	(48.9)	(42.7)	(20.8)	(42.7)
Charge for the year	(12.1)	9.0	(31.7)	(4.6)
At 31 December	484.2	545.2	448.9	501.4

The Group makes specific provisions for claims and other liabilities arising in the normal course of business. Specific provisions are made for estimated claims and other liabilities to the extent that the Group considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. Any insurance reimbursements in relation to claims and other liabilities are only recognized when the Group is certain of reimbursement. Typically, this will only occur when a reimbursement claim is accepted by the insurer.

Due to the nature of these provisions, management is unable to estimate the timing of their settlement with certainty. The impact of discounting on the provision is not considered to be material.

Notes to the financial statements (continued)

27. Post-employment benefit obligation

The Group maintains a gratuity scheme under which qualifying employees are entitled to receive remuneration equal to the sum of two weeks' pay for every year of service completed upon leaving the Group.

The amount included in the statement of financial position arising from the post-employment benefit obligation is arrived at as follows:

	Group and Company	
	2023 Shs m	2022 Shs m
Opening balance	(4.9)	55.6
Payments in the year	(11.6)	(13.4)
Charge to P&L	14.5	7.0
Transfers	7.5	(54.1)
Closing balance	5.5	(4.9)
Present value of funded obligations	(170.7)	(150.5)
Fair value of plan assets (fixed term deposit)	165.2	155.4
Deficit/(Surplus) on funded plan	5.5	(4.9)
	2023	2022
	Shs m	Shs m
Movement of fair value asset		
Opening balance	155.4	91.0
Interest earned	17.3	10.3
Transfers	(7.5)	54.1
Closing balance	165.2	155.4
	2023	2022
	Shs m	Shs m
Movement of funded obligations		
Opening balance	(150.5)	(146.6)
Charge for the year	(20.2)	(18.9)
Prior year deficit (based on valuation)	5.7	11.9
Interest earned	(17.3)	(10.3)
Payments	11.6	13.4
Closing balance	(170.7)	(150.5)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is not significant for 2023 and 2022.

The scheme was last valued by an independent actuary as at 31 December 2020. The significant actuarial assumptions were as follows;

	2020
Discount rate	10%
Inflation rate	5%
Current service cost (% salary)	1.6%
Assumed retirement age	60 years

A slight increase or reduction in the actuarial assumptions does not result in a material change in the liability and the Group adopted the most conservative resultant liability.

Risk exposure

The plan is not exposed to any significant risk.

Notes to the financial statements (continued)

28. Dividends

During the year, no interim dividend was paid (2022: Nil). The final dividend paid for the year 2022 was Shs 1.5 per share amounting to Shs 285.4 million. At the annual general meeting to be held on 28th June 2024, no final dividend in respect to the year ended 31 December 2023 will be proposed.

29. Commitments

Capital expenditure

Commitments for capital expenditure at the reporting date are as follows:

	Group	
	2023 Shs m	2022 Shs m
Contracted for but not provided for	15.2	51.9

30. Contingent liabilities

The Group is a defendant in various claims brought against the Group in the normal course of business. The Group has made provisions which were deemed appropriate in line with group policy and legal advice. In the directors' opinion, after taking appropriate legal advice, no significant additional liability will arise from the resolution of these matters beyond what has been provided for in the financial statements.

31. Cash generated from operations

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Reconciliation of profit before tax to cash generated from operations				
(Loss)/Profit before income tax	(431.8)	491.7	(632.4)	396.3
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	387.9	376.9	258.0	272.3
Impairment (Note 14)	291.4	-	291.4	
Amortization of leases (Note 16)	151.9	140.9	90.9	89.2
Amortization of intangible assets (Note 15)	69.1	77.9	65.7	76.0
Profit on sale of property, plant and equipment	(25.5)	(20.2)	(22.4)	(18.7)
Interest income (Note 8)	(311.2)	(291.6)	(248.9)	(248.3)
Interest on lease liability (Note 8)	32.6	38.9	31.0	36.9
Share of result after tax of associate (Note 17)	(302.1)	(57.0)	-	-
Net dividend received from subsidiary	-	-	(1.5)	(82.4)
Dividend received from associate (Note 17)	-	-	(121.1)	(53.6)
Changes in working capital:				
- Inventories (Note 21)	171.2	(157.3)	96.4	(49.8)
- Trade receivables – provision for impairment (Note 22)	173.9	12.5	200.9	(0.8)
- Bad debts written off (Note 22)	8.9	177.9	-	-
- Receivables and prepayments	(351.3)	(265.8)	(187.3)	(110.6)
- Exchange (gains)/losses (Note 6)	(23.4)	9.3	(8.3)	27.7
- Provision for claims payment (Note 26)	(48.9)	(42.7)	(20.8)	(42.7)
- Payables and accrued expenses	(6.4)	30.2	(103.5)	4.0
Post-employment benefit obligation changes (Note 27)	14.5	7.0	14.5	7.0
Post-employment benefit – payments made (Note 27)	(11.6)	(13.4)	(11.6)	(13.4)
Post-employment benefit – funds received from scheme/(payments to) (Note 27)	7.5	(54.1)	7.5	(54.1)
Cash (used in)/generated from operations	(203.3)	461.1	(301.5)	235.0

Notes to the financial statements (continued)

32. Related parties

Aga Khan Fund for Economic Development, S.A (AKFED) incorporated in Switzerland is the principal shareholder of the Company. There are various other companies which are related to the Group through common shareholdings and directorships.

