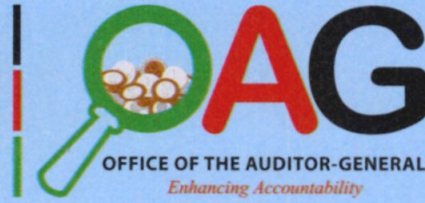


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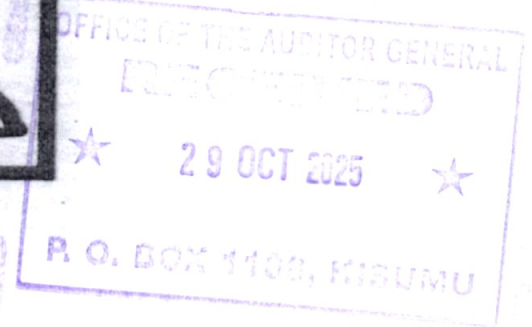
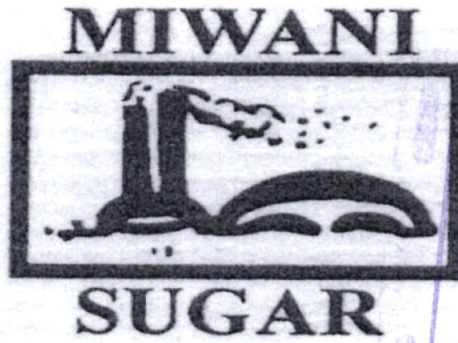
THE AUDITOR-GENERAL

ON

MIWANI SUGAR COMPANY (1989) LIMITED
(IN RECEIVERSHIP)

FOR THE YEAR ENDED
30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 MAR 2026	DAY: TUESDAY
TABLED BY: HON. OWEN BAYA, MP	
FILED BY: CHRISTINE NDIRITU	



MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2025

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

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CORPORATE INFORMATION

Miwani Sugar Company (1989) Limited (In Receivership) is a Limited Liability Company incorporated in 1989 by the Attorney General to acquire assets of Miwani Sugar Mills Limited which had been placed in receivership by Somen Sokeri (Finnish Sugar Corporation) and Chase Manhattan Bank and had put the assets up for sale. The Government of Kenya agreed to purchase the assets for and in trust of the public and fully satisfied its financial commitments under the sale agreement.

The company was placed under receivership in 2001 by the former Kenya Sugar Board and Delphis Bank, pursuant to debenture instruments registered in their favour, and Joint Receiver/Managers were appointed to take control of the company. In 2007, the Kenya Sugar Board settled Delphis Bank's debenture and effected the transfer of Vanessa's shares—originally allocated under a 1992 management agreement—back to the Government, thereby Kenya Sugar Board becoming the sole debenture holder of the company. The company ceased milling operations in 2000, and the plant and machinery have remained idle for over two decades, leading to extensive deterioration and obsolescence. Consequently, the sugar milling plant will require full rehabilitation before resumption of operations. The main activities currently are cane farming in its nucleus estate and assets protection.

RECEIVERS/ MANAGERS' REGIMES: -

There have been four receivership regimes since March 2001 to date: -

- 1) March 2001 – August 2005 : Mr. Jack Ranguma & Mr. Ndungu Gathinji
- 2) August 2005 – Dec 2012: Eng. Martin Owiti & Mr. K.A.K Bett
- 3) December 2012 - June 2018: Mr. Asa Okoth & Mr. Thomas N. Makeni/Fredrick Kebenei (Mr. Makeni was recalled on 9th September 2014 and replaced by Mr. Fredrick Kebenei)
- 4) June 2018 – To Date: Mr. Harun Kirui & Mr. Francis Ooko (Mr. Ooko was recalled on 22nd May 2023)

SENIOR MANAGEMENT

The key management personnel who held office during the financial year ended 30 June 2025 and who had direct fiduciary responsibility were: -

- | | | |
|----|--------------------------|----------------------|
| 1. | Joint Receiver & Manager | Mr. Harun Kirui |
| 2. | Operations Manager (Ag) | Mr. Kennedy Odhiambo |
| 3. | HR/Accounts Manager | Mr. Thomas Okwirri |
| 4. | Nucleus Estate Manager | Mr. Dan Muga |

CORPORATE INFORMATION

REGISTERED OFFICE

Miwani Sugar Company (1989) Limited
(In Receivership)
P.O. Box 100, Miwani,
Kenya

CONTACTS

Tel GSM: 0719222289/
0774363766
Email: miwanisugar@gmail.com

PRINCIPAL AUDITORS

The Auditor General
P.O.BOX 30084 – 00100
Nairobi

BANKERS





Standard Chartered Bank Ltd
Kisumu Branch,
P O Box 354,
Kisumu.

COMPANY LAWYERS

Otieno Ragot & Company Advocates
Al Imran Plaza 4th Floor
Oginga Odinga Road
P.O Box 3051-40100
Kisumu.

Kale Maina Bundotich
Teleposta Building
Kenyatta Avenue
P.O Box 10674-00100
Nairobi.

SENIOR MANAGEMENT

<p>1. Mr. HARUN KIRUI (JOINT RECEIVER & MANAGER)</p> 	<p>Mr. Harun Kirui is the joint receiver & manager of Miwani Sugar Co. (1989). He was seconded from Agriculture and Food Authority/Kenya Sugar Board. He holds a Bachelor's degree in Commerce and a CPAK. He has been the Joint Receiver Manager from May 2018.</p>
<p>2. Mr. KENNEDY ODHIAMBO (OPERATIONS MANAGER)</p> 	<p>Mr. Kennedy Odhiambo Omondi is the Acting Operations Manager. He was seconded from Muhoroni sugar company by the Joint Receiver managers. He holds a Bachelors degree of Agriculture (Crop science major). He has over 9 years of experience.</p>
<p>3. MR. THOMAS OKWIRRI (HR/ACCOUNTS MANAGER)</p> 	<p>Mr. Thomas Okwiri is the HR/Accounts Manager. He holds a Bachelor of Commerce (Finance Option) and CPA1. He has served in Miwani sugar for 8 years. He has over 25 years' experience having worked in various organizations in accountancy field.</p>
<p>4. MR. DANIEL MUGA (NUCLEUS ESTATE MANAGER)</p> 	<p>Mr. DAN MUGA is The Nucleus Estate Manager. He holds a Master's Degree in Supply Chain Management and a Bachelor's degree in Agriculture. He has served in Miwani sugar for 7 years.</p>

REPORT OF THE JOINT RECEIVER/MANAGER

Mandate of Joint Receivers & Managers

The mandate of Joint Receiver & Managers was expressed as terms of reference in the letter of Secondment referenced above which stated inter alia.

1. Take over and protect all assets and liabilities of the Companies,
2. Establish and confirm the Company's indebtedness,
3. Develop and implement a sustainable business plan
4. Manage the affairs of the Company in manner beneficial to the Debenture Holders,

I am pleased to present the Annual Report and Financial Statements of Miwani Sugar Company (1989) Limited (In Receivership) detailing the Company's business operations and financial performance for the year ended 30 June 2025. The company commenced the fiscal year with a weak financial position, largely due to its inability to attract capital for robust cane development as a result of its receivership status. In addition, the prolonged legal disputes over the ownership of Miwani land continue to hinder significant progress in cane development.

Financial performance

During the review period, cane supplied to various millers amounted to 24,270 MT against a budget of 24,021 MT, reflecting a positive variance of 249 MT. This generated revenue of Kshs. 123,592,320 compared to a budget of Kshs. 145,327,050, resulting in an unfavorable variance of Kshs. 21,734,729. The shortfall was mainly due to not achieving the anticipated cane selling price of Kshs. 6,050 per MT during the year.

