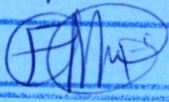


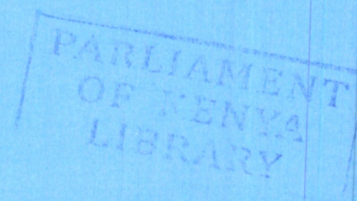
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 30 JUL 2019 DAY: TUESDAY
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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KIBO SEED COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE 2018





KIBO SEED COMPANY LIMITED

UBORA WA KUAMINIKA



Annual Report and Financial Statements For the Financial Year Ending June 30, 2018



P.O BOX 25 ARUSHA
Mobile: +255 785 555 112, +255 759 492 222
Email: info@kiboseeds.co.tz
www.kiboseeds.co.tz

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)



VISION

"To be the preferred supplier of top quality certified seed in Tanzania and beyond"

MISSION

"To avail quality certified seeds through best agronomic and value adding technologies to the satisfaction of our customers"

CORE VALUES

Teamwork: KSC staff work as a team committed to the realization of the Company goals. We endeavor to pull in one direction internally and externally in delivering on our mandate.

Professionalism: We take a professional and objective approach in all our operations. We uphold competence, high standards, reliability and excellence in our work.

Innovativeness: KSC recognizes that innovation and creativity in processes and products is key in improving service delivery. The Company is therefore committed to fostering innovation and creativity in the entire work force. Towards this, the Company supports and encourages learning among its staff.

Passion for quality: We recognize that our customers are the reason we exist. We therefore endeavor to provide high quality services which meet customer needs and honor commitments that we have made to them.

Client focus: We provide services that satisfy customer needs and exceed expectations. We strive to deliver reliable products and services to our customers.

Efficiency: We provide services with the minimum time, resources and the rightful amount of resources. We strive to eliminate wastages in discharging our mandate



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Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

1.0 CORPORATE INFORMATION

Directors

The Directors who served the entity during the year were as follows:

Non-Executive

Mr. Simon Cherogony	Chairman
Dr. Nathaniel Tum	Member
Mr. Abraham Koech	Member

Executive

Mr. Azariah Soi	Managing Director
-----------------	-------------------

Company Secretary

Ms. Wilkister Simiyu, CPS (K)
P.O. Box 553 – 30200
Kitale, Kenya.

Registered office and

Principal place of: Mbegu House, Opposite Golden Rose Hotel

Principal place of: Plot No 355 Block X, Area F

Business P.O. Box 25,
Arusha, Tanzania.

Principal Bankers

National Bank of Commerce Limited
Arusha Branch,
P.O. Box 3004

Stanbic Bank Tanzania Limited
Arusha Branch,
P.O. Box 3062
Arusha, Tanzania

Kenya Commercial Bank Limited
Arusha Branch
P.O. Box 3053
Arusha

National Micro Finance Bank Limited
Makambako Branch
P.O. Box 1030
Makambako, Iringa

Independent and Principal Auditors

Auditor General
Kenya National Audit Office
P.O. Box 30084 – 00100 GPO
Nairobi, Kenya

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Principal Lawyers

Kinabo & Advocates
P.O Box 825
Arusha

Branches

Mbeya Branch
P.O Box 2198,
Mbeya, Tanzania.

Mwanza Branch
P.O. Box 3149,
Mwanza, Tanzania.

Makambako Branch
P.O. Box 426,
Makambako, Tanzania.

Morogoro Branch
P.O Box 4186,
Morogoro, Tanzania

What we do:**Our seed business**

We produce and sell quality certified seed competitively through research and development to the satisfaction of stakeholders. Our seed products range includes seeds for highland, mid-altitudes and lowlands regions. We engage with our customers through our Branches, approved Agents, Stockiest and Retailers strategically located throughout East Africa.

1.1 Our Seed Brands**1.1.0 Hybrid Seed Maize**

The varieties are: H628, H625, H614, H513, H519, DH04, and PH0

1.1.1 Sunflower Seed

These varieties perform well at altitude between 12 and 2400 m above sea level. They are: Hungarian White, Kenya Fedha, H8998

1.1.2 pasture Seed

The pasture varieties include: BomaRhodes, ElmbaRhodes, Nandi Seteria, NasiwaSeteria, Coloured Guinea, Desmodium, Lucerne, Sudan Grass, Columbus Grass, Oats,

1.1.3 Indigenous Vegetables

The indigenous vegetables are: Amaranthus (Terere), Spider Plant (Saga), Night Shade (Managu), Jews Mallow (Murere/Mrenda), Crotolaria (Miro/Mito), KundeMboga.

1.1.4 Horticulture and other Crops

These are: Gloria F1, Pruktor F1, Spinach Fordhook Giant, Collard SimlawSelect, ,Libra F1, New Fortune Maker F1, Riogrande, Cal J VF, Nyota F1, Red Creole, Bombay Red, Texas Grano, , California Wonder, Carrot Nantes, Squash Ambassador F1, Peas, Cucumber Ashley, Coriander Dania, Watermelon Sugar Baby, Watermelon Crimson Sweet, watermelon Zawadi F1, Watermelon Princes, Watermelon Juliana.



WHERE WE OPERATE

Where to find our Branches in Tanzania

Mbeya Branch	Mbeya Province
Mwanza Branch	Mwanza Province
Makambako Branch	Njombe Province
Morogoro Branch	Morogoro Province



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

2.0 BOARD OF DIRECTORS

Azariah Soi



Mr. Azariah Soi is the Managing Director and CEO of Kenya Seed Company from 19th May 2016 and was born in 1960. He is responsible for the operational running of the Company to ensure that the mission is achieved. Mr Soi has wide experience gained as the General Manager of Simlaw Seeds from 2006 until his appointment as the Managing Director of Kenya Seed Company. Mr.Soi is a holder of BSc (Agriculture) from University of East Africa, Baraton as well as MBA from Kenyatta University. Mr Soi started his career in Kenya Seed Company where he joined on 1st August 1986 as field officer in the pasture department. He also served as a Research Officer in R& D department, in marketing department as market research and information officer and later as public relations and communication officer. Mr Soi has made contribution to the seed industry as the Chairman of the Seed Trade Association of Kenya (STAK), a member of the Board of African Seed Trade Association (AFSTA) and in the global body as a Board member of the International Seed Federation (ISF).



Symon Kipchumba Chirognomy

Mr.Symon Cherogony was born in 1954. He holds a Bachelor of Science Degree in Engineering from Texas A & M University, USA and a diploma in Agricultural Engineering from Egerton University. Mr Cherogony joined Kenya Farmers Association (KFA) in 1988 as a Sales Manager- Machinery where he rose through the ranks in various positions in the organization. In 1994, Mr Cherogony was promoted to the position of General Manager-Machinery, a position he served until 1999. In 1999, Mr Cherogony was promoted to the position of the overall General Manager of the KFA business, a position he occupied until 2007 when he was promoted to the position of the Managing Director of KFA which he has held to date. Mr Cherogony has represented KFA in the Board of Kenya Seed Company from 2009 to date. Mr.Cherogony is a seasoned professional who has attended various professional development programs both locally in Kenya and abroad.



Dr. Nathaniel K. Tum

Dr. Nathaniel K. Tum was born in 1948. He joined the Board on 7th February 2017. He has vast experience in both public and private enterprise management having served Kenya Seed Company and other organizations. He joined the Company in 1982 as Personnel Manager and rose to become the General Manager and later the Board appointed him as the Managing Director from 1985 to 2003. He was the Founding Chairman of Kenya Agricultural Research Institute (now KALRO) and Board Member, Chair of Agricultural Society of Kenya, Founding President of the African Seed Trade Association (AFSTA 1999-2002) as well as the Seed Trade Association of Kenya (STAK) and was a Committee Member of FIS. He also worked as the Trustee and Vice Chairman of United States International University-Africa (1997-2007) as well as the



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

Chairman of Moi University Council. He was Chairman of the Kenya National Shipping Lines Ltd from (2013-2016). He holds Diploma in Science Education, Bachelor of Law (LL.B) and MSc-Management and MBA-Finance & Marketing both from USIU San Diego. He is a recipient of EBS and CBS Head of State Commendations and was also awarded the Doctor of Letters in 2002 by Egerton University in recognition of his contribution to the development of agriculture and institutional management. He is an Advocate of the High Court of Kenya and a member of Law Society of Kenya, a Governance Auditor and member of the Institute of Certified Public Secretaries of Kenya (ICPSK). He is also a Fellow of the Kenya Institute of Management (FKIM) as well as Board member of Fellows of KIM and a member of the Institute of Management (UK).



Mr. Abraham Koech, Alternate Director to the PS, The National Treasury

Mr. Abraham Koech was born in 1969. He is currently serving as a Chief Investment Officer at the National Treasury and previously worked at Postbank Kenya rising to the position of Manager, Strategy and Change. Mr Koech holds a BA degree in Economics from the University of Nairobi and an MBA in Strategic Management from Jomo Kenyatta University of Agriculture and Technology. Mr.Koech is also serving as an alternate director to the Principal Secretary, The National Treasury in the Kenya Film Classification Board (KFCB).



Ms. Wilkister Simiyu

Ms. Wilkister Simiyu was born on 16th June, 1981 and is the Company Secretary and Head of Legal Services. She has 10 years work experience both as a practicing advocate and an in-house counsel having worked with Kitiwa& Co., Nyaundi, Tuiyot& Co. and Moi University. She holds LLB degree from Moi University and postgraduate diploma in Law (KSL). She is a CPS (K) holder and currently pursuing a Master of Laws. She joined the company in October 2016.



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

3.0 MANAGEMENT TEAM

The Company has a diverse and dedicated management team that assists the Managing Director in his role of achieving the company's strategic objectives. The Leadership team of Kibo Seed Company Limited and their roles which reports directly to the Managing Director as at 30th June 2018 is as set out below:



Mr. Francis Chege Mwaura was born on 3rd June 1970 and is the General Manager, Kibo Seed Company Tanzania Ltd, a subsidiary of Kenya Seed Company since June 2014. Previously he was the Head of sales and marketing for the Group. He holds Bcom degree in Marketing from University of Nairobi and Msc. in Global Marketing from Liverpool University and a Diploma in Marketing and is a member of MSK and C.I.M. He has been in the company for 11 years and has over 20 years experience in management and marketing.



C.P.A Gabrael Matanda: Born on July 1976 and is the System Analyst Kibo Seed Ltd a Subsidiary of Kenya Seed Company Since 2016. Previously the Chief Accountant Simlaw Seed Company Ltd for 3years and an Accountant at Kenya Seed Company Ltd for 11years. He holds Masters Degree in Strategic Management from JKUAT, Bachelors degree in Business Management Information Technology (BMIT) from Kabarak University, has both CPA (K) and CPS (K) from Strathmore and a Member of (ICPAK) in good standing. Has over 17 years work experience in finance, accounting and strategic planning.

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Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

4.0 CHAIRMAN'S STATEMENT

Dear Shareholders,

I am privileged to present to you the annual report of financial statements of Kibo Seed Company for the year ended 30th June 2018.

The company managed to post a fair performance results despite a lot of challenges among them inadequate rainfall, stock outs of popular varieties and delayed supply, uncertainties occasioned by emergence of diseases and pests, frost and a devastating Fall Army Worm (FAW) invasion.

Business Overview

The global economy slumped 3% in 2018 compared to a growth of 1.2% in 2017 occasioned by constrained global trade and subdued investment. Closer home, The East Africa Community GDP is estimated to have grown by 7% compared to 5.8% in 2017. The growth was fuelled by public infrastructure investment, buoyant private consumption and low oil prices.

Tanzania's economy experienced a relatively conducive environment for growth during the first three Quarters of 2018. However, the last quarter's growth was undermined by a severe drought and non-exportation to East Africa States.

The agricultural sector, which continues to be the mainstay of Tanzania's economy contributing 30% of the GDP, experienced mixed results with maize, Sunflower and vegetables sub

Environment

sectors recording fair prices in the international market. The seed subsector faced ordinary challenges with decrease in prices of commercial maize demotivating many farmers to reduce their acreage of commercial maize crop therefore affecting the demand for certified seed negatively.

Financial Review

We are pleased to report that the Company posted an improved performance in the year under review. The Company recorded a 68% growth in profit before tax from Tshs(666) million in 2017 to Kshs(213) million for the year ended 30 June 2017.

Seed Supply

The company made significant progress in countering seed shortage by engaging in local production agreements to take effect in the coming financial year seed acreage under irrigation by enhancing partnership with key growers who have installed irrigation capacity in their farms. As a result, the Company will produce adequate seed to shore up its inventory of all the major varieties for all agro-ecological zones sufficient to meet her market demand.

Board Changes

The current Board was elected on 7th July 2017 after the expiry of the term of the previous Board. It is after the constitution of the new Board that I was elected Chairman of the Board. Most of the directors who served in the previous term were elected to serve in the current term, however, Dr.

Nathaniel Tum joined the Board on 10th September 2017 while Mr. Jack Chebett ceased being directors on 31st May, 2017 when their term as per the gazette Notice expired.

Future Outlook

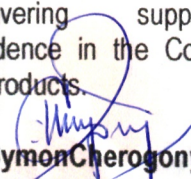
The future outlook of Kibo Seed Company is bright. The Board is developing more strategies to grow the market and enhance financial management in order to increase profits and reduce stock outs.

The Board is also putting in place strategies to expand business in the regional markets like Mozambique, Zambia, Malawi, Burundi and Democratic Republic of Congo. In addition to expanding the regional market, the Company is also looking at expanding its product portfolio to include vegetable seeds, pasture and sunflower seeds.

The Board of Directors will continually review the various business strategies in place to ensure sustained business profitability and growth.

Appreciation

I wish to extend my sincere appreciation to all our shareholders, business partners, esteemed customers, our farmers, the Board of Directors and the Management team for the unwavering support and confidence in the Company and our products.


Mr. Symon Cherogony
Chairman

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Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

5.0 REPORT OF THE CHIEF EXECUTIVE OFFICER



I am delighted to present to you the performance of Kibo Seed Company for the year ended 30th June 2018.

During the year ending 30th June 2018, the company made changes in its Board and management. A new chairman was elected while one of the management team resigned, and we are in the process of recruiting.

Financial Performance

In the FY2017/18, the turnover dropped by 2% from Tsh.8.3billion in 2016/17 to Tsh.8.1billion in the year under review.

Operating profit of the Company increased by 13% from Tshs 2.8billion Million to Tshs3.2 Million Profit before Tax for the company grew by 68% Tshs (666) million in 2017 to Tshs (213) million in 2018.

The closing Cash balance of the company improved significantly from Tshs448Million in 2017 to Tshs 506 Million in 2018, due to improved sales, reduced receivables and stringent financial management.

The Balance Sheet increased significantly by 20% from Tshs 9.128 Billion in 2017 to Tshs 110.976 Billion in 2018mainly as a result of acquisition of fixed assets and increased inventory balances.

The amounts owed to the parent company increased by 2% from Tshs 9.7 Billion to Tshs 9.9 Billion due to inability to service the debts thus channeling the proceeds of sales of

seeds into the operations and development projects like completion of go-down at Makambako and acquisition of Cold room.

Research and Development

In line with our philosophy of ensuring farmers obtain superior varieties that are high yielding and tolerant to pests and diseases, I am pleased to report that we are in the process of acquiring hybrids of both vegetables and maize varieties resistant to both pests and diseases.

The company has continued to make investments in research and this has enabled the to introduce Nyota F1, Kibostar and superior pawpaw varieties of high yielding and resistant to pests and diseases these shall afford farmers an opportunity to maximize their productivity and diversify into other food crops thus make our nation food secure hence increased profitability.

Operations

During the year we have enhanced our collaboration with key growers who have invested in irrigation facilities. This will go a long way in ensuring consistency in the supply of quality seeds.

Timely availability of sufficient fertilizer is critical to efficient and effective seed production activity. To realize this we have continued to partner with the Ministry of Agriculture in accessing the subsidized fertilizers and technical field trainings in various regions for our growers and farmers in an effort to lower the production costs thus increase farmer earnings and maintain competitive prices of seed.

Efforts have been made to harness potential in the external markets by opening markets of our varieties in countries such as Zambia, Burundi, Mozambique, Zanzibar and DRC with

the purpose of expanding the market and increase revenue earnings.

