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Annual Report and Financial Statements
For the year ended 31 December 2025

KAKUA EDUCATIVE TREE SEED ORCHARD (KETSO) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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Director's report

The Director presents the annual report together with the audited financial statements of Kakua Educative Tree Seed Orchard (KETSO) for the year ended 31 December 2025.

Statement of CEO's responsibilities for the financial statements

The Sierra Leone Companies Act 2009 requires the Director to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period.

In preparing those financial statements, the CEO is required to:

- select appropriate accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Director is responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable compliance with the Sierra Leone Companies Act 2009.

The Director is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results for the year

The Company recorded a surplus for the year of Le 758,639.40 (2024: Le 501,103.73), as shown in the statement of profit or loss.

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The result reflects continued growth in both commercial activities and grant income, alongside increased investment in property, plant and equipment to support operational expansion.

Share capital

The share capital of the Company remained unchanged at Le 50,000 during the year. Further details are disclosed in the financial statements.

Principal activity

The principal activity of the Company is the development and implementation of agroforestry and environmental restoration activities, including the cultivation, processing and distribution of tree-based and agricultural products.

This includes tree planting programmes, nursery development, training of local communities, and related agricultural and environmental services.

Social enterprise transition

During the year, the Company strengthened its positioning as a social enterprise, combining commercial activities with environmental and community impact objectives.

This approach ensures that financial surpluses are reinvested into programme activities, including agroforestry development, community training and infrastructure.

The Company continues to operate as a limited liability entity under the Sierra Leone Companies Act 2009, while applying a social enterprise model focused on long-term sustainability and impact.

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Strategic review and performance 2025

1. Capacity building

During 2025, KETSO strengthened both internal and community capacity through targeted training and coaching.

A five-day specialised training in tree grafting was completed, delivered by an international expert. In addition, 50 women across Makombeh, Gbanti and Samaia were trained and coached over a three-month period in tree management, pruning and agroforestry practices.

These activities improved technical skills and contributed to better tree survival, productivity and long-term land use.

2. Diversification of income streams

KETSO tested multiple income streams and made clear strategic decisions based on market realities.

Discontinued activities
Ice production and drying of agricultural products were stopped. Ice production led to resistance from local vendors and was not socially sustainable. Drying activities were not scaled due to strong existing local capacity, limited quality advantage and unfavourable cost structures.

Neem oil production has not yet started due to insufficient seed availability, and market demand for neem-based products remains low.

Revenue performance
Income remained concentrated in core activities:

- Tree-related income: Le 661,840.00
- Charcoal income: Le 200.00 (60 bags produced)
- Truck income: Le 2,330.00

Total revenue amounted to Le 1,429,762.16, with a significant contribution from grant income (Le 765,392.16).

The results confirm that KETSO's current financial model remains dependent on tree-based income and external funding.

3. Project funding and asset development

KETSO significantly expanded its operational asset base in 2025.

Key developments:

- deployment of a truck and training of a local driver (Alimamy)
- construction of drying floors and installation of solar drying systems
- continued investment in tools and operational infrastructure

Total capital investment amounted to Le 1,026,132, resulting in a PPE value of Le 1,446,103 at year end.

Funding has been secured for the construction of a storage facility, which will be implemented in 2026. KETSO recognises that storage alone is not sufficient and must be integrated with processing activities to become economically viable.

4. Operational efficiency and staff performance

Operational results were mixed and highlighted the need for sharper focus.

- Charcoal production was technically successful (60 bags produced), but scale was limited by the availability of waste wood. KETSO deliberately avoided sourcing wood from natural forests to prevent deforestation.
- The bamboo initiative was discontinued due to underestimation of land preparation requirements.

- Ice production was stopped and no replacement KPIs have yet been defined.

Staff development:

- Alimamy trained and deployed as truck driver
- Saidu responsible for ongoing tree maintenance
- John and Amara Sesay focused on Samaia operations

KETSO concludes that staff KPIs and performance systems require restructuring in 2026.

5. Community engagement and impact

KETSO maintained strong engagement with local communities, with a focus on women's groups.

Key results:

- 50 women supported with training, coaching and access to resources
- 20 hectares of land made available for agroforestry activities
- 2 formal community meetings held with women's groups receiving seeds

Ecological impact:

- 600 trees planted across approximately 3 hectares
- 6,000 trees raised in the nursery for future planting

These activities contributed to improved food security, income generation and ecosystem restoration.

6. Outreach and local services

Mobile phone charging services were introduced but faced immediate competition from local providers, including schools. Revenues remained limited and the activity is under review.

