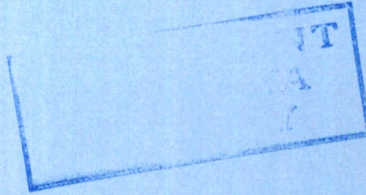


REPUBLIC OF KENYA



*Paper laid by
LOM
Tuesday 17/4/2018*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NYAYO TEA ZONES DEVELOPMENT
CORPORATION**

**FOR THE YEAR ENDED
30 JUNE 2017**

NYAYO TEA ZONES DEVELOPMENT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017
(Prepared in accordance with International Financial Reporting Standards)

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
- 5 MAR 2018
RECEIVED

Chairman's Statement	iii
Managing Director's Statement	iii
Corporate Information	iv
Board of Directors	v
Management Team	vi
Statement of Corporate Governance	vii
Statement of Corporate Social Responsibility	vii
Report of the Directors	vii
Statement of Directors Responsibilities	viii
Financial Statements:	
Statement of Comprehensive Income	1
Statement of Financial position	2
Statement of Changes in Equity (General Fund)	7
Statement of Cash flow	8
Statement of Budget	9
Notes to the Financial Statements	10-17
Schedule of Investments	Appendix I

CHAIRMAN'S STATEMENT

I am delighted to present to you the Annual Report and financial statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2017. During the year tea production was greatly affected by unfavorable weather which caused a significant drop in volumes. The lower production depressed supply in the market which in turn improved the prices at the auction.

Production decreased by 16% to 24 million kilograms compared to the previous year which was attributed to dry weather conditions in all our tea growing regions. The hectareage under production remained the same during the year at 3,155 hectares. This however is expected to increase in the current financial year due to expansion and infilling in our zones which is expected to boost volumes.

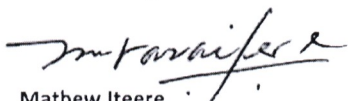
During the year the Corporation undertook investments aimed at enhancing its efficiency and capacity. This include replacement of aging fleet and new leaf carriers and a tractor, staff training in agronomy, and adoption of new technologies and agronomy practices in our operations. The Corporation further continued to partner with communities in areas of its operations through expansion leaf collection centers, repair and maintenance of access roads and labour relations to ensure continued supply of workers.

The construction of Gatitu Tea Factory in Kirinyaga county which was launched in June 2015 continued during the year. Once completed the factory will play a role in value addition to the corporation and greatly enhance our revenues.

The Mau project which involves rehabilitation of Mau buffer through establishment of tea continued during the year and over 161 hectares of tea were planted which cumulatively amounts to 291 hectares since the project started. Since inception the project has provided direct employment to an average of 2,700 workers per month which supports the livelihoods of communities around the Mau forest belt.

We expect the production to improve if weather conditions allow in the current financial year. The corporation will continue to invest in its capacity, staff and the community in areas it operates as per its mandate in anticipation of a better future.

I take this opportunity to appreciate the invaluable support given by the Board of Directors, management and staff and the Government for being committed to the Corporation's affairs. We assure you of our commitment to growing and enhancing our shareholders value.



Mathew Iteere
CHAIRMAN

Date: 02/03/2018

MANAGING DIRECTOR'S STATEMENT

General

I am pleased to present to you the Annual Report and financial statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2017.

Financial Results

The Corporation's performance during the year was adversely affected by severe draught in the tea growing regions in the country. The draught caused a 16% decline in green leaf production and capacity underutilization which resulted in a significant decline in green leaf revenues. The revenue per kilogram received from green leaf declined to an average of Ksh. 40 compared to Ksh. 42 in the previous year. Consolidated revenues increased by 12% to Ksh. 1,726 million compared to Ksh. 1,535 realised in the previous year, however revenues from sale of green leaf decreased by 5% to Ksh. 1,174 million compared to previous year. On the other hand, direct costs increased by 42%

to Ksh. 845 million while indirect costs increased by 5% to Ksh. 636 million compared to the previous year. Overall net profit decreased to Ksh. 275 million compared to Ksh. 365 million in the previous year primarily due to lower production of green leaf coupled with increased costs of labour.

Operations

Green leaf production decreased by 16% to 24.4 million kilograms compared to the previous year which was attributed to unfavorable weather conditions in our tea growing areas despite the application of good agronomical practices.

Kipchabo Tea Factory received 15,202,189 Kgs of green leaf which is an increase of 37% compared 11,126,318 Kgs in the previous year. Out of the total green leaf received by the factory, out growers contribution was 6,401,447 Kgs which is 42% while the rest was collected from Nyayo Tea Zones in the factory catchment namely Nandi, kakamega and Kaptarakwa Zones.

Processed tea volumes by the factory increased by 39% to 3,673,186 Kgs compared to 2,606,380 Kgs in the previous year giving an outturn of 24% (2015/2016 – 23%).

Future outlook

The Corporation expects improvement in green leaf production if weather in tea growing regions are favourable. We are also optimistic that tea prices in the global markets will continue to improve thus boosting the Corporation's revenues. The Corporation anticipates growth in tea sales in the local market as our brands continue to penetrate in market segments hitherto held by others.

Appreciation

I take this opportunity to appreciate the valuable support given by our stake holders namely the customers, suppliers, bankers and the local community. On behalf of the management and staff I also wish to express my gratitude to the board and the Government for their commitment to the Corporation. With your support the corporation will continue to grow sustainably for the benefit of all stakeholders.