Future Outlook

Going forward, the Company is on the right path to greater prosperity with numerous opportunities for business growth and expansion supported by anticipated economic growth. We are committed to pursuing strategies aimed at ensuring attainment of our goals.

The company's future growth will come from:

- Focus on adequate supply of short to medium season seed varieties whose demand could increase with the changing weather patterns
- Selling of MLND tolerant varieties which are high yielding
- Commitment of marketing effort and resources into the hybrid vegetable seed market which returns high profit margins
- Turning around the company to profitability, thus transforming them into revenue generating units.
- Diversifying to non maize seed product portfolios thus reducing over reliance on maize seed.
- Increasing the supply of sunflowers seed to meet the demand.
- Engaging in local maize production and enhance exportation of surplus to the parent company and other subsidiaries to pay off the long time accumulating debt.

Customer focus

We remain focused on achieving unrivalled customer satisfaction levels through effective communication, increasing direct customer contact

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Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

through our branches across the country and our export customers delivering quality products on time and revamping our marketing activities.

Acknowledgement

I take this opportunity to express my gratitude and that of my colleagues in the company to our Customers for their loyalty and continued support.

My appreciation also goes out to our Shareholders for their patience and commitment to our Strategy, to the Directors of the Board whose unwavering support, leadership and

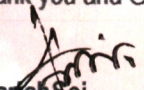
guidance have continued to inspire and challenge us, to our regulators and the government through the ministry of agriculture whose invaluable oversight, assistance and encouragement have been key to our progress so far, to our stake holders and other business partners and to the communities that we have the privilege of serving.

I also wish to thank my staff in the company for their focus, energy, and determination to succeed. Without them, our successes in all these years would not have been possible,

nor can our ambitions for the future be realized.

We remain indebted to you all, and look forward to your continued support and goodwill towards jointly building the company envisaged in our Corporate Vision – The Leading Supplier of Top Quality Seed in Tanzania and beyond.

Thank you and God bless you.


Azarah Soi
Managing Director



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

6.0 STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is the manner in which the power of, and the power over a company is exercised in the stewardship of its assets and resources so as to enhance and sustain shareholders value while at the same time satisfying the needs and interests of all its stakeholders.

The board is committed to the principle that the company and its subsidiary companies should operate with integrity and ethics and maintain a high standard of corporate governance in the interest of shareholders and all other stakeholders. The Board believes that the company has complied with the highest standards of Corporate Governance Practices the spirit and practice of corporate governance in Kibo Seed Company is about commitment to values and ethical business practices. This implies timely compliances and correct disclosures of financial information on performance, ownership and governance of the company.

The key elements of corporate governance are transparency, disclosure, accountability, supervision and internal controls, risk management, internal and external communication and high standards of safety, health environment, accounting, and product and service quality.

The board has empowered responsible persons to implement its board policies and guidelines and has set up adequate review Process. The Company is committed to optimizing long term value for its stake holders with strong emphasis on the transparency on its operations and instilling pride of association. The company follows best practice of corporate governance and reporting systems

6.0.1 Board of Directors

The composition of the Board is compliant with good corporate governance practices. The role of the Chairman and the Managing Director are segregated. The Managing Director is in charge of the day to day running of the business of the Company. A non-executive director acts as Chairman of the Board.

The directors are given appropriate and timely information to enable them to maintain full and effective control over all strategic, financial, operational and compliance issues.

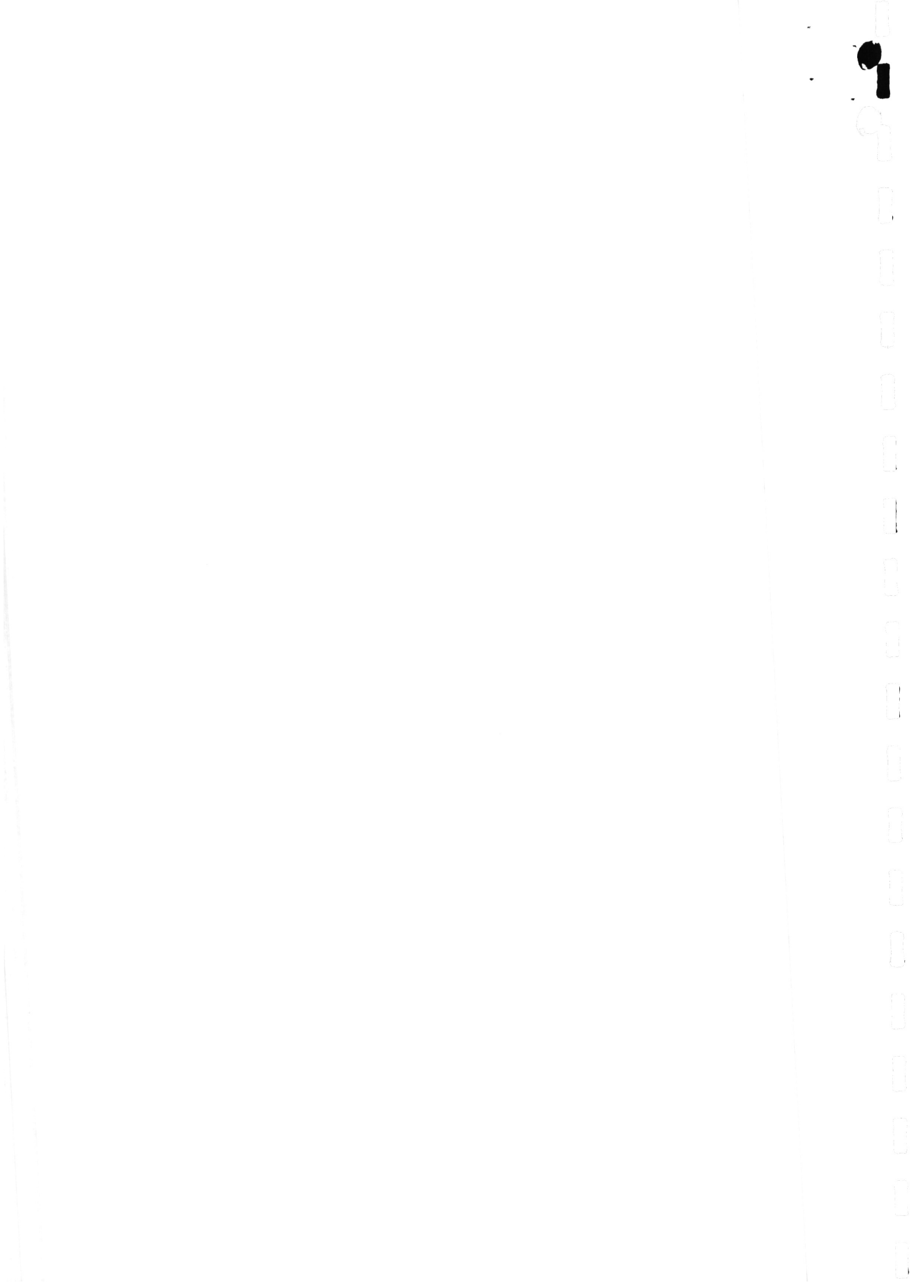
The current Board of Kibo Seed Company is composed of one executive director and three non- executive directors including the Chairman.

The directors are committed members with diverse and complementary skills and expertise in the fields of strategy, management, production, finance, marketing and human resource development.

The board provides leadership, strategic guidance, objective and independent view of the company's management while discharging its fiduciary responsibilities thereby ensuring the management adheres to high standards of ethics, transparency and disclosure.

6.0.2 Board Meetings

The Board meets at least once quarterly or more often in accordance with exigencies of the business. The Board work plan and calendar of meetings is prepared in advance. Adequate notice is given for each board meeting, the agenda and papers are circulated in good time. The Board held 3 meetings in the financial year ending 30th June 2018. During their meetings the Board reviews the Companies performance against the planned strategies and also approves issues of strategic nature.



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

7.0 CORPORATE GOVERNANCE STATEMENT

The attendance at the Board meetings during the financial year 2017/18 is as follows:

Member	Meetings Held	Meetings Attended	% attendance
Mr. Francis Mwaura	3	3	100%
Mr. Azariah Soi	3	3	100%
Mr. Abraham Koech	3	2	67%
Dr. Nathaniel Tum	3	3	100%
Mr. Symon Cherogony	3	3	100%

7.0.1. Governance Principals

Corporate governance is the system of clearly defined authorities and responsibilities, which results in the establishment, operation and maintenance of a system of internal control that is regularly tested to ensure effectiveness. The system enables the Board of Directors to ensure that the managers of the Group are acting in the interests of the shareholders and other key stakeholders.

At Kibo Seed Company Limited, we place a great deal of importance on robust corporate governance practices and are committed to applying the highest standards of business integrity and professionalism in all our activities. The Group achieves this by using a risk based approach to establish a system of internal control and by reviewing the effectiveness of the system of internal control on a regular basis.

The Kibo Seed Company Limited has formulated and applies sound internal corporate governance guidelines, which address the responsibilities of management, the Board and its composition, selection procedures for new directors and relationships with stakeholders.

The structure of the board and the planning of the board's work are key elements to effective governance. The company's board of directors has established board committees as one way of managing its work thereby strengthening the board's governance role.

7.0.2 Board Evaluation

The Board undertakes an annual self assessment to improve its members' individual and collective Performance for continuous growth and sustainability of the Company. The evaluation covers the Board as a whole, its committees, and individual members, the Chairman, the Managing Director and the Company Secretary.

During the year, the Board carried out a self evaluation exercise assisted by the State Corporations Advisory Committee. An action plan was developed from the evaluation focusing on areas that require improvement.

7.0.3 Directors' Remuneration

During every Board meeting, Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations.

Below is a summary of entitlement per Board Member:

Type of payment	Chairman	Member
Sitting allowance (per sitting)	Tshs1,168,500	Tshs1,168,500



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

7.0.4 Code of Conduct

The Company has a code of conduct which seeks to guide employees in ethical conduct of business. All directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers and regulators.

7.0.5 Internal Control

The effectiveness of the internal control is monitored on a regular basis by the Internal Audit function. The Internal Audit function reviews the Company's compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures. The Internal Audit function focuses their attention to areas where the Company could be exposed to greatest risks. The Internal Audit function reports to the Audit Committee of the Board. The Company has established operational procedures and controls to facilitate proper safeguard of assets and accurate financial reporting.

7.0.6 Conflicts of Interest

All directors and management are under duty to avoid conflicts of interest.

The directors are required to disclose their business interests that would conflict with the Group business.

7.0.7 Going Concern

The directors confirm that the Company has adequate resources to continue in business for the foreseeable future and therefore to continue to use the going concern basis when preparing the financial statements.

7.0.8 Company Shareholding

Kenya Seed acquired 98% of shares in Kibo Seed Company through direct allotments which accumulated in acquiring majority shareholding in 2002. At the same time Nathaniel K. Tum and Eufrazio Julian Goes acquired 1% respectively ordinary shares of nominal of Tsh.10, 000 each.

The largest shareholders of the company as at 30th June 2018 are as follows:

No.	List of Shareholders	No. of Shares	% Shareholding
1	Kenya Seed Company Limited	9998	98
Total		9998	98

7.0.9 Director's Shareholding

The breakdown of the Directors personal shareholding in the Company as at 30 June 2018 is as follows:

No.	List of Shareholders	No. of Shares	% Shareholding
1	Dr. Tum Nathaniel Kipkorir	1	1
1	Mr. Eufrazio Julia Goes	1	1



Kibo Seed Company Limited

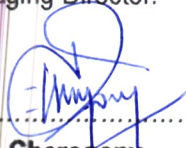
Annual Report and Financial Statements for the year ended June 30, 2018

7.0.10 Independence

All the non-executive directors on the Board are independent of management and free from any business or other relationships, which could materially interfere with the exercise of their independent judgment.

7.0.11 Activities and Achievements

The Board meets regularly and has a formal schedule of matters reserved to it. All directors have access to the Company Secretary and Legal Counsel. Currently, the Board comprises three non-executive directors and a Managing Director.



Mr. Symon Cherogony

Chairman, Board of Directors

30th June 2018



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

8.0. MANAGEMENT DISCUSSION AND ANALYSIS

8.1 Background

Kibo Seed Company Limited was incorporated in Tanzania on October 31st, 2002 as a wholly owned subsidiary of Kenya Seed Company based in Kitale, Kenya. The company has its headquarters at Arusha and a distribution network comprising of branches and retail outlets. Currently, there are branches at Mbeya, Makambako, Morogoro and Mwanza. There are also agents and stockiest who act as outlets for seed maize and horticultural seeds both in and outside Tanzania.

Kibo seed was originally set-up as a sales satellite of Kenya Seed Company with the sole objective of distributing seed maize. However, in the Tanzanian market, the company's products have diversified over time to include farm inputs (herbicides, fungicides and insecticides) and horticultural seeds. The company has grown significantly since its inception in 2002. It has positioned itself as one of the most preferred seed supplier of quality certified seed in Tanzania being the vegetable seed leader at 40% and doing 7% of the seed maize.

8.2 The entity's operational and financial performance

8.2.1: Revenues

Company Revenues decreased by 2% from Tshs 8.3Billions to Tshs 8.1Billions as highlighted in the table below

Product	Company		
	2018	2017	2017/2018
	TShs '000	TShs '000	TShs '000
Certified Maize Seeds	3,559,197	3,827,450	7,386,647
Vegetable Seeds	4,216,054	4,231,434	8,447,488
Miscellaneous	48,353	67,910	116,263
Pasture Seeds	35,164	34,069	69,233
Sunflower	206,290	50,990	257,280
Agro Chemicals	70,427	93,031	163,458
Total	8,135,485	8,304,885	16,440,369

The sales increased in Sunflower, and pasture seeds. The drop in seed maize sales was as a result of stock out of popular varieties like H614, H628 and H513 that were not available in the market as per the demand during their peak season in the country. Revenue from seed maize dropped by 7% while those of Vegetable seed dropped by 0.4%, with pasture and Sunflower revenues growing by 3.2% and 304% respectively. Seed maize contributed 44% of the company revenue while Vegetable contributed 52% of the Company revenue as highlighted in the following table.



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

Product	Company	
	2018	Product Contribution%
	TShs '000	
Certified Maize Seeds	3,559,197	44%
Vegetable Seeds	4,216,054	52%
Miscellaneous	48,353	0.6%
Pasture Seeds	35,164	0.40%
Sunflower	206,290	2.50%
Chemicals	70,427	0.86%
Total	8,135,485	100%

Management is exploring diversification strategies to reduce overreliance on imported seed maize from parent company, by doing local production and maximizing on sale of hybrid vegetables that gives high margins unlike Open pollinated varieties (OPVs).

8.2.2: Profit before Tax

The Profit before Tax are highlighted in the following Table

Company	
2018	2017
Tshs'000	Tshs'000
(210,203)	(666,663)

Kibo Seeds Tanzania returned a loss of Tshs. (210,203)

8.2.3: Cash and Cash Equivalents

The Company closed the year with a net position of Tshs505.704 million. This was a great improvement from the closing net of Tshs448, 099 million of 2017.

8.2.4: Entity's compliance with statutory requirements

The Company has complied and enforced the various constitutional and statutory obligations such as follows:

- (a) Higher Education Loans Board (HESLEB)
- (b) National Health Insurance Funds (NHIF)
- (c) National Social Security Fund (NSSF)
- (d) Pay As You Earn (PAYE)
- (e) Workers Compensation Fund (WCF)



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

The Company ensured that it obtains the certificates of compliance from TRA, NHIF, NSSF, HESLB, and WCF

The company also remitted funds owed by staff and deducted from the staff's pay slips as per staff's instruction to institutions such as SACCOS and financial institutions in accordance with company policy.

8.2.5: Key projects and investment decisions the entity is planning/implementing

The Company had a major project in the FY2017/18 i.e. building of a godown in Makambako and procurement of a cold room to preserve all imported vegetable seed varieties. The company is planning to buy new motor vehicles fleet to aid in marketing and production of seeds; however, we are also planning to purchase a big cold room for preservation of imported vegetable seeds and also in collaboration with the parent company to do production of seed maize at Njombe Province southern part of Tanzania.