Total revenue increased by 94%, rising from Kshs. 63.9 million in the previous year to Kshs. 123.5 million. The growth is attributed to improved cane maintenance practices and favorable weather conditions, which supported better cane harvesting.

The bottom line reflects a loss of Kshs. 69 million, largely attributable to underutilization of the Company's assets arising from inadequate capital for cane development and ongoing legal disputes over the ownership of the nucleus estate land. Management remains committed to implementing robust measures aimed at restoring the Company to profitability.

Agriculture

As at 30th June 2025, the area under cane was 898.98 hectares, compared to 1,094.39 hectares in the previous year. The current crop mainly comprises ratoon cane.

Cane development continues to face challenges arising from the Company's weak financial position, lack of adequate land development machinery, and prolonged periods of wet weather, which have negatively impacted field operations.

MIWANI NUCLEUS ESTATE AS AT 30th June 2025	AREA
Caneable area	3,200 HA
Area under cane	898.98 HA
Fallow land in NE	2,301.02 HA
Tones of mature cane for 30 th June 2025	14,764 tons

Litigation, Legal Exposure & Compliance with Laws

Land Dispute – LR No. 7545/3 IR No. 21038

The nucleus estate land of the Company, being **Land Reference Number 7545/3 IR No. 21038**, is the subject of a prolonged ownership dispute between Miwani Sugar Company (1989) Limited and Crossley Holdings Limited. The matter is currently before the Court of Appeal under **Civil Appeal Number E2017 of 2023**, which challenges the decision of Justice Anthony Ombwayo in **Kisumu ELC Petition Number 6 of 2020 (Crossley Holdings Limited vs The Cabinet Secretary, Ministry of Agriculture, Livestock & Fisheries & Others)**. In his ruling, Justice Ombwayo held that Crossley Holdings Limited had lawfully purchased and acquired the said parcel of land. The Appeal is awaiting a ruling on an application to amend the Notice of Appeal. Meanwhile, the Government has initiated negotiations with the disputing parties, through the Office of the Attorney General and legal representatives, with a view to an amicable settlement of the matter.

It is important to note that this property has been the subject of previous litigation. In **2007**, during the process of transferring **LR No. 7545/2 and LR No. 7545/3** to Miwani Sugar Company (1989) Limited for purposes of facilitating Government privatization policy, it was discovered that **LR No. 7545/3 IR No. 21038** had allegedly been fraudulently sold and transferred to Crossley Holdings Limited on **24th December 2007**, pursuant to a court order issued in **Kisumu HCCC No. 225 of 1993 (Nagendra Saxena vs Miwani Sugar Mills Limited)**.

Following this discovery, the Receivers/Managers instructed the Company's advocates to challenge the purported sale and transfer. Honourable (retired) Justice Mwera, in a ruling delivered in **Kisumu HCCC No. 225 of 1993**, held that all proceedings in the said case, including the orders to attach and sell the property, were a nullity and of no legal consequence.

Subsequently, the Plaintiff in HCCC No. 225 of 1993, together with Crossley Holdings Limited, filed **Civil Appeal No. 261 of 2008** at the Court of Appeal against Justice Mwera's ruling. The Appeal was heard and dismissed in a judgment delivered on **29th July 2011**.

Current Status

The Government has engaged the disputing parties, through the Office of the Attorney General and their respective legal representatives, with a view to reaching an amicable settlement of the case. The consultation process is still ongoing.

CORPORATE GOVERNANCE STATEMENT

The Joint Receiver & Manager of Miwani Sugar Co. (1989) Ltd are tasked with overseeing the company and are accountable to the Debenture Holder, Kenya Sugar Board, and the Government of Kenya. Their responsibility is to ensure compliance with legal requirements and uphold the highest standards of business ethics and corporate governance. As such, the Joint Receivers & Managers place significant emphasis on widely accepted corporate governance practices and have adopted internationally recognized principles and codes of best practices in good corporate governance.

Appointment of the Receiver/Manager is done by the debenture holder, Kenya Sugar Board. Currently, the Receiver/Manager was done through secondment from the debenture holder.

In accordance with the Mwongozo code of conduct, the Receiver Manager has worked to ensure that the Company adheres to the constitution as well as all relevant laws, regulations, and standards. They have established internal procedures and monitoring systems to support compliance with the Company's strategic objectives and provide timely compliance reports on all statutory obligations to the appropriate Government Departments and Agencies.

To further align with the Mwongozo code of conduct, the Joint Receivers & Managers established necessary management committees led by qualified and experienced members to ensure the achievement of the Company's overall strategic objectives.

Aside from providing direction and guidance on general policy, the Joint Receivers & Managers delegate day-to-day business authority to Management through the Operations Manager. Nevertheless, they remain responsible for the stewardship of the Company and maintain effective control over its operations.

The Joint Receiver & Manager, fully aware of their responsibility to protect the Company's assets and ensure a path to profitability, reaffirm their dedication to policies and strategies that promote transparency and accountability. The Company is committed to upholding the highest standards of integrity, professionalism, and business ethics in all its operations. Additionally, it has a human resources manual that governs HR matters in accordance with applicable laws.

The Receivers & Managers regularly meet with the executive management team, and special meetings are convened as needed to address urgent issues that cannot wait for the next scheduled executive meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Land

Miwani Sugar Company holds land totaling 4,046.95 hectares, of which 3,200 hectares are set aside for cane farming. The land, valued at Kshs. 2.5 billion, is the subject of a protracted ownership dispute in court between the Company and Crossley Holdings Limited.

2. Sugarcane

As at 30th June 2025, the area under cane was 844.62 compared to an area under cane of 898.98 Ha in previous year. These were mainly ratoon cane. Cane development is hampered by poor financial position and lack of land development machineries coupled with prolonged wet weather periods.

MIWANI NEUCLEUS ESTATE AS AT 30 th June 2025	AREA
Caneable area	3,200 HA
Area under cane	844.62 HA
Fallow land in NE	2,355.38 HA

3. Factory Plant and Machinery

The plant and machinery have remained idle for the past 21 years, resulting in significant decay and obsolescence. The sugar milling plant will therefore require complete rehabilitation before it can be put back into operation.

4. Built up assets

Most of the fixed structures, constructed between the 1950s and 1970s, are currently in a state of disuse. The factory and housing estate comprise approximately 470 units, of which only three (3) units are occupied by senior managers. These units also require renovation. The entire estate was last valued in 2019 at Kshs..190,000,000.

ENVIRONMENTAL AND CSR ACTIVITIES

Miwani Sugar Company (1989) Limited (In Receivership) has established a tree nursery under the Agriculture Department with the objective of producing sufficient seedlings for planting on Company land as well as within the surrounding community. To date, a total of 3,317 assorted tree seedlings have been planted on both Company and community land.

In addition, the Company continues to implement Corporate Social Responsibility (CSR) initiatives aimed at supporting local economic development and promoting staff welfare.

PRINCIPAL ACTIVITIES

The principal activity of the Company is sugarcane cultivation and sugar processing. However, milling operations ceased in March 2001, and the plant has since remained largely idle. Full rehabilitation will be required to restore the factory to operational status. In the meantime, the Company continues to engage in sugarcane farming on its nucleus estate, with the harvested cane sold to other sugar millers.

RESULTS

The results for the year are set out in the statement of comprehensive income.

DIVIDENDS

The joint receivers/managers do not recommend the payment of a dividend in respect of the year.