Peter Korir
MANAGING DIRECTOR

Date..... 02/03/2018

CORPORATE INFORMATION

Directors:

- Mr. Mathew Iteere – Chairman – Re-appointed to the board in 2016
- Mr. Peter K. Korir - Managing Director - appointed to the board in 2012
- Mrs Naomi Wanja Kathurima – Appointed to the board in 2015
- Dr Wilson Soi – Member - appointed in Apr 2015
- Mr. George Kibiru – Member - appointed in Oct 2015
- Ms Hellen Nyatuka – Member - appointed in Oct 2015
- Mr. Raymond Kemei – Member - appointed in Oct 2015
- Mr. Clement Muyesu - Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries) appointed to the board in 2014
- Mr. James Aloyo – Member (Alternate to Principal Secretary Treasury) - appointed in Jan 2017
- Mr. Margaret Muiru – Member (Alternate to Principal Secretary Treasury) – left the board in Dec 2016






Registered Office and Principal place of Business:


Nyayo House- 11 Floor
Kenyatta Avenue
P.O. Box 48552 - 00100

NAIROBI
Auditors:
Auditor-General
Anniversary Towers
P.O. Box 30084-00100
NAIROBI






Bankers:
Kenya Commercial Bank Ltd
Kipande House Branch
P.O. Box 30012
NAIROBI

BOARD OF DIRECTORS

1	 Mathew Iteere (MGH, CBS, OGW, DCO) – Chairman	Mr. Iteere is 57 years old and joined the board in February 2013. Prior to joining the board, he was the Commissioner of Police of Republic of Kenya from 2009 to 2012. Mr Iteere holds a Diploma in Education.
2	 Peter K. Korir – Managing Director	Mr. Peter Korir is 48 years and joined the board in November 2012. He holds a Bachelor of Science degree in Mathematics from Egerton University and MBA (Strategic Management) from University of Nairobi. He is also a graduate of IESE Business school in Advanced Management. He has over 20 years’ experience in management having previously worked with East African Portland Cement and Unilever Kenya in various management positions.
3	 Naomi W. Kathurima – Member	Ms Kathurima is 52 years old and joined the board in April 2015. He holds a Masters degree in Education and is currently pursuing Phd degree in early childhood education. She is a lecturer at Kenyatta University school of Education.
4	Clement Muyesu – Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries)	Mr. Muyesu is 56 years and joined the board in 2014. He represents the Principal Secretary Ministry of Agriculture Livestock & Fisheries in the board during the year. He holds Bsc degree in agriculture. He is currently assistant Director in the Ministry of Agriculture Livestock & Fisheries, State Department of Agriculture
5	James Aloyo – Member (Alternate to Principal Secretary Treasury)	Mr. Aloyo represented the Principal Secretary, The Treasury in the board during the year. He served in the board until December 2016.
6	Margaret Muiru – Member (Alternate to Principal Secretary Treasury)	Mrs. Muiru represented the Principal Secretary, The Treasury in the board during the year. She was appointed to the board in January 2017.
7	 Hellen K. Nyatuka - Member	Ms Nyatuka is 35 years and was appointed to the Board in April 2015. She holds Bsc in Computer Science and Diploma in Project Management. She is currently a program manager with Calvary Covenant Community Centre and has over 13 years working with NGOs
8	 Mr. Kemei	Mr. Kemei is 45 years old and joined the board in October 2015. He holds MBA degree in strategic management and BA degree in economics. He also has a diploma in project management. He is currently a production manager with KTDA and has over 15-year experience in tea industry

	Raymond K. Kemei – Member	
9	 George N. Kibiru - Member	Mr. Kibiru is 45 years old and joined the board in October 2015. He holds Bcom degree and is a Certified Public Accountant, CPA(K) and a Certified Public Secretary CPS(K). He is currently a consultant in finance, auditing and tax with Njagi & Associates and has over 18 years' experience in finance and auditing
10	Dr. Wilson K. Soy	Dr. Soy is 60 years old and joined the board in October 2015. He holds a Phd in Business Administration, MBA and BBA degrees. He is Currently a consultant with Leadstar Africa Consult Ltd as well as a part-time lecturer. He has over 30 years' experience in tea industry.

MANAGEMENT TEAM

1	 Peter K. Korir – Managing Director	Mr Peter Korir is 48 years and joined the board in November 2012. He holds a Bachelor of Science degree in Mathematics from Egerton University and MBA (Strategic Management) from University of Nairobi. He is also a graduate of IESE Business school in Advanced Management. He has over 21 years' experience in management having previously worked with East African Portland Cement and Unilever Kenya in various management positions.
2	 Samuel Njire – Head of Finance	Mr Samuel Njire joined the corporation in 2009 and is the Head of Finance. He holds a Bachelor of Commerce (Accounting) and MBA (Finance) degrees both from University of Nairobi. He is also a certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) – Membership No. 6527. He is responsible for overall financial stewardship of the corporation. He has over 26 years' experience in finance in both public and private institutions
3	 Charles Mucheke – Head of Operations	Mr Charles Mucheke joined the Corporation in 2005 and is the Head of Operations. He holds a Bachelor of Science (Agriculture) and MBA (Operations Management) degrees both from University of Nairobi. He is responsible for all agronomy operations in the Corporation. Prior to joining the Corporation, he worked with KTDA and has over 25 years' experience in the tea industry.
4	 William Togom – Head of Human Resource and Administration	Mr Togom joined the corporation in 2003 and is the head of human resources and administration. He holds a Bachelor of Arts degree in Anthropology. He also hold a Diploma in Human Resource Management from Kenya Institute of management (KIM). He is a member of Human Resource Management Institute of Kenya – Membership No. 03386. He has over 21 years' experience in human resource and administration.
5	 David Chepkwony – Head of Commercial	Mr Chepkwony is 46 years old and joined the corporation in 2014 as head of commercial unit. He holds a Bachelor of Commerce degree in Marketing. Prior to joining the Corporation, he worked with Ketepa, Del Monte Kenya Ltd, Reckitt Benckiser EA Ltd & Unilever Kenya Ltd and has over 19 years' experience in sales and marketing.

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 Corporation recognizes that corporate governance is a shared responsibility and as such accords the shareholders opportunity to exercise their responsibility for safeguarding and propagating their interests by participating in its affairs, as appropriate, to ensure it is well governed.

The Corporation conducts its operations in accordance with recommended principles of good corporate governance as provided in Public officers and ethics Act as well as Public Financial Management Act 2015.

All the board members except the Managing Director are non-executive and are appointed for a renewable term of 3 years for a maximum of 2 terms.

The board has established 3 committees; (i) Production, Business Development & Strategy Committee (ii) Audit & Risk Management Committee and (iii) Finance, Human Resources & ICT Committee. Each committee meets at least once every quarter before tabling their reports to the full board.