8.2.5.1 Research and Development of New Varieties

Hybrids varieties we have engaged in registration of Kibo Star F1, Wheat and leguminous varieties, papaya, watermelon zawadi F1, Tomato Nyota F1, and Herbs.

8.2.5.2 Seed Quality Improvement

The company will improve five existing Horticultural seed varieties to eliminate the reported defects. The varieties targeted for improvement will be as follows;

No.	Variety	Defect(s)	Activity
1	Cal J	Bacterial diseases	Proper selection, removing rogues
2	Tomato Tengeru	Bacterial diseases	Proper selection, removing rogues
3	Okra	Bacterial diseases	Proper selection, removing rogues
4	Indigenous Vegetables	Bacterial diseases	Proper selection, removing rogues
5	Cucumber	Bacterial diseases	Proper selection, removing rogues

8.2.6: Major risks facing the entity

The company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and amounts due to related parties. These instruments arise directly from its operations. The company does not enter into derivative transactions. The company has exposure to the following risks from its use of financial instruments and from its operations

	Risk Category	Description	Risk Treatment measures (Mitigations)
1	Political	The risk of losses occurring as a result of political events either destruction of our properties or boycott of our products	(i) Ensuring adherence to the strategic plan of the Company. (ii) Ensuring good co-existence with the stakeholders (iii) Using risk management instruments and remaining neutral in the political scene



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

			(iv) Fairness and Diversity in our employment policies
2	Credit Risk	The risks that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Where customers default on their payment commitment to us, the financial condition, results of operations and cash flows could be materially and adversely affected.	-Rigorous vetting of customers before extending credit. -Regular review of receivables to ensure adherence to payment terms -Enter into factoring arrangements on Government debt especially with those in financial crisis
3	Business interruption/continuity	Business interruptions stemming from network failure, incapacitation of staff, the unavailability of raw materials, information technologies, skilled labor, facilities or other resources, that may threaten the Company's capacity to continue operations over a period of time.	(i) Continuous improvement and maintenance of the network infrastructure. (ii) Full implementation of the Business Continuity Policy.
4	Competition	Competitors may price their products below our prices and this will have an effect on the demand our products and reduced sales volumes especially in those markets that are price sensitive	Continuous investment in research and development to produce seed products those out compete the competition and strengthen the distribution network.
5	Adverse Weather & Climate change	This may affect the availability, quality and price of agricultural commodities as well as demand of our products	Breeding early maturing seed varieties especially for those markets with shorter wet seasons
6	Inventory Holding Risk	The Company's inventory risk relates to seed stocks where the stocks are prone to damage/degradation during the stockholding period resulting in Write/ offs stocks resulting in reduced profits	Thorough review of the sales projections to determine appropriate levels of production to avoid over stocking.



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

8.2.7: Material arrears in statutory/financial obligations

The company have tax liability of Tsh.2,015,971,948.72 in dispute arising from Tanzania Revenue Authority (TRA) following tax audit for 2014-2016. The matter is now in court of appeal this is known material arrears in statutory/financial obligations as at the reporting date

8.2.8: The entity's financial probity and serious governance issues

There is no reported case of financial impropriety and governance issues reported to any government agency. The External and Internal audit queries raised have been adequately responded to by management.

9.0 CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kibo Seed Company is a people driven company. Our business makes a positive contribution to the society by helping agriculture tackle food security in our region. Its values are embodied and build in the understanding that the customers and the community are the reasons why we are in business.

We exist because of the community. We are therefore a citizen driven Company and the welfare of the society is our concern. Since the community is the reason why we exist in the business environment, giving back to the very community is good business governance. We as an organization not only take pride when we excel in business but also while contributing to the local community and investing in the community as a whole. Our commitment is also centered on serving humanity where our business has mutual interest.

We will conduct every aspect of our business with honesty, integrity, openness and respecting human rights and the interest of our employees, customers and the stakeholders.

During the year under review, the company undertook various Corporate Social Responsibility (CSR) initiatives. Our CSR focused on four areas; Education, Environment programs, Health services & sports activities. See pictures below:-



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

10.0 REPORT OF THE DIRECTORS

The Directors submit their report together with audited financial statements for the year ended June 30, 2018 which show the state of the company affairs.

10.0.1 Principal Activities

The principal activity of the company and its Branches is to carry on the business of seed merchants. The Company also distributes vegetable seeds, sunflower, pasture and maize.

10.0.2 Results

The results of the company for the year ended June 30, 2018. Below is summary of the profit or loss made during the year.

	2018	2017
Description	Tshs '000	Tshs '000
Profit before tax	(210,203)	(666,663)
Taxation charge	0	39,684
Profit for the year	(210,203)	(626,979)

10.0.3 Auditors

The Auditor General is responsible for the statutory audit of the company's financial statements in accordance to Section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to carry out the audit on his behalf.

BY ORDER OF THE BOARD



Ms. Wilkister Simiyu
Company Secretary
Kitale, Kenya.

Date 9/4/19

Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

11.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)) require the Directors to prepare financial statements in respect of that company, which give a true and fair view of the state of affairs of the company at the end of the financial year/period and the operating results of the company for that year/period. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the company for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

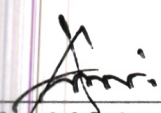
The Directors accept responsibility for the company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act and the Kenya Company's Act 2015. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2018, and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

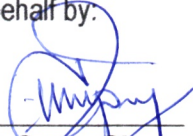
Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

11.0.1 Approval of the financial statements

The financial statements and the accompanying notes were approved by the Board of Directors on 30th June 2018 and were signed on its behalf by:


Mr. Azariah Soi
Managing Director


Mr. Symon Cherogony
Chairman


Mr. Francis Mwaura
General Manager



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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIBO SEED COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kibo Seed Company Limited set out on pages 28 to 62 which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kibo Seed Company Limited as at June 30, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and do not comply with the Kenyan Companies Act, 2015.

Basis for Adverse Opinion

1.0 Inventory

The statement of financial position as at 30 June 2018 reflects inventory figure of Tshs.5,502,040,253 which is at variance with stock valuation sheets figure of Tshs.5,085,186,170 resulting to an unexplained and unreconciled difference of Tshs.416,854,083.

Consequently, the accuracy and completeness of the inventory balance of Tshs.5,502,040,253 as at 30 June 2018 could not be confirmed.

2.0 Unsupported Amounts Due to Related Parties

The statement of financial position as at 30 June 2018 reflects amounts due to related parties figure of Tshs.11,434,648,732 as disclosed under note 10(b) to the financial statement whose supporting documents were not made available for audit verification.

In consequence, the validity, accuracy and existence of the amounts due to related parties balance of Tshs.11,434,648,732 as at 30 June 2018 could not be ascertained.

3.0 Cash and Cash Equivalents Variance

The statement of financial position as at 30 June 2018 reflects cash and bank balance of Tshs.505,705,982 as also evidenced in the statement of cash flows and note 13 to the

financial statements. However, computation of cash flows statement reveals cash and cash equivalents figure of Tshs.719,417,444 resulting into a variance of Tshs.213,711,462 which appear to have understated the cash and cash equivalents balance.

Under the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Tshs.505,705,982 as at 30 June 2018 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kibo Seed Company Limited in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Financial Performance

During the year, the Company recorded a deficit of Tshs.210, 202,963 which increased the accumulated deficit from Tshs.2,292,279,824 in the year 2017 to accumulated deficit of Tshs.2,502,482,787 in the year 2017/2018. In addition, the statement of financial position as at 30 June 2018 reflects total current assets figure of Tshs.8,271,751,835 against current liabilities figure of Tshs.12,624,205,119 resulting to a negative working capital of Tshs.4,352,453,284. If strategies are not put in place to reverse the loss making trend, the institution's future operations are likely to face financial challenges.

In the circumstance, the going concern status of the company and its sustainability of services in the future is dependent on its creditors though management estimates that the company remains a going concern in the next twelve months.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/Adverse Opinion] section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Long Outstanding Debtors

The statement of financial position as at 30 June 2018 reflects net trade and other receivables figure of Tshs.1,986,498,448 as disclosed under note 9 to the financial statements which includes trade receivables amounting to Tshs.2,238,508,198 that have been outstanding for over 120 days contrary to the company's credit policy of 30 days. No evidence was provided by the management on the efforts put in place to recover the long outstanding debts.

Consequently, the management breached its own regulations

2.0 Irregular over expenditure

The Company in the year ended 30 June 2018 had a total budget of Tshs.3,200,000,000 comprising of Tshs.600,942,850 in respect of operating and selling& distribution figure of Tshs.797,311,450 against actual expenditure of Tshs.1,867,437,203 as summarized below:

	Original & Final Budget Figures	Actual on Comparable Basis	Performance Difference	%
Budget line	Tshs	Tshs	Tshs	
Operating Expense	600,942,850	751,918,267	(150,975,417)	25
Selling & Distribution Expense	797,311,450	1,115,518,937	(318,207,487)	40
Total	1,398,254,300	1,867,437,203	(469,182,904)	34

However, management did not provide evidence for approval of the over expenditure of Tshs.469,182,904.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 2015, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. in my opinion, adequate accounting records have been kept by the Kibo Seed Company Limited, so far as appears from the examination of those records; and,
- iii. The financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

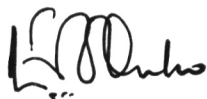
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

06 May 2019

Appendices
Appendix 1

Long outstanding debtors		
#	Name	Amounts '120+ Days Tshs.
1	TS08 - MOROGORO TS - HARRISON	153,311,763
2	TAN007 - TANIKA MALEMO (TS MBEYA)	113,975,227
3	AFR001 - AFRICA AGRI (COLLINS)	87,960,293
4	UWA001 - UWAPEKI - IFAKARA	86,803,000
5	CAS006 - TFA IRINGA CASH SALE	78,481,000
6	OWA001 - OWARD - SONGEA	74,918,000
7	RUB001 - RUBUYE AGRO CHEMICAL - MAKAMBAKO	65,920,000
8	WIA001 - WIANA GENERAL SUPPLIES CO LTD	55,368,000
9	MAH003 - MAHENGE AGRICULTURE STORE- MAFINGA	45,700,000
10	TIT001 - TITO MPANDILA	43,323,800
11	ALP001 - ALPHA	42,153,800
12	RAF001 - RAFIKI KILIMO	42,135,300
13	APA001 - APAIKUNDA SUMARI	39,226,260
14	MCH001 - MCHINA KAONEKA	38,593,200
15	TWE002 - T TWEVE	31,133,000
16	LUS003 - LUSULE AGROVET SUPPLY - BABATI	31,000,000
17	TAN001 - TANGANYIKA FARMERS ASSOCIATION	30,882,404
18	KIL008 - KILAWA ENTEPRISES	30,240,000
19	ALL006 - ALLY MGANGA	28,000,000
20	MIK002 - MIKINDO HOLDING CO LTD	28,000,000
21	ELI011 - ELIYA JOSEPH (KIBO SEED- KASULU)	24,226,520
22	SHI003 - SHINDIKA GROUP LTD	24,125,500
23	CAS009 - TFA MAFINGA CASH SALE	20,881,700
24	HAS005 - HASSAN S. KAONEKA- MAKAMBAKO	20,500,000
25	IWA002 - IWAWA AGROVET - IRINGA	19,080,000
26	EMM002 - EMMANUEL MGAYA	18,909,200
27	LEO001 - LEONALD NGIMBUSI	16,895,885
28	MAM011 - MAMA GODFREY AGROVET- MAFINGA	16,570,000
29	MAH001 - MAHELASA INVESTMENT	16,128,400
30	UNI001 - UNION STORES	15,396,500
31	TS010 - GODFREY TULLO - TS MAKAMBAKO	15,116,388
32	LEM002 - LEMA AGROVET MUGUMU	14,839,756
33	MAN006 - MANYOVU - MBEYA	14,087,640
34	MAN10 - Manyovu Agrochemical Inputs	13,750,000

35	KIB007 - KIBELO AGR SUPPLIES- SUMBAWANGA	13,563,200
36	MTE001 - MTEWELE - NJOMBE	13,394,100
37	BUK001 - BUKUMBI AGROVET	13,150,000
38	VIC002 - VICTORIA SEED KAMPALA	12,853,517
39	LEN002 - LENATHA MBILINYI - IRINGA	12,384,000
40	MAK006 - MAKUMULI GROUP CO LTD	12,200,000
41	TS013 - SAID JAFARI (TS MOROGORO)	12,161,600
42	SIN001 - SINDATO AGROVET	12,160,400
43	MAS001 - PETER MASSAWE	10,765,300
44	MAF001 - MAFUNGU AGROVET	10,750,000
45	TS03 - WILLIBARD MAGANJA	10,638,000
46	IRA001 - IRAGIIMA SACCOS	10,304,500
47	JOH007 - JOHANES SANGA (GADAU) - SUMBAWANGA	10,192,000
48	IKU001 - IKUWO GENERAL ENTERPRISES	10,028,000
49	KKA001 - K.K. AGROVET DAR - ES- SALAAM	9,980,295
50	ADR001 - ADRIAN ASANGA - MAKAMBAKO	9,840,000
51	TS06 - LEON LEONARD	9,702,420
52	TES001 - TESHU	9,672,050
53	KIB006 - KIBAFU AGROVET	9,663,200
54	MAM014 - MAMA HOZA	9,600,000
55	VIT001 - VITUS CHAULA	9,399,130
56	TEA002 - TEARS TRADERS	9,315,600
57	KAH001 - KAHELA TRADERS	9,054,000
58	OBO001 - OBO INVESTMENTS	9,000,000
59	KIL005 - KILIMANJARO WAKULIMA SHOP	8,983,300
60	MAS009 - MASSAWE MKULIMA AGROVET	8,905,200
61	MKW001 - MKWIZU AGROVET	8,836,600
62	HAN001 - HANDENI DISTRICT COUNCIL	8,620,500
63	NEE002 - NEEMA AGROVET	8,265,600
64	CHI001 - CHINGA AGROVET	8,237,800
65	GMA001 - GM AGR. MLOWO	7,034,000
66	ASE001 - ASENKA AGROVET	6,560,000
67	MKU003 - MKULIMA AGROVET - MBUGUNI	6,377,600
68	KAR003 - KARUHANGA AGRO	6,308,000
69	MBO002 - MBOZI HIGHLAND AGRO ECONOMIC GROUP CO.LT	6,250,000
70	MBU001 - MBULU VET / TIGWELA	6,226,514
71	MBW002 - MBWAGA AGROCHEMICAL	6,217,600
72	SAN003 - SANGA T.F.A	6,181,400
73	CAS002 - MAKAMBAKO CASHSALE	6,067,759

74	HAS001 - HASSAN KIMWERI	6,028,700
75	SSS001 - S \$S INVESTMENT- TUNDUMA	6,024,935
76	JER001 - Jerem Sanga- SPL	6,000,000
77	MAM001 - MAMBA AGROVET	5,830,850
78	NGA002 - NGAPULA GENERAL TRADERS - MTWARA	5,777,340
79	JBA001 - JB AGROVET	5,665,140
80	HOR - HORTANZIA FARM	5,324,000
81	TS012 - ALOYCE MUYA (TS ARUSHA)	5,310,500
82	KIC002 - KICHAPIO AGROVET - MAZOMBE	5,263,050
83	PET002 - PETER MASSAWE	5,261,000
84	MER002 - MERCURY AGROVET	5,079,550
85	MAG005 - MAGRET SANGA	5,000,000
86	GRA001 - GRACE E. MPOLI	4,927,200
87	JAC001 - JACOB WILLIAM	4,885,070
88	MKU004 - MKUFYA AGROVET	4,812,700
89	DAS001 - DASAM AGRO TRADING	4,800,084
90	MOU001 - MOUNTAIN GREEN	4,773,100
91	MWI001 - MWILAMBA- SONGEA	4,657,200
92	ZUN001 - ZUNYA ENTERPRISES	4,614,300
93	JUA001 - JUA KALI DAKAWA	4,585,620
94	MVI001 - MVIMAHA ADP	4,439,950
95	DIA001 - DIA MIMEA SERVICES	4,419,000
96	MEK001 - MEKASI AGROVET	4,358,000
97	BET001 - BETTY BENARD	4,272,274
98	KIL002 - KILIMANJARO AGROVET	4,112,900
99	MAM002 - MAMA SONGA	4,017,575
100	MWA001 - MWAFKA AGROVET CHANNEL	3,987,150
101	IBR003 - IBRAHIMU SHORA (TS MWANZA)	3,986,200
102	DIC001 - DICK AGROVET	3,978,600
103	TAB001 - TABE ENTERPRISES	3,801,000
104	LEM003 - LEMA AGRO CHEMICAL MLOWO	3,752,800
105	HAM002 - HAMISI SHABANI - TUBUGWE	3,721,500
106	JAM003 - JAMES ISMAIL MNDELE	3,698,000
107	JOH008 - JOHNSTONE MDANDU - CHATO	3,658,000
108	KAN001 - KANYEMKA -MRIMBA	3,620,800
109	HAR005 - Hardy Lameck Ngwale	3,510,000
110	LUC001 - LUCY AGRO- CHEM	3,501,600
111	SAI001 - SAIDI MBEGU	3,460,000
112	KAL005 - KALENGA CO - MBEYA	3,405,000