RECEIVERS/MANAGERS

The joint receivers/managers during the year and to the date of this report are set out on page 1.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITORS

The Management confirm that with respect to each manager at the time of issue of this report:

- a. There was, as far as each manager is aware, no relevant audit information of which the Company Auditor is unaware; and
- b. Each manager has taken all the steps that the person ought to have taken as a manager so as to be aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

AUDITORS

The Auditor General is responsible for the Statutory Audit of Miwani Sugar Company (1989) Limited in accordance with Article 229 of the constitution of Kenya and Section 48 of the Public Audit Act 2018 for the year ended 30 June 2025



.....
Harun Kirui
Joint Receiver & Manager

STATEMENT OF THE RECEIVERS/MANAGER'S RESPONSIBILITIES

Section 81 of the Public Finance Management (PFM) Act, 2012 and The Kenya Companies Act requires the Joint Receivers/Managers to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the Joint Receivers/Managers to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company. They are also responsible for safeguarding the assets of the company.

The Joint Receivers/Managers are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenya Companies Act and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The Joint Receivers/Managers accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Joint Receiver Managers are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The Joint Receiver Managers further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Joint Receivers/Managers acknowledge that the continued existence of the company as a going concern depends on continued support from the debenture holders and the government and the success of the measures that the Joint Receiver Managers and the government have put in place to return the company to normal business operations and profitability. The Joint Receiver Managers are of the view that once the planned measures are adopted, the company will successfully return to profitability. In view of the foregoing, the Joint Receiver Managers consider it appropriate to prepare financial statements on a going concern basis.



.....
Harun Kirui
Joint Receiver & Manager

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP) FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Miwani Sugar Company (1989) Limited (In Receivership) set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss & other 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Material Uncertainty Related to Going Concern

The statement of profit or loss & other comprehensive income reflects a loss of Kshs.67,511,159 (2023/2024 – loss Kshs.187,428,047). The accumulated loss increased from Kshs.1,944,730,143 to Kshs.2,009,618,299. In addition, the current assets of the company were Kshs.188,277,637 and the current liabilities amounted to Kshs.738,419,405 resulting to a negative working capital of Kshs.550,141,768. The financial statements have however, been prepared on a going concern basis. This basis may not be appropriate given that the Company was placed in receivership by lenders on 15 March, 2001. In addition, the Government has agreed to release the land, which is its main asset to a private entity that had been embroiled in a legal battle with the Company for a long time. The going concern has been disclosed in Note 3 to the financial statements.

In the circumstances, the continued operations of the Company are dependent on Government and its creditors.

2. Unsupported Transfer of Ownership

The statement of financial position reflects total non-current assets and non-current liabilities of Kshs.2,955,677,096 and Kshs.80,234,694 respectively. Information provided indicate that the Management and ownership of these assets and liabilities had been taken over by a private entity pursuant to a Court Order and written instructions from the Principal Secretary, State Department for Agriculture. The process of handing over started in January, 2025 after a prolonged legal dispute on the land ownership. Further, the Company's employees were declared redundant and the new Management undertook new recruitment in the months of August and September, 2025 and appointment letters issued under new contractual terms. However, Management did not submit the Company and its assets handover reports as at the date of this report. In addition, details of the due process that was followed in the lead up to the selection of take over as a viable model for the transformation and rehabilitation of the sugar company was not provided for audit review.

In addition, evidence of due diligence, valuation of the assets, anticipated return on investment and anticipated benefits to the Public was not demonstrated.

This was contrary to Section 68(2) of the Public Finance Management Act, 2012 which states that in the performance of a function under subsection (1), an accounting officer shall ensure that the entity keeps financial and accounting records that comply with this Act and ensure that all contracts entered into by the entity are lawful and are complied with.

In the circumstances, the credibility of the take-over process and existence of an effective mechanism to safeguard the Company's assets and premises could not be confirmed.

3. Variance in Financial Statements

The statement of profit or loss and other comprehensive income and as disclosed in Note 5 to the financial statements reflects cost of sales of Kshs.47,596,670. However, review of the cane sales analysis data submitted for audit revealed that the cost of sales amounted to Kshs.47,439,479 resulting to unexplained variance of Kshs.157,191. Further, the statement and Note 7 to the financial statements reflects administration and establishment expenses of Kshs.153,590,926 which include Kshs.59,476,730 relating to salaries and wages while the supporting ledger reflects an amount of Kshs.59,951,896 resulting to unreconciled variance of Kshs.475,167.

In addition, the statement of financial position reflects trade and other payables of Kshs.678,264,599 which includes other creditors and accruals of Kshs.270,704,518 as disclosed in Note 20 to the financial statements. However, the supporting ledgers provided for audit reflect Kshs.257,784,645 resulting to an unexplained and an unreconciled variance of Kshs.12,919,873.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

4. Unsupported Legal Fees

The statement of financial position and as disclosed in Note 20 to the financial statements reflect trade and other payables balance of Kshs.678,264,599 which includes Kshs.1,560,000 in respect of accrued legal fees. However, included in the payables are accrued legal fees of Kshs.750,000 that was not supported by any evidence of court attendance and itemized billing to inform charges shown in the fee notes as per schedule 6 of the Advocates Remuneration Order, 2014.

In the circumstances, the occurrence, and completeness of legal expenditure of Kshs.750,000 could not be confirmed.

5. Unsupported and Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables balance of Kshs.678,264,599. However, the balance was not supported with detailed ledgers or schedules and an ageing analysis per category showing the opening balance, additions and payments in the year to arrive at the closing balance. Further, review of the schedules provided revealed that payables totaling to Kshs.672,810,680 have been long outstanding with some dating as far as twenty (20) years ago or pre receivership period. No plausible explanation was provided on the debt including measures put in place by Management to clear the debt.

In addition, the Company declared all its employees redundant and recruited afresh. However, it is not clear and no evidence has been provided to show that adequate

provisions have been made for all the employees' severance pay and all attendant costs.

Further, Note 20 to the financial statements reflect an amount of Kshs.270,704,518 in respect of other creditors and accruals. However, the balance includes long outstanding audit fees amounting to Kshs.3,000,000 which have remained unpaid for over six (6) years.

In the circumstances, the accuracy and completeness of the long outstanding trade and other payables balance of Kshs.678,264,599 could not be confirmed.

6. Unsupported Trade and Other Receivables

The statement of financial position and as disclosed in Note 15 to the financial statements reflects trade and other receivables net balance of Kshs.1,959,462. Management has made a provision for doubtful debts of Kshs.90,835,444. However, the provision was not supported with specific schedules or approved policy. Further, the trade and other receivables include Kshs.867,462 in respect of prepayments and sundry receivables. However, schedule of salary advances against June salaries of Kshs.940,000 resulting to unexplained variance of Kshs.72,538. Evidence of efforts to recover the amount from the employees before the take-over was not provided for audit review.

In the circumstances, the accuracy and recoverability of the trade and other receivables balance of Kshs.1,959,462 could not be confirmed.

7. Unsupported Tender Evaluation and Awarding Process

Review of sampled payment vouchers revealed that although goods and services amounting to Kshs.2,600,154 were procured and delivered, Management did not provide the following procurement records for audit verification;

- i. Letter of notification of award to the successful tenderer in accordance with Section 87 of the Public Procurement and Asset Disposal Act, 2015 which requires that a person submitting the successful tender is notified under subsection (1), the accounting officer of the procuring entity shall also notify in writing all other persons submitting tenders that their tenders were not successful, disclosing the successful tenderer as appropriate and reasons thereof.
- ii. Letter of acceptance from the successful bidder as per Section 87(2) of the Public Procurement and Asset Disposal Act, 2015.
- iii. Notification to unsuccessful bidders in accordance with Section 87(3) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of the law.