KETSO continues to assess which services are economically viable within the local market context.

7. Strategic challenges

The year highlighted several structural constraints:

- limited availability of sustainable raw materials for charcoal production
- strong local competition in small-scale services
- misalignment between pilot projects and local market demand
- dependence on grant funding for capital investments

These insights have led to a more focused and disciplined strategic direction.

8. Forward-looking strategy

KETSO is repositioning towards scalable and sustainable activities:

- development of bamboo plantations (target 2027) for biofuel production
- experimentation with elephant grass for charcoal briquettes
- expansion of truck-based logistics services, with an estimated capacity of up to 40 trips during the dry season
- development of vocational training programmes with expected revenue generation from 2027
- construction of a storage facility in 2026, linked to processing capacity

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Statement of Profit or Loss

For the year ended 31 December 2025

Description	Notes	2025 (Le)	2024 (Le)
Revenue	1	1,429,762.16	950,446.74
Operating expenses	2	(468,967.50)	(379,013.30)
Depreciation	3	(202,155.26)	(70,329.71)
Operating surplus		758,639.40	501,103.73
Surplus before tax		758,639.40	501,103.73
Income tax	4	0.00	0.00
Surplus for the year	5	758,639.40	501,103.73

Statement of Financial Position

As at 31 December 2025

Description	Notes	2025 (Le)	2024 (Le)
Property, Plant & Equipment	6	1,446,103.03	622,126.29
Inventory	7	85,600.00	92,200.00
Cash and cash equivalents	8	917.90	66,255.00
Total assets		**1,532,620.93**	**780,581.29**
Share capital	9	50,000.00	50,000.00
Retained earnings	10	1,138,190.13	379,550.73
Capital grant reserve	11	109,896.80	114,453.80
Total equity		**1,298,086.93**	**544,004.53**
Shareholder loan	12	234,534.00	234,534.00
Trade and other payables	13	0.00	2,043.00
Total liabilities	**14**	**234,534.00**	**236,577.00**
Total equity & liabilities		**1,532,620.93**	**780,581.53**

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Cash Flow Statement

For the year ended 31 December 2025

Description	Notes	2025 (Le)	2024 (Le)
Profit before tax		758,639.40	501,103.73
Depreciation	3	202,155.26	70,329.71
Changes in inventory	15	6,600.00	153,463.00
Changes in payables	16	(2,043.00)	(16,418.00)
Net operating cashflow		965,351.66	708,478.44
Acquisition of PPE		(1,026,132.00)	(573,916.00)
Net investing cashflow		(1,026,132.00)	(573,916.00)
Net financing cashflow	17	(4,556.76)	(85,368.44)
Net change in cash		(65,337.10)	49,194.00
Opening cash		66,255.00	17,061.00
Closing cash	18	917.90	66,255.00

Notes to the financial statements

Note 1. Revenue

Tree sales: 661,840.00
Charcoal income: 200.00
Truck income: 2,330.00
Total commercial revenue: 664,370.00
Grant income: 765,392.16
Total: 1,429,762.16
Revenue includes commercial income and grant funding.

Note 2. Operating expenses

Total: 468,967.50
Operating expenses primarily relate to programme activities including tree planting, training and community support.

Note 3. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the underlying assets. Additions during the year are depreciated using a half-year convention where applicable. The total depreciation charge for the year amounted to Le 202,155.26 (2024: Le 70,329.71) and reflects the expansion of the asset base, particularly in motor bikes and machinery.

Note 4. Income tax
No income tax expense has been recognised for the year ended 31 December 2025 (2024: nil). The entity operates in a context where taxable profit is either not applicable or fully offset by allowable deductions and reinvestment of surplus.

Note 5. Surplus for the year
The surplus for the year of Le 758,639.40 (2024: Le 501,103.73) represents the net result after all operating expenses and depreciation. The surplus is retained within the entity and reinvested into programme activities, including infrastructure, agroforestry development and operational capacity.

Note 6. PPE
Investments in infrastructure, land preparation, tools and nursery assets are capitalised.

Note 7. Inventory
Seedlings valued at cost (approx Le 20 each).

Note 8. Cash and cash equivalents
Closing balance: Le 917.90

Note 9. Share capital
Share capital represents the issued and fully paid ordinary shares of the company, amounting to Le 50,000 (2024: Le 50,000). There were no changes in share capital during the year.

Note 10. Retained earnings
Retained earnings represent the cumulative surplus of the entity not distributed to shareholders. The increase to Le 1,138,190.13 (2024: Le 379,550.73) reflects the current year surplus of Le 758,639.40, which has been fully retained to support ongoing operations and future investments.