The corporation is also focused on enhancing stakeholder's relations program to embrace best practice and to keep all stakeholders informed on the business.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

The Corporation continues to emphasize on the importance of Corporate Social Responsibility (CSR) for a sustainability of its operations. As is rightly in our mandate conservation of the environment serves a key pillar in our CSR activities.

During the year the Corporation sponsored the 2017 World Environment Day Celebrations Nairobi event organised by NEMA and Nairobi City County marked in June, 2017. NTZDC contributed Kshs. 100,000.

The Corporation constructed a standard classroom at Nyayo Tea Zones Primary School in Kakamega Zone at a cost of Kshs. 900,000.

The Corporation Further donated Kshs. 100,000 to support the Kakamega Equatorial Forest Annual Marathon.

The Corporation also sponsored the Kericho Tea Marathon which is held annually in Kericho Town.

The Corporation in addition continued to support livelihoods in all our operating area by means of providing consistent source of employment to the communities adjacent to our tea and forestry operations. We also engage the community in conservation activities such as restoration of ecologically sensitive areas as well as providing free seedling for forestry products.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 2016, which disclose the state of affairs of the Corporation.

Incorporation

The Corporation is registered in Kenya through a Gazette notice LN265/1986 as a parastatal and is resident in Kenya, while it's whole owned subsidiary (Kipchabo Tea Factory Ltd) is registered in Kenya under the companies Act (Cap.486) registration certificate number CPR/2010/33168.

Principal Activity

The corporation principal activity is conservation of gazetted forests through establishment of tea buffers and fuelwood plantations.

Results

	2016/2017 (Ksh)	2015/2016 (Ksh)
Profit / (Loss) before tax	275,968,302	365,155,506
Net Profit/ (Loss) for the year	<u>275,968,302</u>	<u>365,155,506</u>

Directors

The directors who held office during the year and to date of this report are shown on page (v)

Auditors

The Auditor-General is responsible for the statutory audit of the Corporation books of account

By order of the Board



Peter Korir
Managing Director

Date..... 02/03/2018

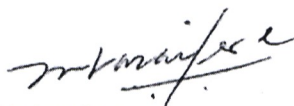
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The State Corporations Act requires the directors to prepare financial statements for each year, which give a true and fair view of the state of affairs of the corporation and of its operating results for that year. It also requires the directors to ensure that the corporation keeps a set of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the corporation. They are also responsible for safeguarding the assets of the corporation.

The directors accept responsibility for the annual 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 and the legal requirements.

The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the company and of its operating results. The directors 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.

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



Mathew Iteere
Chairman

Date..... 02/03/2018



Peter Korir
Managing Director

Date..... 02/03/2018

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NYAYO TEA ZONES DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying consolidated financial statements of Nyayo Tea Zones Development Corporation and its subsidiary set out on pages 1 to 17, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in the general fund, statement of cash flows and statement of comparative 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, except for the matter described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects, the financial position of Nyayo Tea Zones Development Corporation and its subsidiary as at 30 June 2017 and (of) its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) and comply with the Nyayo Tea Zones Development Corporation Order, 2002.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Property plant and equipment

As reported in the previous year, the land and buildings' balance of Kshs.355,773,313 as at 30 June 2017, disclosed under Note 8 to the financial statements still exclude an undetermined value of one (1) parcel of land located in Elgeyo/Marakwet County measuring 66 hectares. According to available information, the land which is fully developed and with tea bushes has been illegally excised by an individual. Although the management has explained that details concerning this parcel of land had been forwarded to the Ethics and Anti-Corruption Commission (EACC) for investigation, no evidence has been provided by management showing the actions being taken to recover the land.

Report of the Auditor-General on the Financial Statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2017

2. Long Outstanding Imprests

The trade and other receivables net balance of Kshs.913,903,174 as at 30 June 2017 like in the previous year, exclude outstanding imprests of Kshs.1,176,259 from former employees that have been outstanding since 1990's. Although management has made a full provision for these debts whose recovery remains doubtful, no evidence showing the action taken to recover the imprests has been provided for audit verification.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nyayo Tea Zones Development Corporation 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion Section, I have determined that there are no Key Audit Matters to communicate in my report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such 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. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the corporation 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.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the consolidated 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

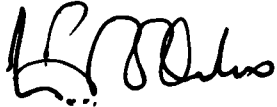
compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered 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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Corporation's 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 Corporation's ability to continue as a going concern. 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 consolidated 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 Corporation to cease to continue as a going concern.
- 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 Corporation 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

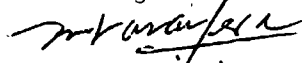
Nairobi

03 April 2018

	Notes	2016/2017 Kshs	2015/2016 Kshs
Turnover	2 (a)	1,725,855,570	1,535,202,642
Cost of Production	2 (b)	(845,494,749)	(596,081,842)
Gross Profit		880,360,821	939,120,800
Employment Expenses		(346,154,539)	(311,266,658)
Administrative Expenses	3 (a & b)	(70,445,337)	(88,857,815)
Board Expenses	3 (c)	(12,696,555)	(12,693,728)
Other Operating Expenses	4	(179,917,806)	(177,465,394)
		(609,214,237)	(590,283,596)
Operating Profit before finance Costs		271,146,584	348,837,205
Finance Costs	5	(26,622,854)	(17,371,795)
Profit before Exceptional Item		244,523,729	331,465,410
Other income	2(c)	31,444,573	33,690,097
Net profit/(loss) for theyear		275,968,302	365,155,506
Proposed Dividends		13,798,415	18,257,775