113	BAK001 - BAKLINA ANIMAL CARE	3,389,000
114	TAN003 - TANAKE AGROVET TRADING	3,375,200
115	DIC002 - Dicson Kiponda	3,348,000
116	TEM001 - TEMBA AGROVET	3,347,800
117	TS01 - TS ARUSHA (KIMWERI)	3,309,673
118	ELI001 - ELIUD IMMANUEL SAOYO/KISALI AGROVET	3,210,000
119	UMO001 - UMOJA SACCOS MAGADINI	3,201,300
120	GAG001 - GAGES AGROVET- MAJI YA CHAI	3,150,000
121	K.AG00 - K.AGROVET TUNDUMA	3,147,300
122	JAY001 - JAYPLUS INVESTMENT LTD - MANYARA	3,124,000
123	ABU001 - ABUTAN TANZANIA LTD	3,100,000
124	CAS010 - TFA KARATU CASH SALE	3,034,700
125	DIO001 - D.I.G INVESTMENT	3,000,000
126	KIB005 - KIBAGO FARM	2,998,000
127	GEN001 - GENDI AGROVET	2,976,000
128	KVA001 - KV AGROVET	2,898,200
129	ELI009 - ELIAS AGROVET - MWANZA	2,885,120
130	EDE001 - EDES BARNABAS	2,847,500
131	DOL001 - DOLA DAE AGROVET	2,814,000
132	KIL003 - KILIMO KWANZA DUKA	2,806,750
133	SIN002 - SING`OMBE- NKASI	2,780,000
134	BEN001 - BENADETHA SANGA	2,773,000
135	MRI002 - MRINJI AGROVET	2,771,200
136	MAV001 - MAVUNO AGROVET	2,770,200
137	MST001 - M/S TRIACHEM T LTD	2,719,144
138	DOT001 - DOTTO K. WILLA	2,716,000
139	ISR001 - ISRAEL KILONZO - MAFINGA	2,668,000
140	URI001 - URIO AGROVET KILALA	2,658,800
141	JOH012 - JOHN OLEKENGE - LOLIONDO	2,595,850
142	JUM003 - JUMA MWAMBALAGA	2,544,000
143	BEL001 - BELLA AGROVET	2,510,250
144	MRI003 - MRISHO MAKUMULI - GROWER	2,475,000
145	NG001 - NGAILO - ILULA	2,447,200
146	IMB001 - IMBORU AGROVET	2,338,050
147	TEA001 - TEACHER AGROVET	2,332,500
148	MBO003 - MBOZI AGRO (MLOO- SONGWE)	2,328,000
149	BUN001 - BUNDA AGROVET	2,284,660
150	MWA09 - Mwananchi agrovvet -mbeya	2,279,000
151	MBI001 - MBISE AGROVET	2,250,000

152	RUV002 - RUVU FARMS CARETAKE	2,233,100
153	MUL001 - MULENGA AGROVET	2,178,100
154	AMA006 - AMANI AGROVET - DAR	2,159,000
155	FIN001 - FINACO - DODOMA	2,106,700
156	BIK001 - BIKO FARM - MOMBO	2,052,000
157	MKE001 - MKEMIA AGROVET	2,052,000
158	BCS001 - BCS 2004 LTD	2,036,550
159	ATA001 - ATAU AGROVET	2,018,041
160	MER003 - MERU AGROVET	2,017,000
161	JT001 - J.T.AGROVET	1,976,950
162	MAM013 - MAMA FRANCE AGRO	1,892,080
163	FUR001 - FURAHA NGALLA	1,890,000
164	BAR002 - BARIKI KILEO- HANDENI	1,875,000
165	SAM001 - SAMUEL MAMAIDA	1,867,500
166	YOH001 - YOHANA - KIOMBOI	1,845,765
167	NNK001 - NNKYA AGROVET	1,836,200
168	URF001 - URFI - DAR	1,836,000
169	AYU001 - AYUB MICAH MBISE	1,803,200
170	GOD002 - GODLIVER ANDREA NYITI - GROWER MBUGUNI	1,803,000
171	EVA002 - EVA AGROVET	1,783,700
172	SAD001 - SADICK AGROVET	1,750,000
173	MSA001 - MS. AGROTECH (MSABI)	1,747,000
174	EDN001 - EDNA	1,746,750
175	EAS001 - EAST AFRICAN SEED T LTD	1,680,100
176	SAN004 - SANDASON - USA RIVER	1,631,000
177	NAW001 - MAWA FARM	1,624,000
178	GAS001 - GASTON AGRODEALER - MTWANGO	1,622,600
179	ANN001 - ANNASTASIA SAMANYA	1,617,700
180	MHA001 - MHANDO MWENDI	1,582,300
181	WIL007 - WILLIAM NICODEMAS(MLOO-SONGWE)	1,536,000
182	VIE001 - VIERRA AGROVET- DAR	1,524,900
183	WAD001 - WADAMISAKI KARIAKOR	1,501,500
184	LYD002 - LYDIA AGROVET	1,500,300
185	MWA006 - MWANZA AGROVET	1,500,000
186	FIN002 - FISEJA AGROVET	1,492,500
187	GEO004 - GEORGE - MSIMBO	1,442,500
188	VAI001 - VAI AGROVET (MBEYA)	1,430,400
189	WIL008 - WILLIAD NYUNGU	1,430,000
190	MUK001 - MUKPAR TANZANIA LTD	1,421,354

191	KUS001 - KUSI - MOSHI	1,420,000
192	KNC001 - KNCU 1984 LTD	1,419,500
193	MAR002 - MARTIN SHIO	1,377,550
194	EMI001 - EMILIANO NNKO AGROVET	1,377,000
195	CHR001 - CHRIS MASEMBU	1,374,000
196	SYN001 - SYNGENTA - MOROGORO	1,364,000
197	FRA001 - FRANK MAX NYITI	1,355,000
198	MBW001 - MBWILO MPANDA	1,344,100
199	SIM001 - SIMLAW SEEDS KENYA	1,332,600
200	KIP001 - KIPUSA AGROVET	1,310,000
201	CAR001 - CARE SONY	1,287,000
202	TS005 - FILBERT MOMBURI- TS MBEYA	1,271,200
203	NDO001 - NDOIKA A. MWANGA-MOSHI	1,260,000
204	WAZ001 - WAZIRI KIRYA	1,256,650
205	MHO001 - MHOGO AGROVET	1,254,000
206	B.P001 - B.P AGROCHEMICAL	1,217,500
207	MER001 - MERU AGRO & VETCARE	1,217,200
208	RAF003 - RAFIKI SHOP - DAR	1,176,000
209	MAM004 - MAMA MUNGURE	1,167,600
210	ABA001 - Abas Ayub -dollar	1,144,819
211	ALE001 - ALLEN CHAKI- DAR	1,108,000
212	JUM002 - JUMA MWIKALO (HELB) - DODOMA	1,100,200
213	SHA003 - SHARIFA	1,093,348
214	ELI002 - ELIZA AGROVET	1,091,400
215	DAS002 - DASTAN AGRO - MAKAMBAKO	1,080,000
216	PEL001 - PELLA EDWIN	1,079,355
217	SUB001 - SUBA AGROVET INPUT	1,072,400
218	DIS001 - DISTRICT EXEC DIRECTOR	1,072,171
219	JAB001 - JABES ENTERPRISES(MARTINI KIMWERI)	1,067,270
220	SAB001 - SABUKO AGROVET	1,043,200
221	BRA001 - BRAC SHOP	1,038,900
222	HAM003 - HAMZA HASHIMU - SONI	1,018,100
223	MAL001 - MALAMSHA AGROVET	1,001,400
224	DR.002 - DR. RUBASHA	1,000,000
225	DUK001 - DUKA LA PEMBEJEO KIBONDO	1,000,000
226	NGO001 - NGOWI AGROVET	1,000,000
227	FJ001 - F J FARMS - DODOMA	993,500
228	MRO003 - MROMBO AGROVET - UYOLE	981,600
229	KIT001 - KITUO CHA KILIMO & MIFUGO	975,000

230	AGR004 - AGROMASTER TANZANIA LTD - ARUSHA	969,500
231	ALL003 - ALLY MAMU LOGIRU	965,000
232	WAK001 - WAK001	960,882
233	MAJ002 - MAJENZELE - MAKETE	960,000
234	SUL001 - SULUT ENTERPRISES	934,800
235	EMA004 - Emanuel Palangyo	911,000
236	REP001 - REPUBLIC BODY BUILDERS	878,180
237	ZAB001 - ZABRON ERNEST	873,000
238	KIH001 - KIHIO HAMZA - KWEMAKAME	871,900
239	KAY001 - KAYEMBE	862,000
240	MAR001 - MARY RIMOY	845,325
241	SAI002 - SADAN DIAMOND	827,000
242	AMO001 - AMOS LEGANGA	810,000
243	SHA006 - SHAO PEMBEJEO SHOP - DAR	805,250
244	DUK002 - DUKA LA WAKULIMA - ISANSA	800,000
245	BUS001 - BUSARA SACCOS	797,580
246	MMA001 - MMARI KITETO	795,089
247	ISS001 - ISSA WAITI- SONGEA	793,200
248	MUG001 - MUGIBRAZ COMPANY LTD(AGROVET)	786,100
249	WAZ003 - WAZIRI MTUA	779,500
250	AGR005 - AGRICS-SHINYANGA	770,000
251	KAI001 - KAI AGROVET SUPPLIES	756,000
252	AMA003 - AMANI LEMA- DAR	726,300
253	AGR006 - AGRICS FARM INPUTS AND CREDITS	715,000
254	KAT003 - KATRINA LEKWAMA KIVUYO-maji moto	696,000
255	AMA002 - AMATECH TRADING CO	677,860
256	NGA003 - NGATEU AGROVET	670,000
257	SHI002 - SHIFTI NYITI EPHATA	661,500
258	RAH001 - RAHEL JOSHUA MOLLEL - maji moto	656,000
259	MAN009 - MANFREDY MLELWA - NJOMBE	650,000
260	SAM004 - SAMOA AGOVET- SINGIDA	650,000
261	SUM002 - SUMMER FARM SERVICE	649,950
262	ESK001 - ESK AGROVET	648,000
263	RIC003 - RICHARD - MLIMBA	645,300
264	LET001 - LETI AGROVET- BUKOBA	644,100
265	TOS001 - TOSH ENTERPRISES	630,000
266	BAR001 - BARAY SACCOS	628,000
267	MPW001 - MPWAPWA FARMERS CARE	618,600
268	ERA001 - ERASTO MOLLEL	616,000

269	KIL006 - KILEMBE - CHIMALA	613,600
270	MAM007 - MAMBO AGROVET - TABORA	591,500
271	ABR003 - ABRAHAM MBISE GROWER	588,000
272	TS011 - JOHN SIMON - TS ARUSHA	588,000
273	LEW001 - LEWINA LUDIBUKA	586,500
274	MPA001 - MPANGO MPANGILE - IFAKARA	582,500
275	BIO001 - BIOSANTE AGRO CHEMICAL	578,700
276	MAM005 - MAMA J OGUNDE	574,895
277	TUM001 - TUMSIME AGROVET	565,700
278	ERC001 - ERCS AGROVET	555,000
279	MKO001 - MKOMBOZI ANNEX	549,750
280	MGA002 - MGANGA AGROVET - SONGEA	539,700
281	CAR002 - CAROLINE E. KIUNGAI - KWA MREFU	528,000
282	HAL001 - HALIMA IDDY - KARANGAI GROWER	525,700
283	OLD001 - OLDONYO LENGAI	503,600
284	JONA01 - JONAS DAVID- MBEYA	500,900
285	KAS003 - KASIMU SONI	500,875
286	GAB001 - GABU AGROVET - SANYA JUU	500,000
287	MIK001 - MIKUNDANI AGROVET	500,000
288	PES001 - PESAMBILI - LAELA	500,000
289	IFA001 - Ifaka Agrovvet	499,400
290	MUM001 - MR. MUMBA	494,800
291	LMK001 - L M KAJUNA	494,400
292	MWA008 - MWASUMILWE AGRO - CHEMICAL - ILULA	489,000
293	CHA001 - CHAMANGA	483,200
294	SIL001 - SILVANO ABRAHAMU - MIGIADINI DOLLI ESTAT	476,000
295	MPE001 - MPENDA AGROVET - SONGEA	470,000
296	EKE001 - EKENYWA AGROVET- TENGERU	468,000
297	MES003 - MESHACK LOTHIA	464,000
298	ABS001 - ABAS AYUB	463,400
299	LUS001 - LUSHOTO AGRICULTURAL SUPPLY	453,520
300	KAB001 - KABANDO AGROVET	450,000
301	NAT001 - NATIONAL ARTIFICIAL INSEMINATION CENTRE	450,000
302	JOH006 - JOHN MWAPE- LUSAKA	447,000
303	DON002 - DONAVET - SINGIDA	432,900
304	FRE002 - FREYS AGROVET(MATOSHO)	420,000
305	OLO001 - OLO AGROVET	420,000
306	SAM005 - SAMSON MBISE- NGURUDOTO	412,800
307	EMM001 - EMMANUEL MASSAWE	411,600

308	MAL002 - MALAKI KAAYA ELIFASI	410,000
309	IRE002 - IRENE LIMO - GROWER MAWENI	409,000
310	EVA001 - EVARESTA MBAGA	400,000
311	MKI001 - MKITANGA AGROVET	398,400
312	REV001 - REVOCAIUS KARAMA	396,625
313	MAG002 - MAGADINI SACCOS- MOSHI	377,500
314	TAW001 - TAWAKALI IBRAHIM -KARANGAI GROWER	359,000
315	ARU001 - ARUSHA CITY COUNCIL	354,750
316	AHM001 - AHMED AGROVET	350,000
317	DAT001 - DATA TRADING \$ SERVICES	350,000
318	SWA001 - SWAIB MSUYA	340,000
319	KAP001 - KAPILINA - IFAKARA	336,400
320	JOH002 - JOHN T MUYANJA	335,000
321	ERN001 - ERNEST- KWAI	331,875
322	JUS002 - JUSTINE LAIZER - ARUSHA	330,000
323	JOS001 - JOSHI ANIMAL FEEDS	329,300
324	PEM001 - PEMBEJEO SHOP	329,050
325	AGR001 - AGRICULTURAL INPUT & VET	326,700
326	MAM012 - MAMBA AGRO- UYOLE MBEYA	325,000
327	MAT001 - MATEMU POLY AGROVET	325,000
328	MAR003 - MARUNDI KARIAKOR	321,550
329	AFU001 - AFURAEI NNKO AGROVET- MERU	318,000
330	MAM006 - MAMAMOSI	318,000
331	IMU001 - IMUKA ENTERPRISES- MORO	314,400
332	EMS001 - EMMANUEL SIRAYO	311,400
333	BAL002 - BALTON (T) LIMITED - ARUSHA	298,750
334	UKE001 - UKEREWE AGRO- SINGIDA	292,000
335	MOH001 - MOHAMMED SHOSI	290,000
336	TUK001 - TUKUTANE AGROVET - SAME	285,200
337	WIL002 - WILLIBERT MAGANJA	284,900
338	SHI001 - SHIRTON KIJJI	280,000
339	TEM002 - TEMU QUALITY SEEDS - ARUSHA	280,000
340	MFA001 - MFANGA AGROVET	276,000
341	MAD001 - MADILI AGROVET	274,100
342	DR.003 - DR. MACHA- KILOSA	270,900
343	FAD001 - FADHILI - MBEYA	270,200
344	GAR001 - GARETAU AGROVET	270,000
345	VEN001 - VENORANDA MTOBYASIA	266,000
346	MAH002 - MAHE AGROVET	251,800