8. Lack of Market Survey Reports

Management procured tyres of various sizes for Kshs.8,684,413 from two firms. However, no evidence was provided to demonstrate that a market survey was conducted to confirm that the offers were at prevailing market prices, contrary to

Regulation 90(1)(d)(ii) of the Public Procurement and Asset Disposal Regulations, 2020, which requires accounting officers to ensure offers are at prevailing market prices before entering into contracts.

In the circumstances, Management was in breach of the law.

9. Cash Procurements Beyond Limits

Management incurred an expenditure amounting to Kshs.184,130 on the purchase of office stationery and printing. However, the procurements were made in cash exceeding threshold of Kshs.50,000 per item per financial year for goods and services required under the second schedule threshold matrix of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, Management was therefore in breach of the law.

10. Non-Compliance with National Cohesion and Integration Act, 2008

Review of payroll records maintained by Management revealed that the Company had ninety-three (93) employees out of which fifty-eight (58) or sixty two percent (62%) were from the dominant ethnic community in the region. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community". Further, out of eighty-two (82) or 88% were male as compared to eleven (11) or 12% female contrary to the requirement that Government will endeavor to have a gender balanced civil service by ensuring that not more than 2/3 of positions in its establishment are filled by either gender.

In the circumstances, Management was in breach of the law.

11. Non-Remittance of Agency Taxes and Penalties

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables balance of Kshs.678,264,599 which includes agency taxes and penalties of Kshs.1,115,770. Review of the supporting documents provided reflected KRA VAT credit balance of Kshs.1,560,985 and agency taxes and penalties debit balance of Kshs.2,676,756 that were yet to be cleared as at year end. This was contrary to Section 19 (1)(2) of the Value Added Tax Act, 2023 which states that tax shall be due and payable at the time of supply. Section 2 states Notwithstanding the provision of subsection (1), a person may defer payment of tax due to a date not later than the twentieth day of the month succeeding that in which the tax became due.

In the circumstances, Management was in breach of law.

12. Ineffective Internal Audit Function

Review of the Company's internal controls revealed that there were no reliable internal audit reviews carried out during the year under review. Although Management

explained that there was an arrangement with Muhoroni Sugar Company (In Receivership), no audits were carried out. This was contrary to Section 73(3)(b) of the Public Finance Management Act, 2012 which requires that the Internal Auditor shall conduct internal auditing which includes risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the entity.

In the absence of a proper functioning internal audit unit and it is evident that monitoring and review of the effectiveness of the internal audit processes, review of internal controls, risk management systems and financial statements among other functions did not occur which may have affected good corporate governance of the Company.

In the circumstances, the effectiveness of the Company's internal controls could not be confirmed

13. Management of Inventories

The statement of financial position and as disclosed in Note 13 to the financial statements reflects inventories net amount of Kshs.924,886 is net of provision of obsolete inventories of Kshs.47,438,029. However, details of the obsolete stock were not provided for audit review contrary IAS 2:36 which states that the financial statements shall disclose the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity.

In the circumstances, it was not possible to confirm whether there were effective internal controls in relation to stores management.

14. Incomplete Fixed Assets Register

Review of the fixed assets register provided by Management revealed that the Company owned property, plant and equipment valued at Kshs.2,838,815,741. However, the asset register maintained was not prepared in a format prescribed by Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 whose minimum requirements are: acquisition dates, size of the land (ha), sources of funds, mode of acquisition, current location, ownership status, estimated useful life and the cost of construction.

This was contrary to Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a National Government entity to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage, and misuse and that movement and conditions of assets can be tracked.

In the circumstances, existence of effective internal controls on management of assets could not be confirmed.

15. Unresolved Prior Year Issues

In the audit of previous years, several issues were raised in the Disclaimer of Opinion. However, although Management has indicated that these matters are resolved, no evidence was provided to show how the issues were resolved as shown in **Appendix I** as at 30 June, 2025.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the 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 described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Companies Act, 2015, I report based on my audit that I did not obtain all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

Responsibilities of the Management and the Board of Directors

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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025

APPENDICES

Appendix I :Unresolved Prior Year Issues

S/No.	Matters
1.	Going Concern
2.	Unsupported Prior Year Adjustments
3.	Variances in the Statement of Changes in Equity
4.	Inaccurate Disclosure of Revenue on Sale of Cane
5.	Miscellaneous Income
6.	Gratuity/Severance Increase
7.	Unsupported Administration and Establishment Expenses
8.	Unreconciled Bank and Cash Balances
9.	Unsupported Bank Overdraft
10.	Unsupported Trade and Other Receivables
11.	Long Outstanding and Unsupported Payables
12.	Unsupported Borrowings
13.	Budgetary Control and Performance
14.	Unresolved Impaired Receivables
15.	Unauthorized Impaired Receivables
16.	Management of Inventories
17.	Failure to Maintain a Fixed Assets Register
18.	Fully Depreciated Assets

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
 STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30TH JUNE 2025

	Notes	2025 KShs	2024 KShs
REVENUE	4	123,592,320	63,859,791
FAIR VALUE (LOSS)/GAIN ON GROWING PRODUCE	12	<u>3,887,969</u>	<u>(114,989,773)</u>
OPERATING INCOME		127,480,289	(51,129,983)
COST OF SALES	5	<u>(47,596,670)</u>	<u>(23,276,692)</u>
GROSS PROFIT		79,883,619	(74,406,674)
OTHER INCOME	6	<u>6,196,148</u>	<u>23,475,370</u>
		86,079,767	(50,931,304)
ADMINISTRATION AND ESTABLISHMENT EXPENSES	7	<u>(153,590,926)</u>	<u>(136,496,743)</u>
OPERATING PROFIT/(LOSS) BEFORE FINANCE COSTS		(67,511,159)	(187,428,047)
FINANCE COSTS	8	<u>-</u>	<u>-</u>
LOSS BEFORE TAXATION	9	(67,511,159)	(187,428,047)
TAXATION	10	<u>-</u>	<u>-</u>
NET LOSS FOR THE YEAR		<u>(67,511,159)</u>	<u>(187,428,047)</u>

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	2025 KShs	2024 KShs
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,838,815,741	2,894,255,066
Growing produce	12	<u>116,861,356</u>	<u>94,312,571</u>
		<u>2,955,677,096</u>	<u>2,988,567,637</u>
CURRENT ASSETS			
Inventories	13	924,886	3,705,508
Due from related party	14	185,362,290	169,919,599
Trade and other receivables	15	1,959,462	1,373,731
Cash and bank balances	21b	<u>31,000</u>	<u>13,222,606</u>
		<u>188,277,637</u>	<u>188,221,444</u>
TOTAL ASSETS		<u>3,143,954,734</u>	<u>3,176,789,081</u>
SHAREHOLDERS FUNDS AND LIABILITIES			
CAPITAL & RESERVES			
Share capital	16	42,000,000	42,000,000
Capital reserves	17	4,292,918,934	4,292,918,934
Accumulated losses		<u>(2,009,618,299)</u>	<u>(1,944,730,143)</u>
		<u>2,325,300,635</u>	<u>2,390,188,791</u>
NON-CURRENT LIABILITIES			
Borrowings	18	<u>80,234,694</u>	<u>80,234,694</u>
CURRENT LIABILITIES			
Borrowings		-	-
Bank overdraft	19	60,154,806	60,154,806
Trade and other payables	20	<u>678,264,599</u>	<u>646,210,791</u>
		<u>738,419,405</u>	<u>706,365,597</u>
TOTAL SHAREHOLDERS FUNDS AND LIABILITIES		<u>3,143,954,734</u>	<u>3,176,789,081</u>