		2016/2017	2015/2016
	Notes	Kshs	Kshs
ASSETS			
Non-Current Assets			
Biological Assets	6	768,558,007	751,119,949
Bearer Plants	7	1,347,808,074	1,140,718,314
Property, Plant & Equipments	8	1,382,347,132	1,249,925,644
Long Term Investments	9	64,401,224	63,634,670
		3,563,114,437	3,205,398,576
Current Assets			
Inventories	10	114,073,164	144,141,704
Trade & Other Receivables	11	913,903,173	845,477,753
Cash & Cash Equivalents	12	241,177,516	141,777,118
		1,269,153,854	1,131,396,575
		4,832,268,291	4,336,795,151
GENERAL FUND & LIABILITIES			
General Fund			
Accumulated Fund/Shareholding	13	1,282,068,970	1,207,068,970
Donor Grants	13	741,760,713	741,760,713
Reserves	13	2,429,212,027	2,185,299,916
Proposed Dividend	13	13,798,415	-
		4,466,840,125	4,134,129,598
Long Term Loans			
UBA Bank Kenya Loan	14	186,297,631	100,924,825
		186,297,631	100,924,825
Current Liabilities			
Long Term Loan due within the year	14	48,620,596	23,128,912
Trade Creditors	15	86,708,446	53,739,706
Accruals	16	43,801,493	24,872,031
		179,130,535	101,740,728
		4,832,268,291	4,336,795,151

The financial statements were approved by the Board of Directors on... 02/03/2018
 and were signed on its behalf by:-


 Mathew Iteere
 Chairman


 Peter Korir
 Managing Director

	Notes	2016/2017 Kshs	2015/2016 Kshs
ASSETS			
Non-Current Assets			
Biological Assets	6	768,558,007	751,119,949
Bearer Plants	7	1,347,808,074	1,140,718,314
Property, Plant & Equipments	8	627,798,531	487,860,384
Long Term Investments	9	873,672,742	872,906,188
		3,617,837,354	3,252,604,835
Current Assets			
Inventories	10	24,965,899	21,849,768
Trade & Other Receivables	11	868,878,623	872,165,756
Cash & Cash Equivalents	12	234,680,516	132,712,767
		1,128,525,038	1,026,728,290
Total Assets		4,746,362,392	4,279,333,125
GENERAL FUND & LIABILITIES			
General Fund			
Accumulated Fund/Shareholding	13	1,282,068,970	1,207,068,970
Donor Grants	13	741,760,713	741,760,713
Reserves	13	2,418,720,024	2,169,115,200
		4,442,549,707	4,117,944,883
Long Term Loans			
UBA Bank Kenya Loan	14	186,297,631	100,924,825
		186,297,631	100,924,825
Current Liabilities			
Long Term Loan due within the year	14	48,620,596	23,128,912
Trade Creditors	15	30,211,783	24,060,071
Accruals	16	38,682,675	13,274,434
		117,515,054	60,463,417
General Fund and Liabilities		4,746,362,392	4,279,333,125

Nyayo Tea Zones Development Corporation
 Statement of Profit & Loss and other Comprehensive Income
 For the Year Ended 30th Jun 2017

Page 4

		2016/2017	2015/2016
	Notes	Kshs	Kshs
Turnover	2 (a)	1,174,354,043	1,235,015,375
Cost of Production	2 (b)	<u>(440,683,952)</u>	<u>(480,040,792)</u>
Gross Profit		733,670,092	754,974,583
Employment Expenses		(299,530,271)	(264,834,270)
Administrative Expenses	(a & b)	(36,551,994)	(40,553,026)
Board Expenses	3 (c)	(12,696,555)	(12,693,728)
Other Operating Expenses	4	<u>(120,148,965)</u>	<u>(122,207,204)</u>
		(468,927,785)	(440,288,228)
Operating Profit Before finance Costs		264,742,307	314,686,354
Finance Costs	5	<u>(26,622,854)</u>	<u>(17,371,795)</u>
Profit before Exceptional Item		238,119,453	297,314,559
Other income	2(c)	<u>29,743,146</u>	<u>30,973,293</u>
Net profit/(loss) for theyear		267,862,599	328,287,852

	Notes	2016/2017 Kshs	2015/2016 Kshs
ASSETS			
Non-Current Assets			
Property, Plant & Equipments	7	754,548,601	762,065,260
		754,548,601	762,065,260
Current Assets			
Inventories	10	89,107,265	122,291,937
Trade & Other Receivables	11	503,945,955	74,452,805
Cash & Cash Equivalents	12	6,497,000	9,064,351
		599,550,220	205,809,093
Total Assets		1,354,098,821	967,874,353
GENERAL FUND & LIABILITIES			
General Fund			
Accumulated Fund/Shareholding	13	809,271,518	809,271,518
Reserves	13	24,290,419	16,184,715
		833,561,937	825,456,233
Current Liabilities			
Trade Creditors	15	520,536,885	130,820,523
		520,536,885	142,418,120
General Fund and Liabilities		1,354,098,822	967,874,353

Statement of Profit & Loss and other Comprehensive Income
For the Year Ended 30th Jun 2017

	Notes	2016/2017 Kshs.	2015/2016 Kshs
Turnover	2 (a)	859,527,511	561,149,720
Cost of Production	2 (b)	(712,836,782)	(377,003,502)
Gross Profit		146,690,729	184,146,218
Employment Expenses		(46,624,269)	(46,432,388)
Administrative Expenses	(a & b)	(33,893,343)	(48,304,789)
Other Operating Expenses	4	(59,768,840)	(55,258,190)
		(140,286,452)	(149,995,367)
Operating Profit Before finance Costs		6,404,277	34,150,850
Finance Costs	5	-	-
Profit before Exceptional Item		6,404,277	34,150,850
Other income	2(c)	1,701,426	2,716,804
Net profit/(loss) for theyear		8,105,703	36,867,654

CONSOLIDATED STATEMENT OF CHANGES IN THE GENERAL FUND

2016/2017

	Accumulated Fund Kshs	Donor Grants Kshs	Revenue Reserves Kshs	Total Kshs
As at 1 July 2015	1,147,068,970	741,760,713	1,820,144,409	3,708,974,092
GOK Capital Contribution	60,000,000			60,000,000
Net Profit for the year			365,155,506	365,155,506
Dividends Payable 2015/2016 **			(18,257,775)	(18,257,775)
As at 30 June 2016	1,207,068,970	741,760,713	2,167,042,140	4,115,871,823
GOK Capital Contribution	75,000,000			75,000,000
Net Profit for the year			275,968,302	275,968,302
** Proposed Dividend 2016/2017			(13,798,415)	(13,798,415)
As at 30 June 2017	1,282,068,970	741,760,713	2,429,212,027	4,453,041,710