347	KIC001 - kickstart International	243,000
348	FAI001 - FAIDA POTEA - MWANZA	230,000
349	SOL002 - SOLOMON FARM	224,100
350	BAM001 - BAMATO AGROVET	220,700
351	DAB001 - DABANGA- SINGIDA	216,400
352	NDE001 - NDESAMBA AGROVET	216,400
353	TAR001 - TARIME VERT FARM	214,000
354	PAT001 - PATRICK I KINYA	213,000
355	PEN001 - PENDAELI TIMOTHY	209,000
356	RUG001 - RUGANGILA - AFISA KILIMO MKOA SINGIDA	190,000
357	CAS003 - MWANZA CASHSALE	189,170
358	MWA003 - MWAJUMA	183,850
359	KIM001 - KIMBARA AGROVET	182,150
360	YUS002 - YUSUPH K1NGO - GROWER	173,000
361	MAG001 - MAGANZO AGROVET	170,300
362	NEE001 - NEEMA AGRICULTURE	169,200
363	WIL003 - WILLE - BUMBULI	162,000
364	IKU002 - IKUNDA AGRO - DAR	160,700
365	PUL001 - PULEES AND AGRO-COMMODITIES (T) LTD	160,270
366	FEL002 - FELIX AGROVET CHATO	159,995
367	EST001 - ESTER AGROVET - DAR	152,000
368	CHR004 - CHRISTOPHER PALANGYO	148,600
369	GPG001 - GPG INVESTMENT	142,800
370	CHR003 - CHRISTOPHER LUKUMAI- NGARAMTONI	140,000
371	KIB002 - KIBONDO AGRICULTURE	137,500
372	ERA004 - ERASTO AGROVET	120,000
373	JOS004 - JOSEPH KAMBI-	108,000
374	HAR001 - HARSHO TRADING CO LTD	106,400
375	SUS002 - SUSAN CHAGARAWA	106,200
376	JOS007 - JOSHUA POMBO- GROWER PINYINYI	106,000
377	LEN003 - LENDORIA PARKUSH LANGET- GROWER PINYINYI	106,000
378	SHE001 - SHEDAFA AGRO INPUT	103,750
379	ASO001 - ASORAEI MAFIE- KIKATITI	102,000
380	ROD001 - RODRICK MPOGOLO- CHATO	100,600
381	MUD002 - MUDDY MWAKULALA	100,000
382	KIL004 - KILIMO KWANZA DUKA PEMBEJEO MWANZA	95,200
383	CAS001 - ARUSHA CASHSALE	76,205
384	CHA008 - CHALE AGROVET - WEST KILIMANJARO	70,400
385	FIM001 - FIMA AGRICULTURE	68,600

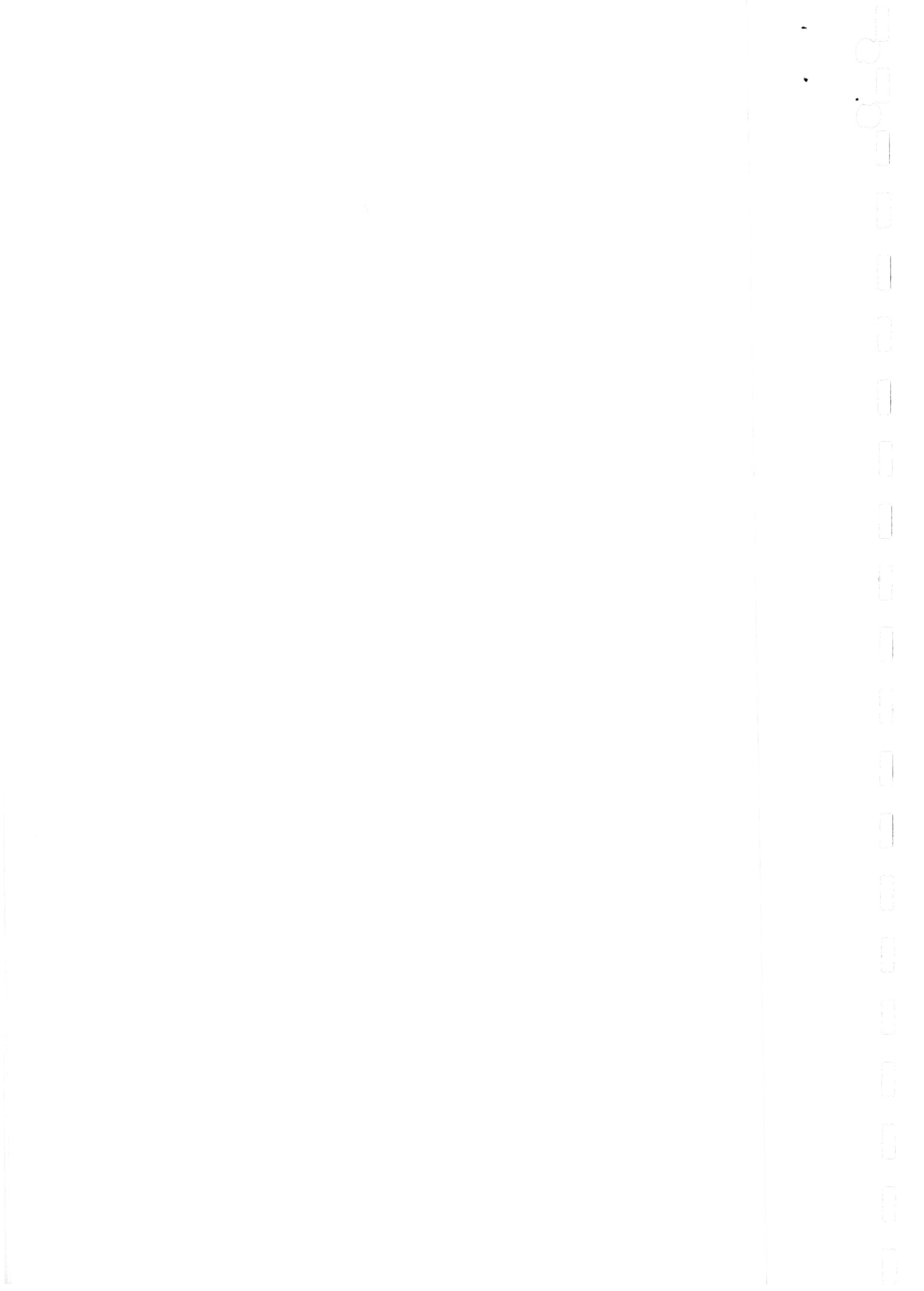
386	ABR002 - ABRAHAM LENGAI	68,000
387	HAM004 - HAMISI MUSHABA - DRC	66,965
388	ADM001 - ADMIN PHILIMON - MBEYA	52,000
389	MSE001 - MSEMWA - IGWACHANYA	50,400
390	JUH001 - JUHUDI AGRO CHEMICAL	50,000
391	SAI003 - SAID KAPULWA	43,167
392	AMI001 - AMINA SADIKIEL ISANJA	42,000
393	NGA001 - NGAO AGRICULTURAL INPUT- DODOMA	38,300
394	AMA001 - AMATECH SHOP	33,800
395	AMA005 - AMANDO TRANSPORT	33,000
396	MAN003 - MANDARO AGROVET	30,000
397	MIR002 - MIRAJI IDDI - KWEMAKAME	21,200
398	GIL001 - GILE NGOIE	18,962
399	SKY001 - SKY FOODS	4,000
400	ANG001 - ANGELLINA MALAKI	600
401	ABE003 - ABELI PETRO KITOMARI - GROWER	500
	Total	2,238,508,198

Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

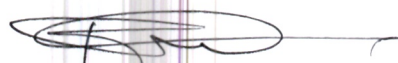
13.0 Audited Financial Statements:

13.0.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE, 2018			
DESCRIPTIONS	Notes	2018 Tsh.	2017 Tsh.
Revenue	(1)	8,135,484,170	8,304,884,913
COST OF SALES	(2)	(4,638,390,840)	(5,527,858,611)
TRADING PROFIT		3,497,093,330	2,777,026,302
OTHER INCOME	(2)(a)	2,817,297	17,848,000
TOTAL INCOME		<u>3,499,910,627</u>	<u>2,794,874,302</u>
OPERATING EXPENSES			
Selling and distribution expenses	(3)	(1,115,518,937)	(1,004,419,100)
Administration expenses	(4)	(1,753,118,936)	(1,495,984,317)
Operating expenses	(5)	(751,918,266)	(844,603,025)
Research & Development	(6)	(27,763,000)	(70,267,911)
Finance cost	(7)	(61,794,451)	(46,263,224)
TOTAL OPERATING EXPENSES		<u>(3,710,113,590)</u>	<u>(3,461,537,577)</u>
		(210,202,963)	(666,663,275)
Income Tax Credit	-	-	39,683,644
Total Comprehensive Profit/Loss		<u>(210,202,963)</u>	<u>(626,979,631)</u>



Kibo Seed Company Limited**Annual Report and Financial Statements for the year ended June 30, 2018****STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2018**

		2018	2017
		Tsh.	Tsh.
Non Current Asset			
Property, Plant & Equipment	(16)	2,152,326,509	1,914,405,433
Intangible Assets	(16)	20,816,485	9,201,599
Total Non Current Assets		2,173,142,994	1,923,607,032
Current Assets			
Inventories	(8)	5,502,040,253	4,748,662,013
Trade and other Receivables	(9)	1,986,498,448	1,787,646,055
Due from Related Parties	10(a)	19,447,599	19,447,599
Cash & bank balances	(13)	505,705,982	448,099,648
Tax Recoverable	(12)	258,059,553	201,353,388
Total Current Assets		8,271,751,835	7,205,208,703
Total Assets		10,444,894,829	9,128,815,735
Equity & Liabilities			
Capital and Reserve			
Share Capital	(14)	10,000,000	10,000,000
Advance towards Share Capital	(15)	313,172,497	313,172,497
Accumulated losses	(17)	(2,502,482,787)	(2,292,279,824)
		(2,179,310,290)	(1,969,107,327)
Current Liabilities			
Trade & Other Payables	(11)	1,189,556,387	1,316,526,098
Related Party Transactions	10(b)	11,434,648,732	9,781,396,964
		12,624,205,119	11,097,923,062
Total Equity and Liability		10,444,894,829	9,128,815,735



Mr. Francis Mwaura
General Manager



Mr. Gabriel Matanda
System Analyst
ICPAK NO: 9112



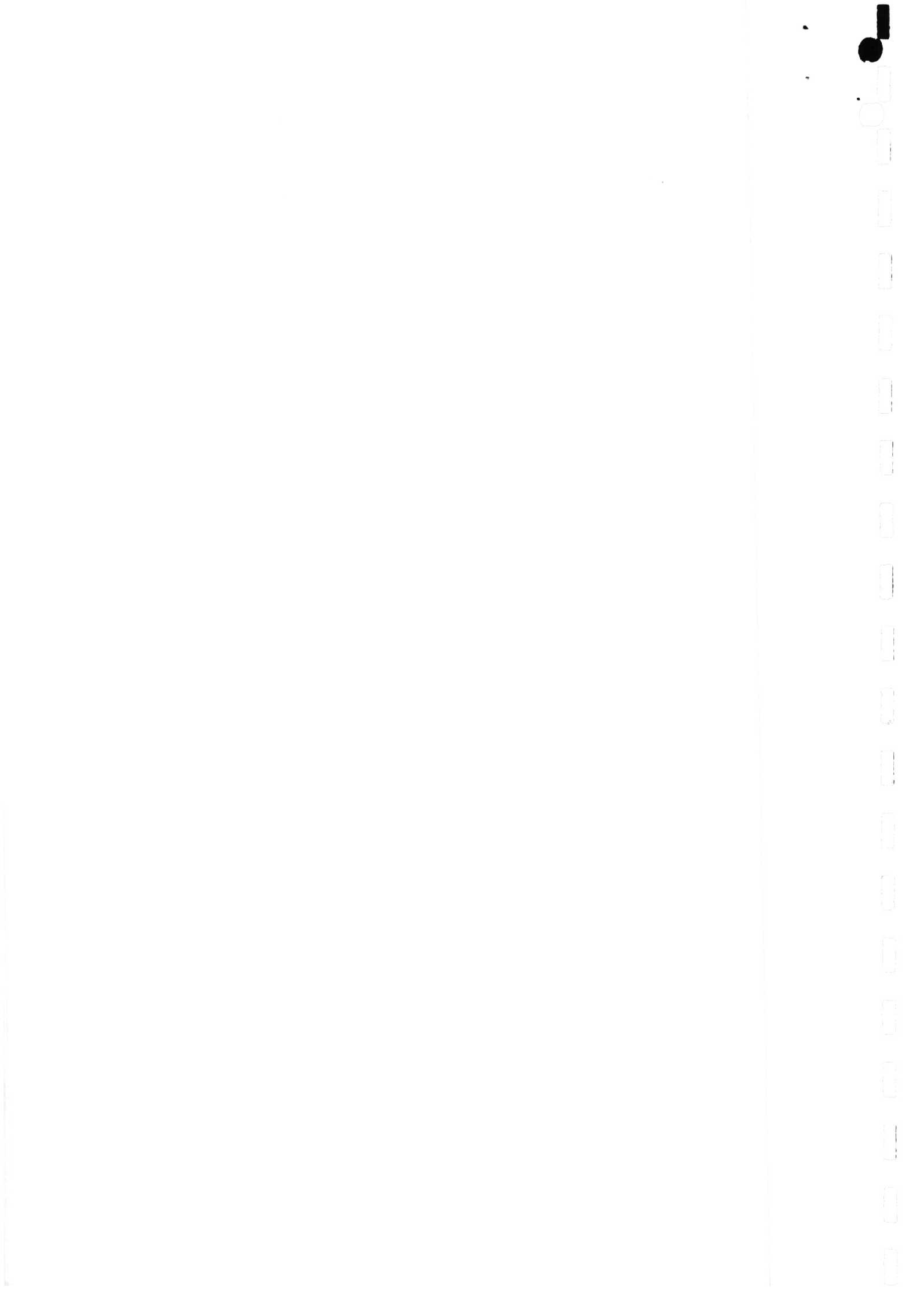
Mr. Symon Cherogony
Chairman of the Board