The financial statements were approved by the Joint Receivers/Managers on..... 2025
and signed by:-


.....
Joint Receiver/Manager

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30TH JUNE 2025

	Share capital KShs	Revaluation reserves KShs	Profit/Accumulated loss KShs	Total KShs
At 1st July 2023	42,000,000	4,292,918,934	(22,995,118,759)	(18,660,199,825)
Prior year adjustments 2019/2020			(37,609,067)	(37,609,067)
Loans/Taxes write off			21,275,425,730	21,275,425,730
Profit/Loss for the year	-	-	(187,428,047)	(187,428,047)
At 30th June 2024	<u>42,000,000</u>	<u>4,292,918,934</u>	<u>(1,944,730,143)</u>	<u>2,390,188,791</u>
At 1st July 2024	42,000,000	4,292,918,934	(1,944,730,143)	2,390,188,791
Prior year adjustments 23/24			2,623,002	2,623,002
Profit/Loss for the year	-	-	(67,511,159)	(67,511,159)
At 30th June 2025	<u>42,000,000</u>	<u>4,292,918,934</u>	<u>(2,009,618,299)</u>	<u>2,325,300,635</u>

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2025

	Notes	2025 KShs	2024 KShs
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash used in operations		<u>(15,009,432)</u>	<u>3,954,181,575</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal/(Purchase) of property, plant and equipment		-	-
Purchase of assets		(805,176)	
Crop (expenditure)/sale		<u>-</u>	<u>(8,081,277)</u>
Net cash (used in)/generated from investing activities		<u>(805,176)</u>	<u>(8,081,277)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings		<u>-</u>	<u>(3,935,041,610)</u>
Prior year adjustments		<u>2,623,002</u>	
Net cash generated from investing activities		<u>2,623,002</u>	<u>(3,935,041,610)</u>
NET CHANGE IN CASH AND CASH EQUIVALENT		(13,191,606)	11,058,688
OPENING CASH AND CASH EQUIVALENT		<u>(46,932,200)</u>	<u>(57,990,888)</u>
CLOSING CASH AND CASH EQUIVALENT		<u>(60,123,806)</u>	<u>(46,932,200)</u>

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2025

DESCRIPTIONS	BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	% OF UTILIZATION
REVENUE				
Sale of milling cane	145,327,050.00	123,592,320.02	(21,734,729.98)	85.04
Other Income	8,172,525.00	6,196,148.45	(1,976,376.55)	75.82
Total Revenue	153,499,575.00	129,788,468.47	(23,711,106.53)	
DIRECT COSTS				
Cane handling cost	52,645,144.00	47,596,670.06	5,048,473.94	90.41
Total Direct Costs	52,645,144.00	47,596,670.06	5,048,473.94	
Gross Margin	100,854,431.00	82,191,798.41	(28,759,580.47)	
GENERAL OVERHEADS			-	
Administration expenses	78,084,000.00	153,590,926.11	(75,506,926.11)	196.70
Total General Overheads	78,084,000.00	153,590,926.11	(75,506,926.11)	
Surplus / Deficit before interest	22,770,431.00	(71,399,127.70)	46,747,345.64	
Finance cost	-	-	-	
Surplus / Deficit after interest	22,770,431.00	(71,399,127.70)	94,169,558.70	

Explanation of major variance

Sale of milling cane -this cane supply of 24,270MT against a budget 24,021 MT brought a variance as a result of higher price rate anticipated @ Kshs 6050

Other Income -this was as a result of non adjustment of hire of D8 ,motors lease agreement and non operating of our bell loader due to non operational and leasing of muhoroni sugar by the government .

Administration expenses over exceeded the budgeted figure as a result of increased assets depreciation charge for the year due to incorporation of assets valuation report of 31st october 2019 by tysons,CBA arrears and leave provision and staff basic salaries increment.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue recognition

Sales are recognized when earned and not when cash is received.

c) Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated on a straight line balance basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

The annual rates in use are:

Buildings	5%
Plant and machinery	10%
Motor vehicles and tractors	20%
Office and other equipment	20%
Furniture & Fittings	12.50%

d) Intangible assets

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

e) Biological assets

Biological assets costs comprises of land development and cane maintenance expenditure.

f) Inventories

Inventories are stated at purchase price (market values).

g) Foreign currencies

Foreign currency transactions are converted into Kenya Shillings at the exchange rates ruling at the transaction date. Assets and liabilities at the balance sheet date which are denominated in foreign currencies, are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are recognized in the income statement in the year in which they arise.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2025

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are incurred. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end.

i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market institutions, net of bank overdrafts.

j) Employee entitlement

Employee entitlements to gratuity and long service awards are recognized when they accrue to employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the statement of financial position date. The monetary liability for the employee's accrued annual leave entitlement at the statement of financial position date is recognized as an expense accrual.

k) Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

l) Taxation

Current taxation is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation. Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and the unused tax credits can be utilized.

m) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

Critical estimates are made by the joint receivers/managers in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 1(c) & (d) above.

3 GOING CONCERN

The company has been earmarked for leasing as part of the government's efforts to revitalize and commercialize state-owned sugar enterprises. Other measures include debt write offs, tax arrears write-off, and settling outstanding dues for farmers and workers, among other action plans.

The Sugar Act currently under consideration in the Senate is anticipated to bring order to the sugar sector by eliminating unfair competition.

These initiatives are expected to improve the company's performance significantly.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2025

	2025	2024
	KShs	KShs
4	REVENUE	
	Sale of sugarcane	63,859,791
	<u>123,592,320</u>	<u>63,859,791</u>
5	COST OF SALES	
	Cane harvesting and transport costs	23,276,692
	Cane maintenance expenditure	-
	<u>47,596,670</u>	<u>23,276,692</u>
6	OTHER INCOME	
	Hire of equipment	3,600,000
	Loading services	-
	Reduction in Leave provision	5,020,560
	Debt write off Gain	-
	Interest on bank deposits	51,437
	Obsolete stocks overprovision	-
	Miscellaneous income	14,803,373
	<u>1,502,480</u>	<u>14,803,373</u>
	<u>6,196,148</u>	<u>23,475,370</u>
7	ADMINISTRATION AND ESTABLISHMENT EXPENSES	
	Salaries and wages	45,078,335
	Leave pay provision	-
	Retirement dues provision	-
	Motor vehicle running expenses	5,329,081
	Electricity	1,761,544
	Repairs and maintenance	340,688
	Depreciation	56,127,200
	Insurance	456,437
	Bad debt w/f	22,517
	Paye interest & penalties	277,535
	CSR	20,680
	withholding tax expense	7,163
	Stationery	205,046
	Office expenses	188,178
	Miscellaneous expenses	4,724,718
	Software maintenance	540,038
	Gratuity/Severance increase	13,519,452
	General office expenses	-
	Receivership cost	1,155,700
	Telephone and postage	6,884
	Business travel and accommodation	2,170,403
	Workers final dues	1,772,952
	Legal and other professional fees	-
	Responsibility allowance	2,065,800
	Accountancy fees	691,000
	Bank charges	63,235
	<u>105,559</u>	<u>63,235</u>
	<u>153,590,926</u>	<u>136,496,743</u>
8	FINANCE COSTS	
	Interest on loans and overdraft	-
	<u>-</u>	<u>-</u>
9	LOSS BEFORE TAX	
	Loss before tax is stated after charging/ (crediting):	
	Interest expense	-
	Depreciation	56,127,200
	Auditors' remuneration	691,000
10	TAXATION	
	Income tax	
	The Company has made trading losses over the years and therefore no income tax liability is	
	Deferred tax	
	No deferred tax has arisen due to accumulated tax losses (Note 24)	