2015/2016

	Accumulated Fund Kshs	Donor Grants Kshs	Revenue Reserves Kshs	Total Kshs
As at 1 July 2014	1,147,068,970	755,842,591	1,739,569,379	3,642,480,940
GOK Grant (ADB Loan) 2014/2015		(14,081,878)		(14,081,878)
Dividends paid			(5,000,000)	(5,000,000)
Net Profit for the year			85,575,031	85,575,031
As at 30 June 2015	1,147,068,970	741,760,713	1,820,144,409	3,708,974,092
GOK Capital Contribution	60,000,000			60,000,000
Net Profit for the year			365,155,506	365,155,506
Proposed Dividend (5% of Profits)			(18,257,775)	(18,257,775)
As at 30 June 2016	1,207,068,970	741,760,713	2,167,042,140	4,115,871,823

*Dividends to National Treasury or charged to Equity in the period in which they are declared. The Corporation has a dividend policy of 5% on Net Profits.

** Proposed Dividends are shown as a separate component of equity until declared

CASHFLOW STATEMENT

	Note	2016/2017 Kshs	2015/2016 Kshs
Cashflow from Operating Activities			
Operating Profit (Loss)		275,968,302	365,155,506
Dividend income	2 (c)	(1,334,110)	(1,055,450)
Exchange loss	2 (c)	11,249,597	(2,716,804)
Depreciation of Fixed Assets	7	97,815,109	102,768,731
Amortization	6	52,290,076	52,290,076
Interest Income	2 (c)	(23,029,970)	-
Interest paid	5	15,373,257	-
Gain on disposal of Fixed assets	2 (c)	(5,326,111)	-
Profit Before Working Capital Changes		423,006,150	516,442,059
(Decrease) / Increase in Debtors & Prepayments	11	(68,425,421)	(223,725,504)
Increase / (Decrease) in Creditors & Accruals	15	51,898,123	(114,487,681)
Increase in Stock	10	(3,116,132)	(1,831,261)
Decrease in Stock - Kipchabo	10	33,184,672	(72,825,410)
Net Changes in working Capital		13,541,242	(412,869,856)
Net Cash Generated from Operating Activities		436,547,392	103,572,204
Cashflows used in Investing Activities			
Dividends received	2 (c)	1,334,110	1,055,450
Long-Term Investment in K.T.D.A Factories	9	(766,555)	(2,639,184)
Bearer plants costs	6	(259,379,836)	(13,203,314)
Purchase of Fixed Assets	7 (b)	(233,352,461)	(147,206,875)
Direct acquisition of biological assets	6	(17,438,057)	(103,708,165)
Interest Income	2 (c)	23,029,970	-
Proceeds from disposal of Fixed Assets	7	8,211,470	-
Net Cash (Used) in Investing Activities		(478,361,359)	(265,702,089)
Cashflows (Used) in Financing Activities			
GOK Contribution		75,000,000	60,000,000
UBA Loan Disbursement	5	132,733,870	-
UBA Loan Repayment	5	(39,896,651)	13,788,868
Interest Paid	5	(15,373,257)	-
Net Cash from/(Used) in Financing Activities		152,463,962	73,788,868
Net Increase in Cash and Cash Equivalents		110,649,995	(88,341,017)
Movement in Cash and Cash Equivalents			
At 1 July 2016	12	141,777,118	227,401,331
Effect of exchange gain on cash & cash equivalent		(11,249,597)	2,716,804
Increase/(Decrease) in the year		110,649,995	(88,341,017)
At 30 Jun 2017	12	241,177,516	141,777,118

	Budget 2016/2017	Actuals 2016/2017	Variance	Variance
	Kshs	Kshs	Kshs	%
Receipts				
Factory Sales	1,172,858,932	859,527,511	(313,331,421)	-26.72%
Green Leaf Sales	1,049,648,659	1,165,662,664	116,014,005	11.05%
Transport refund	15,952,682	8,021,379	(7,931,303)	-49.72%
Fuelwood sales	-	670,000	670,000	
Payments				
Plantation Labour	283,055,459	285,006,767	(1,951,308)	-0.69%
Farm Inputs	108,102,444	106,374,530	1,727,913	1.60%
Transport	48,514,160	49,302,654	(788,494)	-1.63%
KTDA Charges	10,496,487	-	10,496,487	100.00%
Factory Cost of Sales	775,377,478	712,836,782	62,540,697	8.07%
Employment expenses	375,454,664	346,154,539	29,300,125	7.80%
Advertising Marketing & Publicity	7,529,996	3,572,681	3,957,315	52.55%
Directors' Expenses	19,934,156	12,696,555	7,237,601	36.31%
Audit fees	2,200,000	2,727,100	(527,100)	-23.96%
Printing & Stationery	8,026,200	4,195,260	3,830,940	47.73%
Telephone & Postage	5,892,300	6,199,763	(307,463)	-5.22%
Publications & Periodicals	2,154,000	772,955	1,381,045	64.12%
General Office Expenses	5,660,904	2,820,885	2,840,019	50.17%
Transport Operating	5,375,100	5,478,073	(102,973)	-1.92%
Legal & Professional	8,000,000	6,859,593	1,140,407	14.26%
Cleaning	1,716,000	901,515	814,485	47.46%
Bank charges	2,412,000	2,007,977	404,023	16.75%
Kipchabo Admin Exps	196,525,636	33,893,343	162,632,293	82.75%
Rent & Rates	2,280,000	2,202,160	77,840	3.41%
Light & Water	1,720,628	1,718,170	2,458	0.14%
Repairs & Maintenance	8,301,650	8,292,826	8,825	0.11%
Licences	25,000,000	1,974,346	23,025,654	92.10%
Insurance	9,832,635	9,744,910	87,725	0.89%
Security	3,432,000	2,523,632	908,368	26.47%
Depreciation	52,205,796	41,402,846	10,802,950	20.69%
Amortization	-	52,290,076	(52,290,076)	
Kipchabo Operating Exps	129,930,429	59,768,840	70,161,588	54.00%
Finance Costs	44,790,000	26,622,854	18,167,146	40.56%
Other incomes				
Interest Income	7,966,395	23,029,970	(15,063,575)	-189.09%
Dividends from KTDA factories	605,986	1,334,110	(728,124)	-120.16%
Miscellaneous Income	1,000,000	7,080,493	(6,080,493)	-608.05%