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

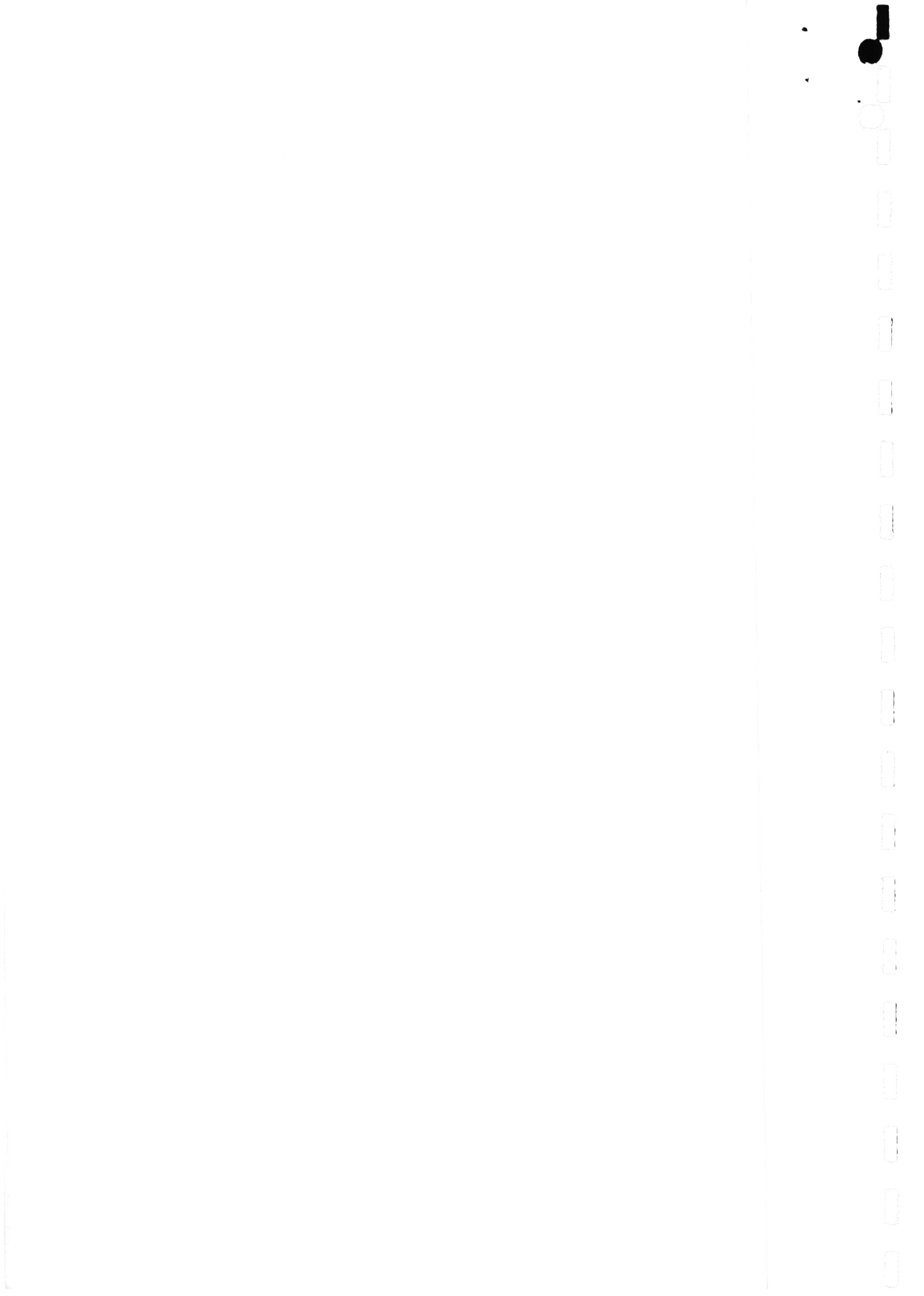
13.0.3 STATEMENT CHANGES IN EQUITY				
FOR THE ENED 30TH JUNE, 2018				
Year Ended 30 June, 2017	Share Capital Tsh.	Advance Towards Share Capital Tsh.	Accumulated Losses Tsh.	Totals Tsh.
As at 1 July, 2016	10,000,000	313,172,497	(1,665,300,193)	(1,342,127,696)
Total Comprehensive Income	-	-	(626,979,631)	(626,979,631)
As at 30 June, 2017	10,000,000	313,172,497	(2,292,279,824)	(1,969,107,327)
As at 1 July, 2017	10,000,000	313,172,497	(2,292,279,824)	(1,969,107,327)
Total Comprehensive Income	-	-	(210,202,963)	(210,202,963)
As at 30 June, 2018	10,000,000	313,172,497	(2,502,482,787)	(2,179,310,290)



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

13.0.4 STATEMENT OF CASH FLOWS FOR THE YEAR 30TH JUNE, 2018			
	Notes	2018 Tsh	2017 Tsh.
Cash flow from operating activities			
(Loss) before tax	(210,202,963)	(666,663,000)	
Adjustment:			
Depreciation of Plant & Equipment	202,768,000	137,381,000	
Amortisation of intangible assets	3,759,000	578,000	
	(3,675,963)	(528,704,000)	
Working Capital Adjustments			
Increase in inventory	(753,378,000)	(770,896,502)	
Increase in trade & other receivables including related parties	(198,852,393)	(39,903,470)	
Increase in trade & other payables including related parties	1,785,221,749	2,509,075,787	
Income tax paid	(87,206,165)	(30,500,000)	
Net cash flows (used in)/operating activities	737,109,228	1,139,071,815	
Purchase of property and equipment	(455,417,432)	(971,823,333)	
purchase of intangible asset	(15,374,000)	(9,780,383)	
Net cash used in investing activities	(470,791,432)	(981,603,716)	
Net(decrease)/increase in cash and cash equivalents	57,606,334	157,469,625	
Cash and cash equivalents at the beginning of the year	448,099,648	290,630,023	
Cash and cash equivalents at 30 June, 2018	505,705,982	448,099,648	



Kibo Seed Company Limited*Annual Report and Financial Statements for the year ended June 30, 2018***14.0 NOTES TO THE FINANCIAL STATEMENT**

Notes to the Financial Statement		
1.)REVENUE	2018	2017
	TZS	TZS
Vegetable seeds	4,216,053,685	4,231,433,777
Maize seeds	3,559,196,459	3,827,450,240
Other seeds	289,807,326	152,970,338
Agrochemicals	70,426,700	93,030,558
	<u>8,135,484,170</u>	<u>8,304,884,913</u>
2.) COST OF SALES	2018	2017
	TZS	TZS
Opening stock - 1 July	5,106,802,776	4,335,906,274
Purchases	5,033,628,316.85	6,298,755,113
Closing stock - 30 June	<u>(5,502,040,253)</u>	<u>(5,106,802,776)</u>
	<u>(4,638,390,840)</u>	<u>(5,527,858,611)</u>
2)a) OTHER INCOME	2018	2017
	TZS	TZS
Decrease in provision for bad debts	2,817,297	17,848,669
3.) SELLING AND DISTRIBUTION EXPENSES	2018	2017
	TZS	TZS
Local travelling	291,256,118	281,144,676
Sales discounts	309,172,653	7,350,000
Show	97,074,020	196,920,918
Freight & carriage	141,537,596	185,311,810
Advertising	132,647,000	135,832,303
Debt collection	6,954,700	12,943,494
Entertainment	2,893,100	2,947,000
Carriage outward	21,700,080	-
Production packing	91,811,070	181,145,899
Import/export/custom	2,107,600	823,000
Public relation	18,365,000	-
	<u>(1,115,518,937)</u>	<u>(1,004,419,100)</u>



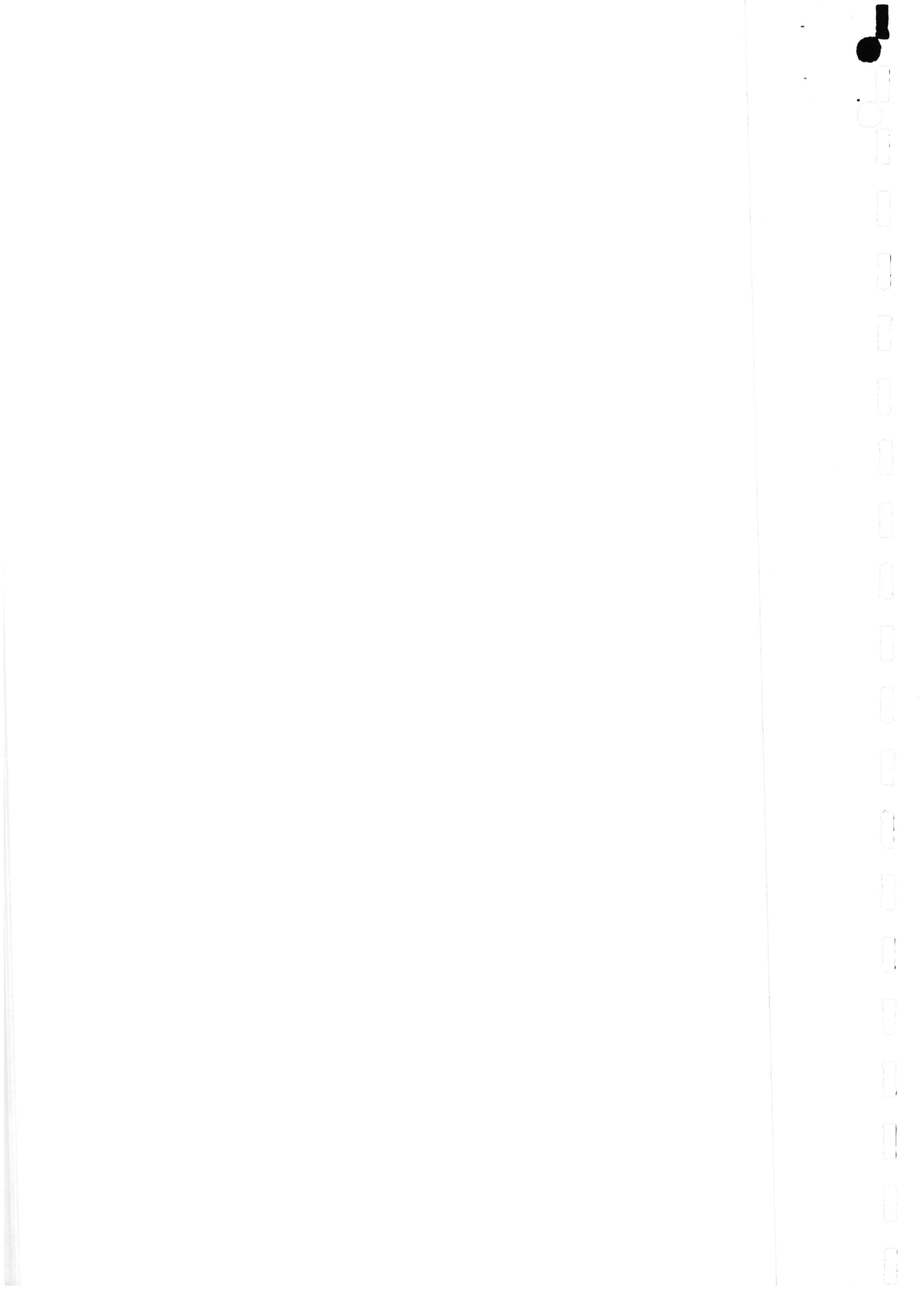
Kibo Seed Company Limited
Annual Report and Financial Statements for the year ended June 30, 2018

4.) ADMINISTRATIVE EXPENSES	2018	2017
	TZS	TZS
Wages & salary	1,165,784,346	1,054,888,415
Staff welfare	85,553,296	113,901,116
Legal & professional	104,768,840	75,305,955
Directors fees & allowances	89,902,653	61,611,775
Security	44,206,900	46,734,300
Office Stationary	42,899,602	40,662,284
Telephone & postages	52,385,796	36,342,380
Subscriptions	18,455,598	22,690,650
Audit fees	114,981,317	13,120,280
Gratuity	10,597,338	9,302,400
Municipal levy	9,115,918	7,515,842
Licenses	3,918,500	5,629,000
Accounting package	3,862,268	4,773,670
Fumigation	4,949,140	2,332,500
Leave pay	<u>1,737,424</u>	<u>1,173,750</u>
	<u>(1,753,118,936)</u>	<u>(1,495,984,317)</u>
5.) Operating Expenses	2018	2017
	TZS	TZS
Generator fuel	-	140,716
Generator expenses	1,137,695	2,189,600
Water	7,953,250	8,430,347
Electricity	4,927,400	9,775,850
Motor fuel	102,668,231	73,036,648
R & m office	83,184,970	76,145,701
Depreciation	206,527,739	137,960,783
Insurance	46,602,492	155,400,778
Motor repairs	162,007,569	146,541,808
Rent rates	<u>136,908,920</u>	<u>234,980,794</u>
	<u>(751,918,266)</u>	<u>(844,603,025)</u>
6.) Research and Development	2018	2017
	TZS	TZS
Seed testing	<u>(27,763,000)</u>	<u>(70,267,911)</u>



Kibo Seed Company Limited*Annual Report and Financial Statements for the year ended June 30, 2018*

7.) FINANCE COST		
	2018	2017
	TZS	TZS
Unrealized foreign exchange loss & bank charges	<u>(61,794,451)</u>	<u>(46,263,224)</u>
8.) INVENTORIES		
	2018	2017
	TZS	TZS
Maize	2,686,017,521	2,433,900,463
Vegetables	1,972,067,278	2,099,001,770
Miscellaneous	316,838,572	375,684,396
Sunflower	23,633,392	83,730,375
Chemicals	65,601,955	69,389,191
Pasture	21,027,465	45,096,581
Stock Adjustments	416,854,071	-
Provision for obsolete stocks	-	(358,140,763)
	<u>5,502,040,253</u>	<u>4,748,662,013</u>
9.) TRADE AND OTHER RECEIVABLES		
	2018	2017
	TZS	TZS
Trade receivables	2,415,941,333	2,253,431,886
Prepayments	103,786,786	70,042,137
withholding tax receivables	456,434	456,434
staff receivables		219,000
	<u>2,520,184,553</u>	<u>2,324,149,457</u>
Provision for bad debts	<u>-533,686,105</u>	<u>-536,503,402</u>
	<u>1,986,498,448</u>	<u>1,787,646,055</u>



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

10.) RELATED PARTY BALANCES		
(a) Amounts due from related parties		
Simlaw Company Limited –Tanzania	19,447,599	19,447,599
	<u>19,447,599</u>	<u>19,447,599</u>
(b) Amounts due to related parties		
Kenya seed company Limited	9,745,291,135	8,163,214,547
Simlaw seeds company limited – Tanzania	521,793,137	521,793,137
Simlaw seeds company limited – Nairobi	1,167,564,460	1,096,389,280
	<u>11,434,648,732</u>	<u>9,781,396,964</u>
(c) Transaction with directors		
	<u>89,902,653</u>	<u>61,611,775</u>
11 TRADE AND OTHER PAYABLES		
	2018	2017
	TZS	TZS
Trade payable	1,184,361,387	1,314,266,098
Other payables	5,195,000	2,260,000
Accruals	-	-
	<u>1,189,556,387</u>	<u>1,316,526,098</u>
12 TAX RECOVERABLE		
	2018	2017
	TZS	TZS
As at 1 July	170,853,388	170,853,388
Payment during the year	87,206,165	30,500,000
Charge during the year	-	-
At 30 June	<u>258,059,553</u>	<u>201,353,388</u>
13 CASH AND CASH EQUIVALENTS		
	2018	2017
	TZS	TZS
Cash at hand	794,100	2,311,852
Cash at bank	504,911,882	445,787,796
	<u>505,705,982</u>	<u>448,099,648</u>
14 SHARE CAPITAL		
	2018	2017
	Tshs	Tshs
Authorized, issued and fully paid		



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

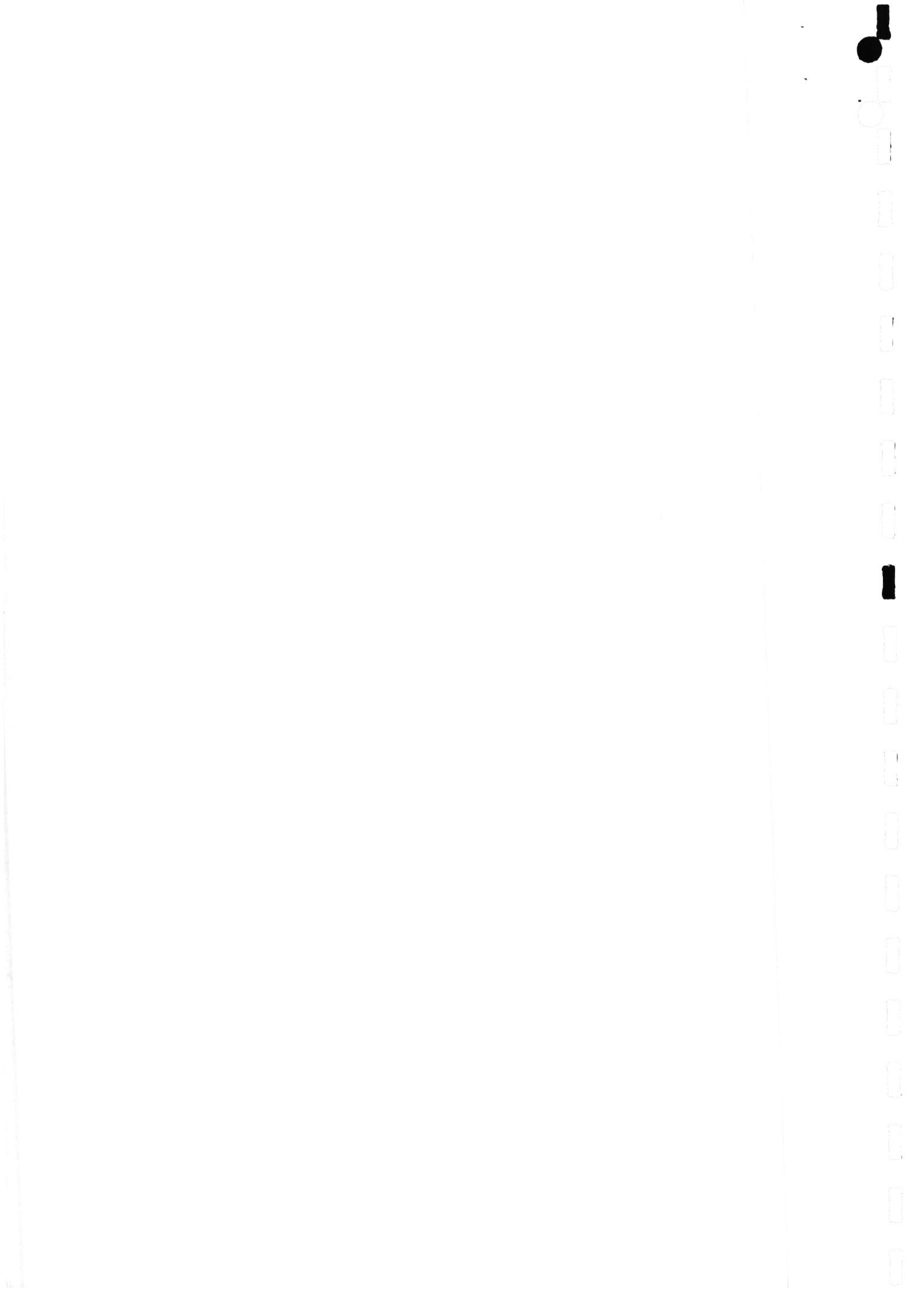
10,000 ordinary shares of TZS 1,000 each	10,000,000	10,000,000
15 ADVANCES TOWARDS SHARE CAPITAL		
Kenya seed company limited	313,172,497	313,172,497

This represents amounts advanced to by the parent company for setting up the operations of the company. The parent company has resolved that this amount be treated as part of equity as the process of converting it to equity is ongoing.