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
i) Sale of goods and services				
Subsidiaries:				
Monitor Publications Limited	-	-	12.5	10.3
Mwananchi Communications Limited	-	-	13.9	8.1
Other related parties:				
Property Development and Management Limited	-	0.3	-	0.3
TPS Eastern Africa Limited	4.5	4.0	3.8	3.5
Aga Khan	25.2	17.0	13.2	12.4
Diamond Trust	9.4	11.8	11.8	8.1
Jubilee Holdings Limited	13.5	12.1	9.7	8.3
	52.6	45.2	64.9	51.0

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
ii) Purchase of goods and services				
Subsidiaries:				
Monitor Publications Limited	-	-	0.7	0.4
Mwananchi Communications Limited	-	-	18.3	20.7
Other related parties:				
Property Development and Management Limited	90.2	121.3	90.2	121.3
TPS Eastern Africa Limited	40.3	30.8	2.6	2.5
Jubilee Holdings Limited	214.5	228.1	187.1	197.5
	345.0	380.2	298.9	342.4

Notes to the financial statements (continued)

32. Related parties (continued)

ii) Outstanding balances from transactions with related parties

	Group		Company	
	2023 Shs m	2022 Shs m	2023 Shs m	2022 Shs m
Amounts due from related parties				
Subsidiaries:				
Mwananchi Communications Limited	-	-	13.4	17.9
Monitor Publications Limited	-	-	-	1.3
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Nation Marketing and Publishing Limited	-	-	18.2	18.6
Nation Holdings Rwanda Limited	-	-	360.5	354.3
Kenya Buzz Limited	-	-	11.8	11.4
Nation Holdings Tanzania Limited	-	-	19.2	19.2
Other related parties:				
TPS Eastern Africa Limited	2.9	2.6	0.7	1.0
Aga Khan	8.9	6.9	8.2	5.4
Diamond Trust Bank	2.9	1.4	1.9	1.3
Jubilee Holdings Limited	1.7	1.6	1.0	1.7
	16.4	12.5	440.7	437.9
Provision for impairment				
Nation Holdings Rwanda Limited	-	-	(360.5)	(354.3)
Nation Marketing and Publishing Limited	-	-	(18.2)	(18.6)
	16.4	12.5	62.0	65.0
Amounts due to related parties				
Subsidiaries:				
Africa Broadcasting Uganda Limited	-	-	4.8	2.3
Monitor Publications Limited	-	-	7.9	-
Other related parties:				
Property Development and Management Limited	-	0.6	-	0.6
Jubilee Insurance	0.7	3.2	0.7	0.1
TPS Eastern Africa Limited	10.7	1.0	0.6	0.8
	11.4	4.8	14.0	3.8

Notes to the financial statements (continued)

32. Related parties (continued)

iv) Key management compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below.

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Salaries and other short term employment benefits	211.7	222.6	176.3	190.9
Post-employment benefits (Defined contribution)	10.3	10.6	9.9	10.2
	222.0	233.2	186.2	201.1

v) Directors' remuneration

	Group		Company	
	2023	2022	2023	2022
	Shs m	Shs m	Shs m	Shs m
Fees for services as director	36.0	36.3	31.0	32.9
Salaries and other short term employment benefits	61.0	61.0	61.0	61.0
Other benefits	4.8	4.6	4.8	4.6
	101.8	101.9	96.8	98.5

vi) Other related party transactions

Included as part of short-term investments (Note 23) are the following balances with related parties:

	Group and Company	
	2023	2022
	Shs m	Shs m
Term deposit with Diamond Trust Bank Kenya Limited	373.5	771.4
	373.5	771.4

Principal Shareholders and their respective Shareholding (excluding treasury shares) at 31 December 2023

No.	Name of shareholder	No. of shares held	%
1	THE AGA KHAN FUND FOR ECONOMIC DEVELOPMENT (AKFED)	92,618,177	52.64
2	ALPINE INVESTMENTS LIMITED	21,050,222	11.96
3	KIMANI JOHN KIBUNGA	3,509,116	1.99
4	STANDARD CHARTERED NOMINEES RESD A/C KE11450	2,512,210	1.43
5	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915B	2,492,636	1.42
6	SHAH, LALITABEN KANAIYALAL	1,140,000	0.65
7	KENYA REINSURANCE CORPORATION LIMITED	1,054,152	0.60
8	SHAH, ADAM, MUNIRABANU ALIMOHAMED	855,130	0.49
9	JUBILEE LIFE INSURANCE LIMITED	722,136	0.41
10	STANDARD CHARTERED NOMINEES A/C 1256B	501,212	0.28

Distribution of Shareholding at 31 December 2023

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 - 500	5,328	895,079	0.51
501 - 5,000	4,993	10,329,527	5.87
5,001 - 10,000	740	5,357,783	3.04
10,001 - 100,000	985	22,647,246	12.87
100,001 - 1,000,000	61	12,355,099	7.02
Over 1,000,000	7	124,376,513	70.68
TOTAL	12,114	175,961,247	100.00

Directors Shareholding

Name	No. of shares held	% of Shareholding
Yasmin Jetha	13,500	0.0077
Wangethi Mwangi	2,450	0.0014
Stephen Gitagama	1,025	0.0006