Nyayo Tea Zones Development Corporation
Reports and Accounts for the Year Ended 30th Jun 2017

NOTES TO THE ACCOUNTS

1. Summary of Significant Accounting Policies

(a) Statement of compliance and basis of preparation

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS), Companies Act, Public Finance Management Act and the State Corporations Act. The financial statements have been prepared on a historical cost basis. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Nyayo Tea Zones Development Corporation. The accounting policies adopted have been consistently applied to all the years presented.

(b) Revenue Recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods and Services, and is stated net of value-added tax (VAT), rebates and discounts and after eliminating intercompany sales within the Group. Revenue is recognised as follows:

(i) Sales of goods are recognised when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and when there is no continuing management involvement and the amount of revenue can be measured reliably.

(ii) Sales of services are recognised in the period in which the services are rendered by reference to the completion of specific transactions assessed on the basis of actual service provided as a proportion of total services to be provided. Sales revenue can only be recognised when the associated costs can be estimated reliably and the amount of revenue can be estimated reliably.

(c) Property Plant & Equipment

Property, plant and equipment are measured at cost or revalued amounts less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

(d) Depreciation and impairment of property, plant and equipment

Depreciation is calculated on a straight line basis, at annual rates estimated to write-off the assets over their expected useful lives. The annual depreciation rates in use are: -

Factory Buildings	2%	Tractors & Trailers	33.3%
Factory Machinery	6.65%	Furniture & Fixtures	12.5%
Office Equipment	20%	Computers	33.3%
Motor Vehicles	20%	Farm Tools	33.3%

(e) Bearer Plants

Bearer plants are measured as property plant and equipment and amortized at 5% annually on straight line. Before maturity bearer plants are measured at accumulated cost and reported as work-in-progress (WIP). After maturity WIP is transferred to mature bearer plants at the accumulated cost and depreciated over the expected useful life of 20 years.

Nyayo Tea Zones Development Corporation
Reports and Accounts for the Year Ended 30th Jun 2017

NOTES TO THE ACCOUNTS (Continued)

(f) Inventories

Finished Tea and Other inventories are stated at cost which is determined on the weighted average basis. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads, where appropriate, that have been incurred in bringing the stocks to their present location and condition. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for costs of realisation. Consumable stores are stated at the weighted average cost less provisions for obsolescence, slow moving and defective stocks.

(g) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

(h) Trade Payables (Creditors) and Accruals

Payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Provision is made for specific and general expenses incurred during the accounting period but where invoices have not been received. The expenses are charged in the accounting period in the year they are incurred and not necessarily when they were paid. General expenses are measured only using substantial degree of estimation.

(i) Cash and Cash Equivalents

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

(j) Consolidation

The financial statements for year ending 30 June 2017 have been consolidated with those of the subsidiary company (Kipchabo Tea Factory Ltd) which is wholly owned by the Corporation.

(k) Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The board has come up with policies for mitigating risks where its implementation is reviewed on quarterly basis.

(l) Related Party disclosures

The corporation is involved in processing of Green leaf tea by its fully owned company (Kipchabo Tea Factory Ltd). At the end of the period the net related parties amounted to Ksh. 41 million.

(m) Biological Assets

Biological assets are measured on initial recognition and at each reporting date at fair value less cost to sell. Costs to sell include all costs that would be necessary to sell the assets including transportation costs. Any changes to the fair value are recognised in profit or loss in the period in which they arise.

NOTES TO THE ACCOUNTS

2 (a) Turnover	2016/2017 Kshs	2015/2016 Kshs
Green Leaf Sales	1,165,662,664	1,222,827,865
Less Intercompany (Kipchabo Factory)	(308,025,984)	(260,962,453)
Sale of Finished Tea	859,527,511	561,149,720
Transport refund	8,021,379	12,050,705
Fuelwood sales	670,000	136,805
	<u>1,725,855,570</u>	<u>1,535,202,642</u>

Green leaf sales relates to sale of green leaf to various KTDA factories and the transport refund which accrue to the Corporation on all green leaf delivered by Corporation fleet.

2 (b) Cost of Production

Plantation Labour	285,006,767	322,201,229
Farm Inputs	106,374,530	110,991,027
Transport	49,302,654	46,848,537
Kipchabo Tea factory cost of Production	712,836,782	377,003,502
Less Intercompany (Kipchabo Factory)	(308,025,984)	(260,962,453)
	<u>845,494,749</u>	<u>596,081,842</u>

NOTES TO THE ACCOUNTS -Continued

2 (c) Other Income	2016/2017 Kshs	2015/2016 Kshs
Interest Income	23,029,970	29,908,897
Dividends from KTDA factories	1,334,110	1,055,450
Miscellaneous Income	5,379,066	8,946
Kipchabo Tea Factory Ltd Other Income/Loss	1,701,426	2,716,804
	31,444,573	33,690,097

This relates to income from treasury bills interest, interest earned on bank deposits, dividends from investments in KTDA factories and Sale of tenders.