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 30TH JUNE 2025

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land KShs	Buildings KShs	Plant & machinery KShs	Motor vehicles & tractors KShs	Furniture, fittings & other equipment KShs	Total KShs
Year ended 30 June 2025						
Cost /Valuation						
At 1st July 2024	2,500,000,000	190,000,000	465,822,000	34,234,444	360,000	3,190,416,444
Additions during the year					805,176	805,176
At 30th June 2025	2,500,000,000	190,000,000	465,822,000	34,234,444	1,165,176	3,191,221,620
Depreciation						
At 1st July 2024	-	44,333,334	217,383,600	34,234,444	210,000	296,161,378
Charge for the year	-	9,500,000	46,582,200	-	137,572	56,219,772
Prior year dep adjust					24,729	24,729
At 30th June 2025	-	53,833,334	263,965,800	34,234,444	372,301	352,405,879
Net Book Value						
At 30th June 2025	2,500,000,000	136,166,666	201,856,200	-	792,875	2,838,815,741
Year ended 30th June 2024						
Cost /Valuation						
As at 1st July 2023	2,500,000,000	190,000,000	465,822,000	34,234,444	360,000	3,190,416,444
Disposals						
As at 30th June 2024	2,500,000,000	190,000,000	465,822,000	34,234,444	360,000	3,190,416,444
Depreciation						
As at 1st July 2023	-	28,500,000	139,746,600	34,234,444	135,000	202,616,044
2019/20 Charge Adj		6,333,334	31,054,800	190,933	30,000	37,609,067
Charge for the year	-	9,500,000	46,582,200		45,000	56,127,200
As at 30th June 2024	-	44,333,334	217,383,600	34,234,444	210,000	296,161,378
Net Book Value						
As at 30th June 2024	2,500,000,000	145,666,666	248,438,400	-	150,000	2,894,255,066

The buildings and plant and machinery, which were revalued on 31 October 2019 at KShs 190,000,000 by Tysons limited are not in use following the closure of the sugar factory in March 2001.

The land, buildings and plant and machinery were revalued by Tyson Values Ltd on 31st october 2019 for purposes of advising on their current market value for sale purposes.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 30TH JUNE 2025

	2025	2024
12 GROWING PRODUCE	KShs	KShs
Standing cane crop		
At beginning of the year	94,312,571	201,221,068
Additions at cost	18,660,815	8,081,276
Decrease due to harvest	<u>(123,592,320)</u>	<u>-</u>
	<u>(10,618,934)</u>	<u>209,302,344</u>
Value (loss)/gain during the year	<u>127,480,289</u>	<u>(114,989,773)</u>
Decrease due to harvest	<u>(123,592,320)</u>	<u>-</u>
Fair value (loss)/gain during the year	<u>3,887,969</u>	<u>-</u>
Carrying amount at the end of the year	<u>116,861,356</u>	<u>94,312,571</u>
Net gain/(loss) on biological assets		
Standing cane crop	<u>3,887,969</u>	<u>(114,989,773)</u>

Significant assumptions made in determining the fair values of standing cane crop are:
 Cane of 6 months and below is assumed to be immature and has no determinable market value.
 Immature cane is stated at cost. Mature cane has been stated at fair value less point of sale costs.

Nucleus Estate growing cane is not insured against fire. No provision has been made in the financial statements for possible losses in the event of any burnt cane which cannot be salvaged.

13 INVENTORIES	2025	2024
	KShs	KShs
Current Movables	924,886	3,705,508
Consumable stores, spares and loose tools	47,438,029	47,438,029
Less provision for obsolete stocks	<u>(47,438,029)</u>	<u>(47,438,029)</u>
	<u>924,886</u>	<u>3,705,508</u>
14 TRANSACTIONS WITH RELATED PARTIES		
Due from related parties		
Muhoroni Sugar Company Limited (In Receivership)	<u>185,362,290</u>	<u>169,919,599</u>

The companies are related by way of ownership and common management.

15 TRADE AND OTHER RECEIVABLES	2025	2024
	KShs	KShs
Trade receivables	1,092,000	720,997
Prepayments and sundry receivables	<u>867,462</u>	<u>652,734</u>
Total current receivables	1,959,462	1,373,731
Pre-receivership receivables	<u>90,835,444</u>	<u>90,835,444</u>
	92,794,906	92,209,175
Less provision for bad and doubtful debts	<u>(90,835,444)</u>	<u>(90,835,444)</u>
	<u>1,959,462</u>	<u>1,373,731</u>

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 30TH JUNE 2025

	2025 KShs	2024 KShs
16 SHARE CAPITAL		
Issued and fully paid:		
2,100,000 ordinary shares of KShs 20 each	<u>(42,000,000)</u>	<u>42,000,000</u>
Authorised:		
10,000,000 ordinary shares of KShs 20 each	<u>200,000,000</u>	<u>200,000,000</u>
17 CAPITAL RESERVES		
Revaluation reserves	<u>(4,292,918,934)</u>	<u>(4,292,918,934)</u>
The reserve arose on revaluation of property, plant and equipment in 2021 as per valuation of 31st october 2019.		

18 BORROWINGS

	Principal amount KShs	Interest accrued KShs	Debt W/F	Total 2025 KShs	Total 2024 KShs
Secured loans:					
Kenya Sugar Board	-	-	-	-	-
Unsecured loans:					
Ministry of Finance	-	-	-	-	-
Grantham Security	80,234,694	-	-	80,234,694	80,234,694
	80,234,694	-	-	80,234,694	80,234,694
Total borrowings	80,234,694	-	-	80,234,694	80,234,694

Notes

The loans from kenya sugar board and ministry have been written off vide certificate No.039/13th/2023.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2025

19	BANK OVERDRAFT	2025 KShs	2024 KShs
	Trust Bank Ltd (In Liquidation)	60,112,525	60,112,525
	Kenya Commercial Bank Ltd	42,281	42,281
	Standard Chartered Bank	-	-
		<u>60,154,806</u>	<u>60,154,806</u>

The overdrafts are unsecured and are not properly supported.

20	TRADE AND OTHER PAYABLES		
	Trade payables	402,106,163	402,106,163
	other creditors and accruals post receivership	4,338,148	
	Other creditors and accruals	270,704,518	244,679,428
	Agency taxes and penalties payable	1,115,770	(574,800)
		<u>678,264,599</u>	<u>646,210,791</u>

21 CASH GENERATED FROM OPERATIONS

(21a) Reconciliation of loss before taxation to cash generated from/(used in) operations

Net loss before taxation	(67,511,159)	187,428,048
Adjustments for:		
Depreciation charge for year	56,219,773.69	56,127,200
Dep reinstatement for over depr M.V	-	(190,934)
Amortisation of deferred expenditure	(22,548,784)	8,081,276
	-	-
Fair value loss on growing produce	-	106,908,497
Interest expense	-	-
Operating loss before working capital changes	<u>(33,840,169)</u>	<u>358,354,087</u>
Changes in working capital:		
Inventories	2,780,622	3,348,103
Changes in prior year adj	24,729	21,275,425,730
Trade and other receivables	(585,731)	6,342,474
Trade and other payables	32,053,808	(17,351,942,067)
Payables adj for prior year resp allo	-	84,650
Due from related parties	<u>(15,442,691)</u>	<u>44,120,900</u>
Cash generated from operations	<u>(15,009,432)</u>	<u>3,954,181,575</u>
Interest paid	<u>-</u>	<u>-</u>
Net cash used by operating activities	<u>(15,009,432)</u>	<u>3,954,181,575</u>

21(b) Analysis of cash and cash equivalents

Cash and Bank Balances

Bank Name	Account No	Status	KShs Balance	KShs
Petty Cash	1510	Active	-	13,222,606
Stanadard Bank-Call deposit Account	0102029114100	Active	966	
Standard Bank-current account	0140029114100	Active	30,034	(60,154,806)
			<u>31,000</u>	<u>(46,932,200)</u>

22 EMPLOYEES

The average number of employees for the company during the year was 93(2024: 99).