Note 11. Capital grant reserve
The capital grant reserve represents the portion of grant funding utilised for capital investments in property, plant and equipment. The reserve ensures that such funding is recognised in equity rather than as immediate income in the statement of profit or loss. The balance decreased slightly to Le 109,896.80 (2024: Le 114,453.80), reflecting the gradual release in line with depreciation of the related assets.

Note 12. Shareholder loan
The shareholder loan of Le 234,534.00 (2024: Le 234,534.00) represents funds advanced to the company to support capital investments and operational activities. The loan remained unchanged during the year and is classified as a non-current liability unless otherwise agreed.

Note 13. Trade and other payables
Closing balance nil (2024: Le 2,043).

Note 14. Total liabilities
Total liabilities amounted to Le 234,534.00 (2024: Le 236,577.00), comprising primarily the shareholder loan. The decrease reflects the settlement of trade and other payables during the year. The entity maintains a low level of external liabilities relative to its asset base.

Note 15. Changes in inventory
Changes in inventory represent the movement in the value of seedlings held at year end. The increase of Le 6,600.00 (2024: Le 153,463.00) reflects normal operational fluctuations in nursery stock levels and timing of planting cycles.

Note 16. Changes in payables
Changes in payables reflect the movement in outstanding obligations to suppliers and other creditors. The decrease of Le 2,043.00 (2024: Le 16,418.00) indicates that all outstanding balances have been settled by year end.

Note 17. Net financing cashflow
Net outflow 2025: Le 4,556.76 (2024: Le 85,368.44).

Note 18. Closing cash

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Closing cash and cash equivalents amounted to Le 917.90 (2024: Le 66,255.00). The decrease reflects significant investment in property, plant and equipment during the year, partially offset by strong operating cash inflows.

Property, Plant and Equipment Summary

Item	*2025 (Le)*	*2024 (Le)*
Total PPE	1,787,710	761,578
Additions	1,026,132	573,916
Depreciation	202,155	70,330

Accounting policy and note

Property, plant and equipment are stated at historical cost less accumulated depreciation. Additions during the year represent capital investments in operational infrastructure and equipment. Depreciation is calculated on a straight-line basis over the estimated useful life of each asset category. For additions, a half-year convention is applied. The total depreciation charge for 2025 amounts to Le 202,155.26.

Property, Plant and Equipment (PPE) Note

All amounts in Sierra Leone Leones (Le)

Category	Tools	Motor Bikes	Shed	Machinery	Furniture	Office Equip	Water Well	Computer	Total
Cost 1 Jan 2025	48,394	159,500	255,323	193,660	41,943	16,020	20,820	25,918	761,578
Additions 2025	12,807	686,921	44,564	281,840	0	0	0	0	1,026,132
Cost 31 Dec 2025	61,201	846,421	299,887	475,500	41,943	16,020	20,820	25,918	1,787,710
Accumulated Dep 1 Jan	16,790	34,250	22,737	24,138	11,419	12,494	1,804	15,819	139,451
Depreciation 2025	18,266	100,592	13,880	47,797	8,389	3,204	1,388	8,639	202,155
Accumulated Dep 31 Dec	35,056	134,842	36,617	71,935	19,808	15,698	3,192	24,459	341,607
Net PPE 2025	26,145	711,579	263,270	403,565	22,135	322	17,628	1,459	1,446,103

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Depreciation detail 2025

All amounts in Sierra Leone Leones (Le)

Item	Opening Cost	Additions	Closing Cost	Life	Dep Opening	Dep Additions	Total Dep	Opening Acc Dep	Closing Acc Dep
Tools	48,394	12,807	61,201	3	16,131	2,135	18,266	16,790	35,056
Motor Bikes	159,500	686,921	846,421	5	31,900	68,692	100,592	34,250	134,842
Shed	255,323	44,564	299,887	20	12,766	1,114	13,880	22,737	36,617
Machinery	193,660	281,840	475,500	7	27,666	20,131	47,797	24,138	71,935
Furniture	41,943	0	41,943	5	8,389	0	8,389	11,419	19,808
Office Equip	16,020	0	16,020	5	3,204	0	3,204	12,494	15,698
Water Well	20,820	0	20,820	15	1,388	0	1,388	1,804	3,192
Computer	25,918	0	25,918	3	8,639	0	8,639	15,819	24,459
Total	761,578	1,026,132	1,787,710		110,083	92,072	202,155	139,451	341,607