3. Administrative Expenses

(a) Employment expenses

Salaries and wages	118,698,684	115,799,185
House Allowance	30,263,769	29,743,895
Leave Allowance	6,227,446	2,766,932
Commuter & Other allowances	46,977,984	40,634,304
Medical Allowance	21,638,407	23,339,546
Staff Welfare	2,743,896	3,717,444
Social Security Expenses	13,368,750	12,248,479
Staff Uniforms	164,070	1,679,676
Staff Training	22,276,271	11,386,362
Travelling & Subsistence	37,170,994	23,518,446
Kipchabo Tea Factory Employment Expenses	46,624,269	46,432,388
	346,154,539	311,266,658

(b) Other administration expenses

Advertising Marketing & Publicity	3,572,681	3,714,284
Donations	1,016,193	620,383
Audit fees	2,727,100	1,363,550
Printing & Stationery	4,195,260	3,854,560
Telephone & Postage	6,199,763	9,049,814
Publications & Periodicals	772,955	939,393
General Office Expenses	2,820,885	2,903,120
Transport Operating	5,478,073	5,205,393
Legal & Professional	6,859,593	10,283,174
Cleaning	901,515	875,713
Bank charges	2,007,977	1,743,642
Kipchabo Tea Factory Administration Expenses	33,893,343	48,304,789
	70,445,337	88,857,815

(c.) Directors' Expenses

Board Expenses	12,696,555	12,693,728
----------------	------------	------------

NOTES TO THE ACCOUNTS -Continued

	2016/2017 Kshs	2015/2016 Kshs
4. Other operating expenses		
Establishment:		
Rent & Rates	2,202,160	1,903,763
Light & Water	1,718,170	565,478
Repairs & Maintenance	8,292,826	5,804,814
Licences	1,974,346	787,206
Insurance	9,744,910	9,154,840
Security	2,523,632	1,932,104
Depreciation	41,402,846	49,768,924
Amortization	52,290,076	52,290,076
Kipchabo Factory Ltd Other operating expenses	59,768,840	55,258,190
Total Expenses	179,917,806	177,465,394
5. Finance Cost		
Exchange Gain/ (Loss)	11,249,597	-
Interest on UBA Loan	15,373,257	5,688,196
Interest on UBA Loan-Kipchabo Factory Ltd	-	11,683,599
	26,622,854	17,371,795

Operating Profit

The following items have been charged in arriving at the operating profit.

Depreciation	41,402,846	49,768,924
Amortization	52,290,076	52,290,076
Auditor's Remuneration	2,727,100	1,363,550
Kipchabo Factory Ltd Depreciation	56,412,263	52,999,807

6. Biological Assets

	Kshs	Kshs
Balance as at 1st July 2016	751,119,949	1,534,278,950
Reclassification to bearer plants	-	(796,362,314)
Changes in value	17,438,057	13,203,314
30th Jun 2017	768,558,007	751,119,949

7. Property Plant & Equipment

7 Property, Plant & Equipment - Bearer Plants (Tea Plantations)

	Tea Kshs	Work-in progress tea Kshs	Total Kshs
Balance as at 1st July 2016	1,045,801,514	147,206,875	1,193,008,390
Additions	-	259,379,836	259,379,836
30th Jun 2017	1,045,801,514	406,586,711	1,452,388,225
Depreciation			
Balance as at 1st July 2016	52,290,076	-	52,290,076
Charge for the year	52,290,076	-	52,290,076
30th Jun 2017	104,580,151	-	104,580,151
Balance as at 30th June 2017	941,221,363	406,586,711	1,347,808,074
30th June 2016	993,511,439	147,206,875	1,140,718,314

Nyayo Tea Zones Development Corporation
Reports and Accounts for the Year ended 30th Jun 2017

Notes 8 - Other Property, Plant and Equipment

2016/2017	Land & Buildings Kshs	Work in Progress * Kshs	Factory Buildings Kshs	Factory Machinery Kshs	Furniture & Fixtures Kshs	Office Equipment Kshs	Computers & Assessories Kshs	Tractors & Trailers Kshs	Motor Vehicles Kshs	Farm Tools & Implements Kshs	Total Kshs
Cost											
1 July 2016	347,705,553	89,583,753	452,542,378	477,972,274	47,330,976	5,312,885	69,015,918	24,721,598	356,051,269	8,909,541	1,879,146,145
Movement											
Disposals								(365,000)	(23,430,712)	(660,030)	(24,455,742)
Additions	29,079,998	179,394,590	3,667,845	14,366,842	98,725	155,551	2,434,405	4,140,104	28,642,000	452,400	233,352,461
Reclassification **	(29,079,998)					(230,505)					(230,505)
31 Jun 2017	376,765,551	239,898,345	456,210,224	492,339,116	47,429,701	5,237,931	71,450,323	28,496,702	361,262,557	8,701,911	2,067,812,360
Depreciation											
1 July 2016	13,874,876	-	51,550,923	156,255,050	42,911,540	4,955,058	65,188,095	24,721,597	261,023,827	8,739,540	629,220,501
Charge for the year	7,137,363		9,124,204	32,740,551	1,811,679	188,269	3,875,960	1,379,897	41,387,185	170,000	97,815,109
Disposal								(365,000)	(20,545,353)	(660,030)	(21,570,383)
31 Jun 2017	21,012,239	-	60,675,128	188,995,601	44,723,219	5,143,327	69,064,056	25,736,494	281,865,660	8,249,510	705,465,227
Net Book Value											
31 Jun 2017	355,773,313	239,898,345	395,535,096	303,343,515	2,706,481	94,604	2,386,267	2,760,208	79,396,897	452,401	1,382,347,133
30 June 2016	333,830,677	89,583,753	400,991,455	321,717,224	4,419,435	357,828	3,827,823	-	95,077,441	170,001	1,249,925,644
* Work-in-Progress comprises buildings for which construction is ongoing. Once they are completed they will be reclassified under building.											
** Reclassification of Ksh. 230,505 under office Equipment relates to costs relating to bearer plants which were misreported as Office Equipment in the opening balance											
2015/2016											
Cost											
1 July 2015	347,705,553	54,918,321	452,542,378	475,161,930	47,241,186	5,075,006	68,245,198	24,721,598	290,917,269	8,909,541	1,775,437,980
Movement											
Additions		34,665,432		2,810,344	89,790	237,880	770,720		65,134,000		103,708,165
Reclassification											
30 June 2016	347,705,553	89,583,753	452,542,378	477,972,274	47,330,976	5,312,885	69,015,918	24,721,598	356,051,269	8,909,541	1,879,146,145
Depreciation											
1 July 2015	6,737,513	-	42,500,076	124,469,894	39,621,539	4,803,876	62,081,533	24,721,597	212,776,208	8,739,540	526,451,770
Charge for the year	7,137,363		9,050,848	31,785,156	3,290,001	151,181	3,106,562		48,247,619		102,768,731
Retirement											
30 June 2016	13,874,876	-	51,550,923	156,255,050	42,911,540	4,955,058	65,188,095	24,721,597	261,023,827	8,739,540	629,220,501
Net Book Value											
30 June 2016	333,830,677	89,583,753	400,991,455	321,717,224	4,419,435	357,828	3,827,823	-	95,027,441	170,001	1,249,925,644
30 June 2015	340,968,040	54,918,321	410,042,303	350,692,036	7,619,647	271,129	6,163,665	-	78,141,061	170,001	1,248,986,209

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Long-term Investments

This relates to the Corporations shareholding at various KTDA factories (Appendix I)
The investments are stated at cost as there is no available market values.