23 CONTINGENT LIABILITIES

CIVIL APPEAL NO.E207 OF 2021 {KISUMU ELC PETITION NO.6 OF 2020):

CROSSELY HOLDINGS VS THE CABINET SECRETARY, MINISTRY OF AGRICULTURE, LIVESTOCK & FISHERIES, THE ATTORNEY GENERAL, AGRICULTURE AND FOOD AUTHORITY & MIWANI SUGAR COMPANY (1989) LIMITED

The nucleus estate land of the Company, being Land Reference Number 7545/3 IR No. 21038, is the subject of a prolonged ownership dispute between Miwani Sugar Company (1989) Limited and Crossley Holdings Limited. The matter is currently before the Court of Appeal under Civil Appeal Number E2017 of 2023, which challenges the decision of Justice Anthony Ombwayo in Kisumu ELC Petition Number 6 of 2020 (Crossley Holdings Limited vs The Cabinet Secretary, Ministry of Agriculture, Livestock & Fisheries & Others). In his ruling, Justice Ombwayo held that Crossley Holdings Limited had lawfully purchased and acquired the said parcel of land. The Appeal is awaiting a ruling on an application to amend the Notice of Appeal. Meanwhile, the Government has initiated negotiations with the disputing parties, through the Office of the Attorney General and legal representatives, with a view to an amicable settlement of the matter. Crossely Holdings Ltd appealed against Court Order issued on 6th February 2013, reinstating Miwani Sugar Mills Ltd in the Land Title Deed in respect of LR No. 7545/3 (IR 21038). The High Court on 18th June 2014 in Kisumu allowed the appeal to be heard. The matter was heard in October 2021 and the court ruled in favour of Crossely Holdings Ltd. It is not certain if the company will get the land back.

It is important to note that this property has been the subject of previous litigation. In 2007, during the process of transferring LR No. 7545/2 and LR No. 7545/3 to Miwani Sugar Company (1989) Limited for purposes of facilitating Government privatization policy, it was discovered that LR No. 7545/3 IR No. 21038 had allegedly been fraudulently sold and transferred to Crossley Holdings Limited on 24th December 2007, pursuant to a court order issued in Kisumu HCCC No. 225 of 1993 (Nagendra Saxena vs Miwani Sugar Mills Limited).

Following this discovery, the Receivers/Managers instructed the Company's advocates to challenge the purported sale and transfer. Honourable (retired) Justice Mwera, in a ruling delivered in Kisumu HCCC No. 225 of 1993, held that all proceedings in the said case, including the orders to attach and sell the property, were a nullity and of no legal consequence. Subsequently, the Plaintiff in HCCC No. 225 of 1993, together with Crossley Holdings Limited, filed Civil Appeal No. 261 of 2008 at the Court of Appeal against Justice Mwera's ruling. The Appeal was heard and dismissed in a judgment delivered on 29th July 2011

Current Status: The Government has engaged the disputing parties, through the Office of the Attorney General and their respective legal representatives, with a view to reaching an amicable settlement of the case. The consultation process is still ongoing.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2025

24 FINANCIAL RISK MANAGEMENT

The company's principal financial instruments comprise cash and cash equivalents, receivables and payables. These instruments arise directly from its operations. The company does not enter into derivative transactions.

The company's activities expose it to a variety of financial risks, including credit risk, liquidity risks, market risks and operational risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Receivers/Managers have overall responsibility for the establishment and oversight of the company's risk management framework.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

(i) Interest rate risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates. The company's policy is to manage its interest costs by relying primarily on overdraft facilities with its bankers. All other borrowings for specific projects or investments are negotiated on the basis of a fixed rate of interest. The company is therefore not significantly exposed to interest rate risk. The interest movement in the financial asset is negligible and any sensitivity analysis on these instruments would not be representative of the inherent risks associated with the instruments.

(ii) Foreign currency exchange risk

Foreign exchange risk arises from future investment transactions and recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the reporting date. All gains or losses on changes in currency exchange rates are accounted for in the statement of profit or loss. The company operates wholly in Kenya and its assets and liabilities are reported in local currency. The company had no significant foreign currency exposure as at 30 June 2024.

MIWANI SUGAR COMPANY (1989) LIMITED (IN RECEIVERSHIP)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2025

25 FINANCIAL RISK MANAGEMENT (Continued.....)

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

Credit risk arises from trade and other receivables, cash and cash equivalents held with banks and amounts due from related parties. The company allows credit facilities to customers with a high credit rating and also places funds with recognised financial institutions with strong credit ratings. In addition most of the sales are made to a related company, Muhoroni Sugar Company Limited (In Receivership) and therefore the company does not consider the credit risk exposure to be significant.

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its Management have arranged for diversified funding sources, both short term and long term, to meet the company's obligations as and when they fall due.

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 those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

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

26 CAPITAL RISK MANAGEMENT

The primary objective of the company's capital management is to ensure that the company complies with capital requirements and maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The capital structure of the company consists of debt, which includes borrowings, cash and cash equivalents and equity which comprises issued capital and retained earnings. The company has continued receiving funding from the debenture holder, Kenya Sugar Board, for its capital requirements.

27 INCORPORATION

The Company is incorporated in Kenya under the Companies Act.

28 CURRENCY

These accounts are presented in Kenya shillings (KShs).