16. FIXED ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 30 JUN 2018

PLANT PROPERTY AND EQUIPMENT

AND	SHOW BUILDING	WORK IN PROGRESS	INTERNGIBLE ASSET	MOTOR VEHICLE	FURNITURE & FITING	OFFICE EQUIPMENT	PROCESSING PLANT & SOLAR	TOTAL
Tsh.	Tsh.	Tsh.	Tsh.	Tsh.	Tsh.	Tsh.	Tsh.	Tsh.
72,611,020.00	5,814,200.00	884,177,792.00	16,350,698.00	476,844,130.00	74,670,204.00	288,144,114.00	719,991,712.00	2,738,603,870.00
129,975,400.10	0	257,040,105.18	15,374,352.26	-	6,130,289.00	46,897,286.10	-	455,417,432.64
02,586,420.10	5,814,200.00	1,141,217,897.18	31,725,050.26	476,844,130.00	80,800,493.00	335,041,400.10	719,991,712.00	3,194,021,302.64
-	5,814,200.00	-	7,149,099.00	363,642,270.00	58,266,616.00	206,199,906.00	173,278,478.58	814,350,569.58
-	-	-	3,759,465.97	48,616,328.50	5,978,146.81	44,361,528.33	103,812,269.15	206,527,738.76
-	5,814,200.00	-	10,908,564.97	412,258,598.50	64,244,762.81	250,561,434.33	277,090,747.73	1,020,878,308.34
02,586,420.10	-	1,141,217,897.18	20,816,485.29	64,585,531.50	16,555,730.19	84,479,965.77	442,900,964.27	2,173,142,994.30
72,611,020.00	5,814,200.00	884,177,792.00	16,350,698.00	476,844,130.00	74,670,204.00	288,144,114.00	719,991,712.00	2,738,603,870.00



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

The company prepares its budget proposals which are the send to the parent company to be approved for expenditure.

15.0. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget Line	Original & Final Budget 2017-2018 Tsh.	Actual on Comparable basis 2017-2018 Tsh.	Performance Difference 2017-2018 Tsh.	% chang e
Revenue:				
Maize Seeds	5,207,904,600	3,559,196,460	(1,648,708,140)	-32%
Vegetable Seeds	4,902,372,600	4,216,053,686	(686,318,914)	-14%
Miscellaneous	40,500,000	48,353,358	7,853,358	19%
Sunflower	288,522,000	206,289,937	(82,232,063)	-29%
Chemicals	158,346,000	70,426,700	(87,919,300)	-56%
Pastures	22,538,000	35,164,030	12,626,030	56%
Total Revenue	10,620,183,200	8,135,484,170	(2,484,699,030)	-23%
Cost of Sales	7,083,633,201	4,638,390,840	(2,445,242,361)	-35%
Gross Profit	3,536,549,999	3,497,093,330	(39,456,669)	-1%
Other income	-	2,817,297	2,817,297	-
Total Income	3,536,549,999	3,499,910,627	(36,639,372)	-1%
Employment expense	1,383,775,700	1,406,997,354	(23,221,654)	-2%
Operating expense	600,942,850	751,918,267	(150,975,417)	-25%
Administration expense	346,138,500	346,121,581	16,919	0%
Selling & Distribution expense	797,311,450	1,115,518,937	(318,207,487)	-40%
Research & Development expense	27,764,000	27,763,000	1,000	0
Finance Charges	44,067,500	61,794,451	(17,726,951)	-40%
Total Expenses	3,200,000,000	3,710,113,590	(510,113,590)	-16%
Profit Before Taxes	336,549,999	(210,202,963)		



Kibo Seed Company Limited

Annual Report and Financial Statements for the year ended June 30, 2018

Budget Notes for the variances of more than 10%:

15.0.1 Maize seed:

Maize seed: The variance of 32% was due to stock out of popular varieties i.e. H614, H628 and H519. Since all maize varieties are imported from Parent Company at Kitale.

15.0.2 Sunflower

The variance of 29% was due to an abrupt growth in demand of vegetable oils in the country which out did the available seeds both in Kenya and Tanzania. We produce in small scale in Tanzania but the bulk of it is from the parent Company of which was out of stock.

15.0.3 Chemicals

The variance of 56% of chemicals was due to favorable weather condition during the year to our vegetable growers. They did not require a lot of chemical application to control pests and diseases which mostly are caused by adverse weather either too much rains or sunshine.

15.0.3 Operating Expenses

These are expenses incurred for the daily running of the company operations, the Variances of 25% was due to depreciation expenses. Which is not budgeted but computed at the end of the financial year

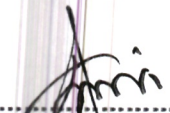
15.0.4 Selling and distribution expenses

These are expenses incurred on selling and distributing of the company products to customers. The variance of 40% was due to Inflation which increased prices of commodities and services especially freight and transport.

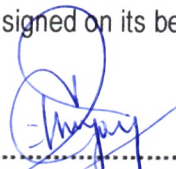
15.0.5 Finance costs

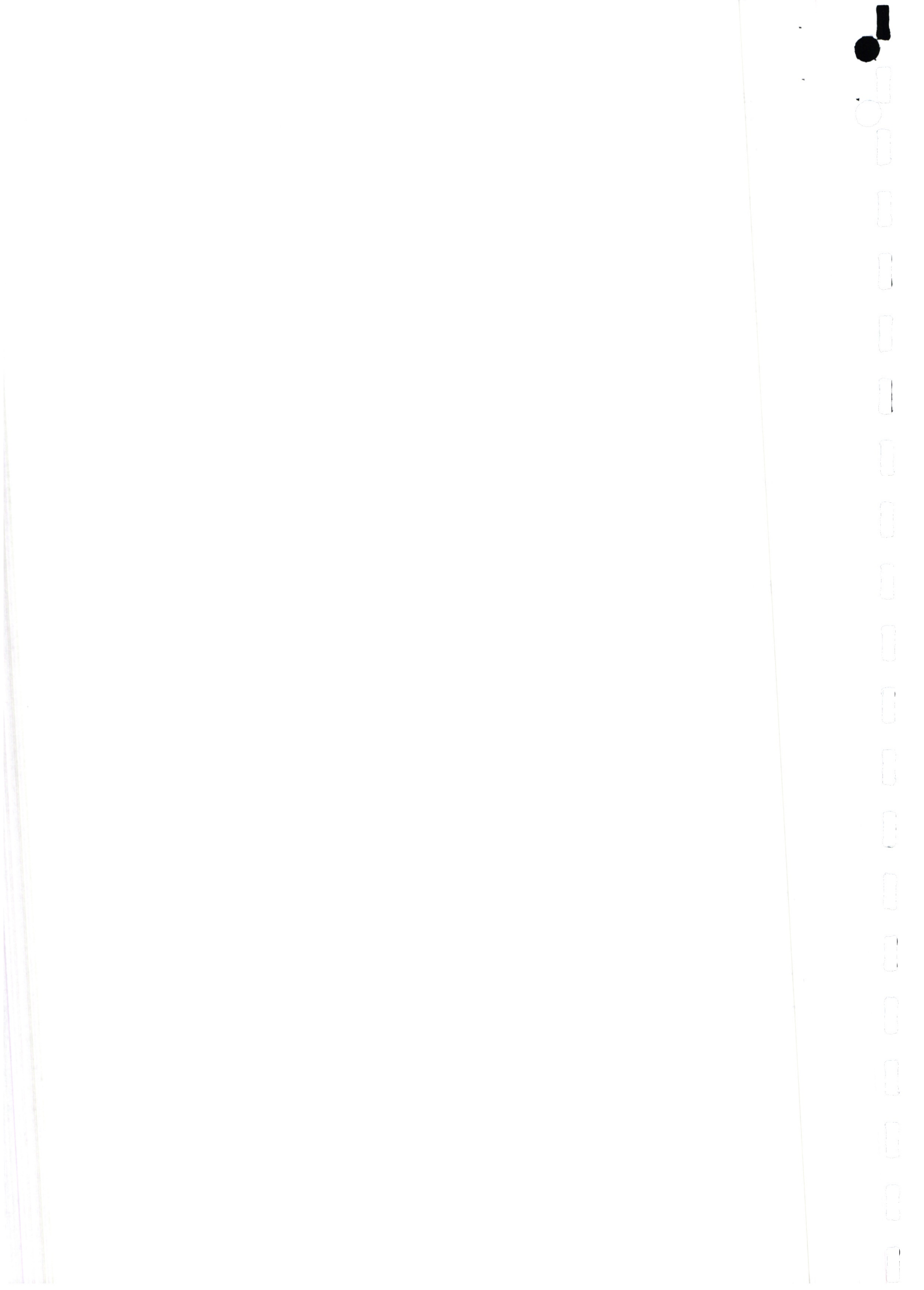
This consists of bank charges and foreign exchange loss which cannot be pre-determined the variance of 40% was due to the occurrence of the two expenses.

The financial statements were approved by the Board on 6th November 2018 and signed on its behalf by:


.....
Mr. Azariah Soi
Managing Director


.....
Mr. Francis Mwaura
General Manager


.....
Mr. Symon Cherogony
Chairman of the Board



ACCOUNTING CONCEPTS AND COVENTIONS

I. GENERAL INFORMATION

Kibo Seed was originally set up as a sales satellite of Kenya Seed Company with the sole objective of distributing seed maize. The company has diversified over time to include farm inputs and horticultural seeds. Following expiry of the 2012–2016 Strategic Plan, the company has now developed a five-year Strategic Plan for the fiscal period 2018/19 – 2022/23, which draws from the company's experience in implementing its previous Strategic Plans and it also takes into account the developments in the agricultural sector.

II. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Presentation of financial statements

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzania shillings (Tshs), which is the Company's functional and presentation currency. All financial information presented in Tanzania shillings (Tshs) has been rounded to the nearest thousands, except where otherwise indicated.

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act, Kenyan Companies Act 2015 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.



III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Amendment/Interpretation to a standard	Effective date	Impact (State the impact of the standard if relevant to the entity)
IFRS 9: Financial Instruments (Issued 24 July 2014)	Effective for annual periods beginning on or after 1 January 2018	Finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing <u>IAS 39</u> <i>Financial Instruments: Recognition and Measurement</i>. The standard contains requirements in the following areas: • Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures • Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39 (State the impact of the standard if relevant to the entity)
IFRS 15: Revenue from Contracts with Customers (Issued 28 May 2014)	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: • Identify the contract with the customer • Identify the performance obligations in the

Amendment/Interpretation to a standard	Effective date	Impact (State the impact of the standard if relevant to the entity)
	January 2018	contract • Determine the transaction price • Allocate the transaction price to the performance obligations in the contracts • Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. (State the impact of the standard if relevant to the entity)
IFRIC 22: Foreign Currency Transactions and Advance Consideration (Issued 8 December 2016)	Applicable to annual reporting periods beginning on or after 1 January 2018	The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the following conclusion: • The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. • If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. (State the impact of the standard if relevant to the entity)
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	Effective for annual periods beginning on or after 1 January 2017	Amends <u>IAS 12/Income Taxes</u> to clarify the following aspects: • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt

Amendment/Interpretation to a standard	Effective date	Impact (State the impact of the standard if relevant to the entity)
(Issued 19 January 2016)		instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. (State the impact of the standard if relevant to the entity)
Disclosure Initiative (Amendments to IAS 7) (Issued 29 January 2016)	Effective for annual periods beginning on or after 1 January 2017	Amends <u>IAS 7</u> <i>Statement of Cash Flows</i> to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. (State the impact of the standard if relevant to the entity)
Clarifications to IFRS 15 <i>Revenue from Contracts with Customers</i> (Issued 12 April 2016)	Effective for annual periods beginning on or after 1 January 2018	Amends <u>IFRS 15</u> <i>Revenue from Contracts with Customers</i> to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. (State the impact of the standard if relevant to the entity)
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) (Issued 20 June 2016)	Effective for annual periods beginning on or after 1 January 2018	Amends <u>IFRS 2</u> <i>Share-based Payment</i> to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. (State the impact of the standard if relevant to the entity)
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	Overlay approach to be applied when IFRS 9 is first	Amends <u>IFRS 4</u> <i>Insurance Contracts</i> provide two options for entities that issue insurance contracts within the scope of IFRS 4:

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Amendment/Interpretation to a standard	Effective date	Impact (State the impact of the standard if relevant to the entity)
(Amendments to IFRS 4) (Issued 12 September 2016)	applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date	- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. <i>(State the impact of the standard if relevant to the entity)</i>
Transfers of Investment Property (Amendments to IAS 40) (Issued 8 December 2016)	Effective for annual periods beginning on or after 1 January 2018	The amendments to <u>IAS 40/Investment Property</u>: - Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. - The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. <i>(State the impact of the standard if relevant to the entity)</i>
Annual Improvements to IFRS Standards 2014–2016 Cycle (Issued 8 December 2016)	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January	Makes amendments to the following standards: IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in

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Amendment/Interpretation to a standard	Effective date	Impact (State the impact of the standard if relevant to the entity)
	2017	an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. (State the impact of the standard if relevant to the entity)

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Amendment/Interpretation to a standard	Effective date	Impact (State the impact of the standard if relevant to the entity)
IFRS 16: Leases (Issued 13 January 2016)	Applicable to annual reporting periods beginning on or after 1 January 2019	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. (State the impact of the standard if relevant to the entity)
IFRS 17 Insurance Contracts (Issued 18 May 2017)	Applicable to annual reporting periods beginning on or after 1 January 2021	IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as of 1 January 2021. (State the impact of the standard if relevant to the entity)



<i>IFRIC 23: Uncertainty over Income Tax Treatments</i> <i>(Issued 7 June 2017)</i>	Applicable to annual reporting periods beginning on or after 1 January 2019	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively • Assumptions for taxation authorities' examinations • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • The effect of changes in facts and circumstances <i>(State the impact of the standard if relevant to the entity)</i>
<i>Prepayment Features with Negative Compensation (Amendments to IFRS 9)</i> <i>(Issued 12 October 2017)</i>	Annual periods beginning on or after 1 January 2019	Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. <i>(State the impact of the standard if relevant to the entity)</i>
<i>Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)</i> <i>(Issued 12 October 2017)</i>	Annual periods beginning on or after 1 January 2019	Clarifies that an entity applies IFRS 9 <i>Financial Instruments</i> to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. <i>(State the impact of the standard if relevant to the entity)</i>
<i>Annual Improvements to IFRS Standards 2015–2017 Cycle</i> <i>(Issued 12 December 2017)</i>	Annual periods beginning on or after 1 January 2019	Makes amendments to the following standards: • IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. • IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. • IAS 23 - The amendments clarify that if any specific



		borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows <i>generally</i> when calculating the capitalisation rate on general borrowings. <i>(State the impact of the standard if relevant to the entity)</i>
<i>Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)</i> <i>(Issued 7 February 2018)</i>	Annual periods beginning on or after 1 January 2019	The amendments in <i>Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)</i> are: • If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. • In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. <i>(State the impact of the standard if relevant to the entity)</i>
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i> <i>(Issued 29 March 2018)</i>	Annual periods beginning on or after 1 January 2020	Together with the revised <i>Conceptual Framework</i> published in March 2018, the IASB also issued <i>Amendments to References to the Conceptual Framework in IFRS Standards</i>. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised <i>Conceptual Framework</i>. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised <i>Conceptual Framework</i>. <i>(State the impact of the standard if relevant to the entity)</i>

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

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IV. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue recognition

- i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents the value of goods invoiced to customers during the year less discounts allowed to customers, sales returns and Value Added Tax.