10. Inventories	2016/2017	2015/2016
	Kshs	Kshs
Farm Inputs & Nursery Materials	24,965,899	21,849,768
Kipchabo Tea Factory Inventories	89,107,265	122,291,937
	114,073,164	144,141,704

Stocks are valued at lower of cost or net realizable.

11. Trade & Other Receivables

Trade Debtors

KTDA- Green leaf debtors	635,093,132	640,546,971
KTDA- Transport refund	5,773,022	6,476,668
Kiptagich Tea Factory	48,766,313	70,950,325
Kaisugu Tea Factory	8,017,925	9,892,505
Elgon Tea & Coffee	2,848,736	2,211,280
Accrued Interest	827,826	1,862,197
Kipchabo Factory Debtors	86,292,994	74,452,805
	787,619,948	806,392,752

Kipchabo Factory Debtors are receivables for finished tea due from customers of the factory

Prepayments

Other Deposits	117,083,302	28,110,448
	117,083,302	28,110,448

Imprests, Advances and Loans

Temporary Imprest	5,255,242	7,956,760
Provision Doubtful debts	(3,300,782)	(3,300,782)
Standing Imprests	858,538	10,573
Wages Imprests	2,254,605	4,209,120
Insurance claims	2,298,861	-
Staff loans	1,833,461	2,098,882
	9,199,924	10,974,552
	913,903,174	845,477,753

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016/2017 Kshs	2015/2016 Kshs
12. Cash & Cash Equivalents		
Zone Accounts Cash balances	7,453,237	4,592,777
Savings Account	1,654,417	554,280
Current Account	45,923,842	16,607,524
Fixed Deposits	173,672,830	105,400,000
UBA Bank Account	5,762,396	4,876,646
Current Account- Project	1,101	531,749
Cash in Hand	212,693	149,791
Kipchabo Factory Cash & Cash Equivalents	6,497,000	9,064,351
	241,177,516	141,777,118
13. General Fund		
Accumulated Fund	1,282,068,970	1,207,068,970
ADF Grant	741,760,713	741,760,713
Reserves	2,429,212,027	2,185,299,916
Proposed Dividends 2016/2017	13,798,415	-
	4,466,840,125	4,134,129,598
Accumulated Fund relates to the corporations core capital		
ADF Grant relates to African Development Bank Green Zone project phase II		
14. UBA Loan		
Kipchabo Factory Loan	234,918,227	124,053,737
Less due within the year	(48,620,596)	(23,128,912)
	186,297,631	100,924,825
Relates to UBA Bank Kenya loan to finance machinery for Kipchabo and Gatitu Tea Factories		
15. Creditors		
Trade Creditors	22,758,546	19,467,294
Other Creditors	7,453,237	4,592,777
Kipchabo Factory Creditors	56,496,663	29,679,715
	86,708,446	53,739,786
16. Accruals		
Dividends Payable	18,257,775	-
Provision for Gratuity	4,796,839	2,094,874
Accruals	15,628,061	11,179,560
Kipchabo Factory Accruals	5,118,818	11,597,597
	43,801,493	24,872,031
17. Registration		
The Corporation is registered in Kenya through a Gazette notice LN265/1986 as a parastatal and is resident in Kenya.		
18. Comparatives		
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.		

Nyayo Tea Zones Development Corporation
Report and Accounts for the Period Ended 30th Jun 2017

SCHEDULE OF LONG-TERM INVESTMENTS

TEA FACTORIES	2016/2017 Kshs	Additions	2015/2016 Kshs
Chinga	53,805		53,805
Chebut	4,565,081		4,565,081
Gacharage	586,265		586,265
Gachege	104,085		104,085
Gathuthi	3,695,973		3,695,973
Gatunguru	248,720		248,720
Githambo	35,370		35,370
Githonga	1,691,950		1,691,950
Gitugi	628,055		628,055
Gituri	-		-
Ikumbi	12,665		12,665
Imenti	482,452		482,452
Iriani	129,795		129,795
Kagwe	1,058,117		1,058,117
Kambaa	266,605		266,605
Kangaita	174,108		174,108
Kapkoros	4,192,369		4,192,369
Kapsara	4,132,845		4,132,845
kapset	5,946,820		5,946,820
Kathangariri	4,341,130		4,341,130
Kenyenyaingi	38,665		38,665
Kiegoi	911,240		911,240
Kiru	555,730		555,730
Kimunye	553,785		553,785
Kinoro	1,917,535		1,917,535
Kionyo	779,500		779,500
Kuri	534,475		534,475
Makomboki	210,075		210,075
Mataara	7,345		7,345
Michimikuru	117,290		117,290
Mogogosiek	767,920	166,792	601,128
Mundete	587,663		587,663
Mungania	982,320		982,320
Mununga	76,670		76,670
Ndlma	277,630		277,630
Ngere	245,735		245,735
NJunu	56,485		56,485
Ragati	1,085,565		1,085,565
Rukuriri	431,250		431,250
Tergat	17,065		17,065
Thananga	1,359,250	599,763	759,488
Theta	176,445		176,445
Thumaita	1,902,638		1,902,638
Tirgaga	14,296,694		14,296,694
Weru	4,166,045		4,166,045
Total	64,401,225	766,555	63,634,670