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and the management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No.	Observation from auditors	Management comments	Status, person responsible and timeframe
1	Bank Overdraft -The statement of financial position and as disclosed in Note 19 to the financial statements reflects bank overdraft balance of Kshs.60,154,806. The overdraft relates to balances of Kshs.60,112,525 and Kshs.42,281 held at the Trust Bank Ltd (in liquidation) and Kenya Commercial Bank Ltd respectively. However, other supporting documents, showing how the facility was acquired, the nature of the operation and the authority to open the facility were not provided for audit review. In addition, any additional interest that the Liquidator may impose on the outstanding amount has not been accrued in the financial statements. In the circumstances, the accuracy and fair statement of the bank overdraft of Kshs.60,154,806 could be confirmed.	The overdraft relates to pre receivership period and the supporting documents relating to how the facilities were acquired, nature of operations and the authority to open the facilities are not available. The bank overdraft facilities of ksh 60,154,806 have been in our books for more than 23 years since the company went in to receivership.	Bank confirmations letters attached ,matter reviewed and addressed
2	Valuation of Growing Produce -The statement of financial position reflects growing produce balance of Kshs.134,951,591 as disclosed in Note 12 to the financial statements. The balance relates to carrying amount of cane in the nucleus estate at the end of the year. Review of the valuation of standing cane as at 30 June 2024 revealed that the carrying value of cane as at 30 June 2024 was Kshs.94,312,571 resulting to unexplained variance of Kshs.40,639,020. Further, the growing produce schedule indicated that harvestable cane was valued at Kshs.94,312,570. As disclosed in Note 12, Management made significant assumption that cane aged below six (6) months was immature and has no determinable market value thus not harvestable. However, review of the growing cane valuation schedule revealed that immature cane worth Kshs.3,733,452 was included in the harvestable cane which no justifiable explanation was provided for the overstatement. In the circumstances, the accuracy and completeness of growing produce balance of Kshs.134,951,591 could not be confirmed.	Valuation of growing produce- As per the revised financial statements the carrying amount for growing produce is adjusted to kshs 94,312,571 as per the valuation report of standing cane as at 30 th June 2023. Attached is the biological valuation report and balance sheet extract	Matter reviewed and addressed
3	Inaccurate Disclosure of Revenue from Sale of Cane- The statement of comprehensive income reflects an amount of Kshs.63,859,791 in respect of revenue from sale of cane and as disclosed in Note 4 to the financial statements. Review of annual sales revealed that the Company made cane sale of Kshs.40,583,714 to Muhoroni Sugar Company in the months of March, April and June 2024. However, the amount was at variance with the computed sale of Kshs.41,286,941 resulting to an unexplained variance of Kshs.703,226. No prior year adjustment to correct the understatement has been made contrary to the IAS 1.15 which states that the financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. In the circumstances, the accuracy and completeness of the sales amounting to Kshs.63,859,791 could not be confirmed	Inaccurate Disclosure of revenue from sales of cane- The computed sales cannot be accurate due to different price changes within the months queried. Find attached price lists to confirm price changes within the months	Matter reviewed and addressed
4	Gratuity/Severance Increase -The statement of comprehensive income reflects administration and establishment expenses amount of Kshs.136,496,743 as disclosed in Note 7 to the financial statements. Included in this expenditure is an amount of Kshs.13,519,452 on gratuity/severance increase. However, details of the transactions and nature of payments were not disclosed or supported contrary to the provisions of Section 104 of the Public Finance Management (National Governments) Regulations, 2015 which states that all receipts and payment vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and appropriate authority and documentations. In the circumstances, the accuracy and completeness of the gratuity/severance increase could not be confirmed	Gratuity/Severance Increase- The kshs 13,519,452 relates to increase in provision for the current employees severance pay from 39,598,734 for 2022/2023 to 53,118,186 for FY 2023/2024. This is a provision and has no relationship with payments. Attached is the gratuity computation schedule.	Matter reviewed and addressed

5	<p>Material Uncertainty Related to Going Concern-The statement of comprehensive income reflects a loss of Kshs.146,789,028 (2022/2023-loss Kshs.112,282,040). However, due to GoK loans and taxes write off of Kshs.21,275,425,730 and a prior year adjustment of Kshs.37,609,067, the accumulated loss decreased from Kshs.22,995,118,759 to Kshs.1,904,091,123 as at year end. Further, the current liabilities of the Company of Kshs.706,365,597 exceeded the current assets of Kshs.188,221,444 by Kshs.518,144,153. Further, the shareholder's funds had a deficit of Kshs.2,430,827,811 rendering the Company technically insolvent. The financial statements have however been prepared on a going concern basis. This basis may not be appropriate given that the Company was placed under receivership by lenders on 15 March, 2001. This fact has been disclosed in Note 3 to the financial statements. In the circumstances, the continued operations of the Company is purely dependent on Government and its creditors.</p>	<p>The Company has been earmarked for leasing as part of the government's efforts to revitalize and commercialize state-owned sugar enterprises. The Sugar Act is anticipated to bring order to the sugar sector by eliminating unfair competition.</p>	<p>Matter reviewed and addressed</p>
6	<p>Budgetary Control and Performance -The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.223,835,988 and actual amounts realized of Kshs.87,335,160 resulting to an under-collection of Kshs.136,500,827 or 61% of the budget. Management attributed the shortfall due to low supply of cane due to closure of factories on directive of the Government. Further, the Company reported direct costs of Kshs.23,276,691 out of the approved budget of Kshs.130,202,901 resulting to deficit budget of Kshs.106,926,210 or 82% of the final budget. Similarly, the company accrued administration expenses of Kshs.136,496,743 against a final budget of Kshs.91,273,448 resulting to excess budget of Kshs.45,223,295 or 49% of the budget. This is contrary to Regulation 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based in the annual appropriations, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the supplementary estimates. In the circumstances, the regularity of the over expenditure of Kshs.45,223,295 could not be confirmed.</p>	<p>Budget control and performance-The over expenditure of kshs 45,223,295 was as a result of depreciation charge for the year which had not been budgeted before. This increase in depreciation was as a result of management adoption of re-valuation report of October 2019</p>	<p>Matter reviewed and addressed</p>
7	<p>Unauthorized Impaired Receivables-the statement of financial position and as disclosed in Note 15 to the financial statements, reflects trade and other receivables net balance of Kshs.1,373,731. The Management has fully impaired pre-receivership debts of Kshs.90,835,444. However, write off has not been supported with requisite approvals contrary to Section 69 of the Public Finance Management Act, 2012 which states that an accounting officer for a national government entity may with the approval of the Cabinet Secretary write off any loss not exceeding a prescribed amount, and in circumstances prescribed by regulations for the purposes of this section. Further, the provision was not backed by any rate or policy. In the circumstances, Management was in breach of the law</p>	<p>Unauthorized impaired receivable- The amount of Kshs 90,835,444 refers to Pre receivership debts aging back to more than 24 years. No payment on the same debts have been received as at the date of the financial statements</p>	<p>Matter reviewed and addressed</p>
8	<p>Management of Inventories-The statement of financial position and as disclosed in Note 13 to the financial statements reflects inventories of Kshs.3,705,518. The inventories balance of Kshs.3,705,518 is net of an impairment of Kshs.47,438,029 which the Management indicated were obsolete stock. However, details of the obsolete stock were not provided for audit review contrary IAS 2:36 which states that the financial statements shall disclose the total carrying amounts of inventories and the carrying amount in classifications appropriate to the entity. Further, the stock taking reports for the consumable stores, spares and loose tools balance of Kshs.51,143,548 were not provided for audit. In addition, policies or guidelines to support the provision, valuation costing and reporting of inventories and annual asset disposal plan were not provided for audit review. In the circumstances, the basis of valuing the inventories totaling Kshs.3,705,508 could not be confirmed</p>	<p>Inventory figure of Ksh 3,705,518 is supported with Stock Confirmation certificate as at 30th June 2024 attached. The stock is valued and reported at cost. The obsolete stock of ksh 47,438,029 relates to pre-receivership period which has been in our books for the last 23 years.</p>	<p>Matter reviewed and addressed</p>

9	<p>Fully Depreciated Assets -The statement of financial position reflects property, plant and equipment value of Kshs.2,894,255,066 as disclosed in Note 11 to the financial statements. Review of the schedule to support balance revealed that motor vehicles and tractors with historical cost of Kshs.38,234,444 have been fully depreciated. However, the assets are still in use and the Company continues to derive benefits and incurring operational costs on fuel and maintenance. This is contrary to IAS 16.31 which states that revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. In the circumstances, the valuation of property, plant and equipment balance reflected in the financial statements could not be confirmed.</p>	<p>The management is in process of re- valuating the said assets to reflect the true fair value</p>	<p>Matter reviewed and addressed</p>
10	<p>Failure to Maintain a Fixed Assets Register-The financial statements reflect property, plant and equipment balance of Kshs 2,894,255,066. However, Management did not maintain a fixed asset register to record the assets indicating their nature, date of purchase, amount, unique identifier number, depreciation among other details. This was contrary to Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a National Government entity to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage, and misuse and that movement and conditions of assets can be tracked. In the circumstances, existence of effective internal controls on management of assets could not be confirmed</p>	<p>As per the valuation report by Tyson valuers of October 2019 for all company assets we have incorporated the same to form the basis of our asset register-A softcopy of the re valuation report is shared to your official email and on the same valuation find a fixed assets register .</p>	<p>Matter reviewed and addressed</p>