- Revenue from sale of goods is recognized when the group has transferred to the buyers the significant risks and rewards incidental to the ownership of the goods; and
- Interest income is recognized on time basis, using the effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected useful life of the financial asset to that asset's net carrying amount.

- ii) Other income is recognized on an accrual basis. It mainly relates interest on growers' advances, sale of chemicals, fertilizers, rental income and gain on disposal on assets.

b. Property, plant and equipment

Property, plant and equipment are stated initially at cost and subsequently revalued amounts less accumulated depreciation and any impairment losses. The basis of valuation is as follows:

- i) Buildings, warehouses, go-downs and houses – based on the Depreciated Replacement Cost taking into account the age of the building and the cost of replacing the same. The existing use was also considered since the buildings are part and parcel of the production process.

ii) Machinery

The valuation analysis took into account the following factors:

- Cost of the machines;
- Existing use;
- Depreciation;
- Appreciation of the same in value (inflation);
- Functionability; and
- Cost of assembly of the various machines to make it a plant.



iii) Other assets – based on their fair market values

Professional valuations are carried out in accordance with the company's policy of revaluing property, plant and equipment every three to five years. The last valuation was as at 30 June 2016.

Increases in the carrying amounts of property, plant and equipment resulting from revaluations are credited to the revaluation surplus, except to the extent that they represent a reversal of a decrease in the value of an asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent the decrease was previously charged. Decreases in carrying amounts of property, plant and equipment are charged to income statement to the extent they exceed the balances, if any, held in the revaluation surplus relating to previous revaluation of the relevant assets.

On subsequent disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation surplus is transferred directly to the retained earnings.

Properties in the course of construction for administrative or other purposes are held in the books of account as work-in-progress at historical cost less any accumulated impairment losses. The cost of such assets includes professional fees and costs directly attributable to the asset. Such assets are not depreciated until they are ready for the intended use.

Gains or losses arising on disposal of an asset are determined as the difference between the net sales proceeds and the carrying amount of the asset at the time of sale and are recognized in the profit or loss in the year in which the sale occurred.

c. Depreciation

Depreciation is charged so as to write off the cost or valuation of the property, plant and equipment in equal annual installments over their estimated useful lives at the following annual rates:

• Industrial and residential buildings	5%
• Farm works	5%
• Plant and machinery	10%
• Tractors, trailers and forklifts	10%
• Furniture and equipment	20%
• Motor vehicles	25%
• Computers	33.33%
• Freehold land is not depreciated.	

The useful life of property, plant and equipment and the pattern of utilization of economic benefits arising from the use of the assets are reviewed at each reporting date to take into account any changes in the market, economic and industry trends.



d. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee.

All other leases are classified as operating leases.

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and stated at historical cost less accumulated amortization and any accumulated impairment losses. Annual amortization is charged on a straight line basis over the remaining period of the lease. Rentals payable under operating leases are charged to the profit or loss on a straight line basis over the term of the relevant lease.

Assets held under finance leases are recognized as assets of the Group at the lower of the fair value of the leased asset and the present value of the minimum lease payments determined as the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability to income statement over the lease term so as to produce constant annual rate of charge on the remaining balance of the obligations for each accounting year.

e. Intangible assets

Intangible assets represent computer software and are stated at their historical cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write off the cost of computer software on a straight line basis over its estimated useful life of three years. The useful life of intangible assets and the pattern of utilization of economic benefits arising from the use of the intangible assets are reviewed at each reporting date to take into account any changes in the market, economic and industry trends.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.



Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

f. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises expenditure directly incurred in purchasing, field inspection and monitoring costs and processing the inventory, together with appropriate allocation of processing overheads. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

g. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the relevant asset's recoverable amount is estimated in order to determine the extent of the impairment loss. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a decrease in revaluation.

Impairment gains that represent reversal of losses previously recognized in relation to certain assets are captured as income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less selling costs, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the market reassessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Trade and other receivables

Trade receivables are carried at amortized cost less impairment. An estimate made for bad and doubtful receivables based on a review of all outstanding amounts, on an account by account basis, at the year end. Bad debts are written off in the year in which they are identified as irrecoverable. Trade and other receivables fall under the category loans and receivables.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash, treasury bills maturing within three months of the acquisition date and which are subject to an insignificant risk of changes in value, net of any outstanding overdrafts.



Offsetting

Financial assets and liabilities are offset and the net amounts reported on the reporting date when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Accounts payable

Accounts payable are non interest bearing financial liabilities and are carried at amortized cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed to the Group or not, less any payments made to the suppliers.

h. Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

i. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions for liabilities are recognized when there is a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

j. Employee benefits

(i) Accrued leave pay

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for outstanding annual leave entitlement as a result of services rendered by employees up to the reporting date. The monetary value of the unutilized leave by staff as at year end is recognized within 'payables and accrued expenses' and the movement in the year is charged to profit or loss.



(ii) *Gratuity*

Entitlements to gratuity are recognized when they accrue to qualifying employees and directors. A provision is made for the estimated annual gratuity as a result of services rendered by employees and directors up to the reporting date.

k. Contingent liabilities

Contingent liabilities arise if there is a possible obligation; or present obligations that may, but probably will not, require an outflow of economic resources; or there is a present obligation, but there is no reliable method to estimate the monetary value of the obligation.

l. Taxes

Current Tax

Current tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the income statement.

Taxation

Judgment is required in determining the provision for income taxes due to the complexity of legislation. 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 issues based on the estimates of whether additional taxes will be due. Where the final tax and outcome of matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in which such determination are made.



VI. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and amounts due from related parties. These instruments arise directly from its operations.

The company does not enter into derivative transactions.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

The policy of the company is to minimize the negative effect of such risks on cash flow, financial performance and equity

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The directors have adopted various measures to minimize losses that may arise from these exposures. These are explained as follows:

(a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

The largest concentrations of credit exposure within the company relate to cash and cash equivalents held with banks, trade receivables and amounts due from related parties. The maximum exposures for credit risk is therefore in regards to the carrying amount of cash and cash equivalents, trade receivables and amount due from related parties net of any impairment losses. The company only places significant amounts of funds with recognized financial institutions with strong credit ratings and does not consider the credit risk exposure to be low. Amounts due from related parties do not expose the company to significant credit risk.

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer risk assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by valid contracts. For the growers the credit risk arises when there is a crop failure due adverse weather conditions.

The amount that best represents the company's maximum exposure to credit risk as at 30 June 2018 is made up as follows:

	Company	
	2018	2017
	Tshs '000	Tshs '000
Net trade receivables	2,415,941	2,253,432
Net staff receivables	0	219
	<u>2,415,941</u>	<u>2,253,651</u>



Collateral is held in form of post dated cheques for trade receivables. No collateral is held for the other assets. All trade receivables that are neither past due nor impaired are within their approved credit limit, and no receivables have had their terms renegotiated.

None of the above assets are past due or impaired except for the following amounts (which were due within 30 days of the end of the month in which they are invoiced).

	2018 Tshs '000	2017 Tshs '000
Past due but not impaired:		
- by up to 30 days	55,122	26,442
- by 31 to 60 days	167,158	91,276
- by 61 to 90 days	242,292	190,046
- over 90 days	1,951,367	1,945,666
	<u>2,415,941</u>	<u>2,253,431</u>

VII FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Movement in provisions for doubtful debts:

	2018 Tshs '000	2017 Tshs '000
As at 1 July	536,503	554,352
Recoveries during the year	(2,817)	(17,849)
Provisions for the year	-	-
Reversal of overprovision	-	-
As at 30 June	<u>533,686</u>	<u>536,503</u>

Cash and cash equivalents

The Company held cash and cash equivalents of TShs'000 -505,704 (2017: TShs'000 - 448,099). The cash and cash equivalents were held with reputable banks and financial institutions

(b) Market risk

Market risk is the risk that the fair value or future value of instruments will fluctuate due to changes in market valuables such as interest rates and foreign exchange rates. The objective of market risk management policy is to protect and enhance the statement of financial position and income statement by managing and controlling market risk expenses within acceptable parameters and to optimize the funding of business operations and facilitate capital expansions.

Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. Since the base rates



charged by the banks are determined by the market forces, the Group has not formulated any practical measures to minimize the exposure.

	Change in Interest rate	Effect on profit Before Tax Tshs '000	Effect on Equity Tshs '000
2018	-10.00%		
	10.00%		
2017	-10.00%	18,365	12,856
	10.00%	(18,365)	(12,856)

Exchange risks

The Company sales and buys its products from Kenya, Uganda, Congo, Zambia, Malawi, Mozambique, South Africa, India, Germany and France. Most of the transactions are carried out in the local currencies. Other transactions in the foreign currency are carried out in the relatively stable US Dollars and Kenya Shillings. Therefore, the transactions with these countries are exposed to foreign exchange risk upon preparations of the financial statements and any losses/ (gains) are charged / (credited) to other comprehensive income.

VIII FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

USD	Change in currency rate	Effect on profit Before Tax Tshs '000	Effect on Equity Tshs '000
2018	-10.00%		
	10.00%		
2017	-10.00%	(293)	(205)
	10.00%	293	205

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit,



market and liquidity risks such as from legal and regulatory requirements and generally accepted standards of corporate behavior. The company seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the yearly assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and,
- Risk mitigation, including insurance where this is effective.

Operational risk is managed by a programme of regular reviews undertaken by the Internal Audit and the results of the reviews are discussed with the management, with summaries submitted to the Audit Committee and senior management of the company.

IX CAPITAL MANAGEMENT

The Company defines capital as the total equity of the Company. The Company's long-term objective for managing capital is to deliver sustainable returns to maximize long-term shareholder value.

The Company is not subject to any externally imposed capital requirements.

The major items that impact the equity of the Company include the following:

- Revenue received from seed sales (which is a function of price and sales volume);
- Seed purchase cost;
- Cost of operating the business;
- Cost of expanding the business to ensure that capacity growth is in line with seed sales demand;
- Taxation.



The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 10% and 25%. The Company includes within net debt, interest bearing loans and borrowing, trade and other payables, less cash and cash equivalent.



Kibo Seed Company Limited**Annual Report and Financial Statements for the year ended June 30, 2018**

	2018 Tshs '000	2017 Tshs '000
Trade and other payables	12,624,205	11,157,054
Less : Cash and other short term deposits	(505,705)	(448,099)
	<u>12,118,500</u>	<u>10,708,955</u>
Net debt		
Total Capital (Equity)	(2,502,483)	(2,292,279)
Capital and net debt	<u>9,616,017</u>	<u>8,416,676</u>
Gearing ratio	<u>126%</u>	<u>127%</u>

Though the company's gearing ratio is below its' lower end, the directors consider this to be favorable.

X FAIR VALUES

In the opinion of the directors, the carrying value of the Company's financial assets and liabilities on the statement of financial position approximate their fair values. The loans from the parent company are interest free and have no specific repayment period. Therefore, their fair value cannot be measured reliably.

XI. INCORPORATION AND ULTIMATE HOLDING ENTITY

The Company is domiciled and incorporated in The United Republic of Tanzania under the Companies Act, 2002, Laws of Tanzania. The company is a limited liability by virtue of majority shareholding by Kenya Seed Company 98%

XII CURRENCY

These financial statements are presented in thousands of Tanzania Shillings (Tshs '000).

XIII. COMPARATIVE INFORMATION

Where necessary, prior year comparative figures have been adjusted/extended to conform to changes in presentation in the current year. These changes did not have impact on results for the year, or on the net asset position of the Company.



Kibo Seed Company Limited*Annual Report and Financial Statements for the year ended June 30, 2018***16.0 FIVE YEAR PERFORMANCE TREND**

Company	2018	2017	2016	2015	2014
	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000
Turnover	8,135,484	8,304,884	8,114,838	5,253,682	4,225,223
Profit before tax	(210,203)	(666,663)	87,513	(1,434,323)	(48,755)
Tax charge	0	39,683	(39,683)	(118,768)	17,755
Profit for the year transferred to retained earnings	(210,203)	(626,980)	47,830	(1,553,091)	(31,000)
Dividends	-	-	-	-	-
Share Capital and shareholders' Funds					
Ordinary Share capital	10,000	10,000	10,000	10,000	10,000
Share holders' funds	(2,502,483)	(2,008,791)	(1,342,128)	(1,389,958)	163,133
Earnings and Dividend per Share					
Earnings per share	(27.69)	(62.70)	4.78)	(155.31)	(3.1)
Dividend per share (Tshs)	0	0	0	0	0



17.0. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

STATUS OF PRIOR YEAR MANAGEMENT LETTER POINTS

Reported	Matter	Management Comment 2016	Status
Management letter 2016	Poor Petty cash control procedures	Agreed to recommendation	Resolved
Management letter 2016	Insufficient support documentation for general expenses	Management will ensure all payments have relevant support documents	Resolved
Management letter 2016	Unpaid municipal council levies	Management will ensure all statutory payments are timely paid	Resolved
Management letter 2016	Long outstanding debtors	Management will make all necessary steps to collect from all debtors, set up a credit committee to analyse the efforts and provide a list of debtors to be provided as per the credit policy.	Partly resolved
Management letter 2016	Kenya Seed Company Loan & Long outstanding Debt	-For the loan Capitalization resolution was passed in July,2018 -Payment plan was developed and further purchases to be done on cash basis.	Partly resolved
Management letter 2016	Lack of clarity on discount sales	Management to develop a policy on guide on discounts	Resolved



17.0.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Foreign currency risk

The following table demonstrates the sensitivity to a reasonable possible change in the Kenyan shilling exchange rate, with all other variables held constant, of the company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

b) Credit Risk

Credit risk is the risk that a customer or counter party to a financial instrument will fail to credit risk arises from cash and cash equivalent, deposits with banks, as well as credit exposure to buyers of equipment and services, including receivables and committed transactions. The company trades with only recognized, credit worthy third parties. It is the company's policy that all customers who wish to trade on credit termed are subject to credit verification procedures.

In addition, receivables balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. Individual credit limits are set based on internal ratings in accordance with authority limits set by the management. The utilization of credit limits is regularly monitored for banks financial institutions. Only reputable banks and financial Institutions are used by the company for banking services.

The table below shows the amount that best represent the company's maximum exposure to credit risks:-

c) Liquidity Risk

The company monitors its risk to a shortage of funds using a recurring liability planning tool, which considers the maturity of both accounts receivables and projected cash flows from operations. The company's objective is to maintain a balance to allow continuity of operations, as the policy of the company is to raise funds entirely from its operation.

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