

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NEW KENYA CO-OPERATIVE
CREAMERIES LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2018**



NEW KENYA CO-OPERATIVE CREAMERIES LTD
REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

On 24 June 2003, New Kenya Co-operative Creameries (NKCC) Limited was registered under the Co-operative Societies Act to facilitate the takeover of all assets, business, control and management of Kenya Co-operative Creameries (KCC) 2000 Limited. On the 19 November 2004, NKCC Limited was incorporated under the Companies Act with 100% Government of Kenya Shareholding to take over the business from NKCC the Co-operative Society.

(a) Principal Activities

The company's principal activity is buying, processing, selling and distribution of milk and milk products.

(b) Entity Headquarters

P.O. Box 30131-00100
Creamery House
Dakar Road, Industrial
Nairobi, KENYA

(c) Entity Contacts

Telephone: +254 020 3980000
E-mail: info@newkcc.co.ke
Website: www.newkcc.co.ke

(d) Entity Bankers

1. Co-operative bank of Kenya limited
Industrial Area Branch.
Nanyuki road
P.O. Box 18119- 00500
Nairobi.
2. Kenya commercial bank limited
Industrial Area Branch.
P.O. Box 18031-00500
Nairobi.
3. Standard chartered Bank of Kenya Limited
Industrial Area Branch.
P.O. Box 18081-00500
Nairobi.

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4. CFC Stanbic bank limited
Industrial Area Branch.
P.O. Box 30550-00100
Nairobi.

5. Equity Bank Ltd,
Enterprise Branch,
P.O. Box 41895-00100,
Nairobi.

(e) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(f) Principal Legal Adviser

1. Mereka & co. Advocates
Ukulima co-op house 7th floor
PO.Box 41620-00100
Nairobi.
2. J. M. Njenga & co. Advocates
Teleposta towers (GPO) 5th floor
P.O. Box 1297-00100
Nairobi.

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II. THE BOARD OF DIRECTORS

	Hon. Eliud Matu Wamae, EBS was first appointed Chairman of the Board of Directors of New Kenya Cooperative Creameries Limited on 1st January 2005, a position he holds to date. Hon. Matu Wamae worked as an Auditor with the Government of Kenya from 1963 -1964, rising to become an Assistant Director of Audit in 1965 -1966. He also served as Director of Audit – East African Community and General Manager at the Central Bank of Kenya from 1968 to 1969 and as Executive Director for the Industrial and Commercial Development Corporation from 1970 to 1979. Hon. Matu Wamae holds a BA (Hons) in Economics from the University of New Delhi, India and is a successful businessman managing a group of companies.
	Mr. Nixon Sigey born on 1st January 1970 was appointed as Managing Director of New Kenya Co-operative Creameries Ltd. on January 1st 2015 with over twenty-two (25) years working experience in Public Service, ten (13) of which have been in Senior Management. Mr. Sigey hold a Master of Business Administration (Strategic Management), Bachelor of Science degree (Animal Production) and is currently pursuing a PhD in Business Management.
	Dr. Kamau Thugge is the Principal Secretary at the National Treasury. Prior to his appointment, Dr. Thugge served as an economic advisor to the National Treasury and before that as Director of Economic Affairs at the National Treasury. Dr. Thugge, also worked with the IMF from 1985 to 2004. Dr. Thugge holds a Doctorate in Economics from the Johns Hopkins University.
DR. KAMAU THUGGE, EBS	Mr. Ali Noor Ismail, CBS, is the Principal Secretary, State Department for Co-operatives, Ministry of Industry, Trade and Co-operatives. He was previously the Principal Secretary Ministry of Labour, Social Security and Services. Prior to his appointment, Mr. Noor Ismail served as the Deputy Managing Director, Business Support Services at National Bank of Kenya and has also served in various capacities in both the Private and Public Sector including as Board Member at the National Environmental Management Authority and National Bank Staff

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MR. ALI NOOR ISMAIL, CBS

Pension Scheme as well as Chairman of the Executive Council of Kenya Institute of Bankers among others. Mr. Ali Noor holds an MSc Degree in Human Resource Development from the University of Manchester, UK as well as B.A and LLB Degrees from The University of Nairobi.



MR. ERASTUS NTHURAKU

Mr. Erastus Nthuraku was appointed to the New KCC Ltd. Board of Directors in April 2015 where he serves as Chairman of the Technical Sub-Committee.

Mr. Nthuraku has over 30 years of experience in the education sector and has served in various capacities along the dairy value chain in the country.

Mr. Nthuraku has served as Chairman of Mkulima Bora Dairy Co-op Society and Vice secretary of KEM Dairy Farmers Federation. He was also chairman of the Extension Committee of Runyenjes' Dairy Farmers and the ASDSP Committee Member serving Embu County's Dairy Value Chain implementation and monitoring between 2013 and 2015.



**DR. CHRISTOPHER
MAKWORO AYIENDA**

Mr. Christopher Ayienda was appointed to New KCC Board of Directors on 17th April 2015.

Mr. Ayienda has over 30 years of work experience and is a Senior Lecturer with a PhD in Educational Research and Human Resource Management.



MR. PAUL KIPKORIR MUTAI

Mr. Paul K. Mutai was appointed to the New KCC Ltd. Board of Directors on 17th April 2015.

He has over 33 years of experience in the education sector having worked in primary and secondary schools as well institutions of higher learning where he was a lecturer until his retirement.

Mr. Mutai holds a Master's Degree in Education.

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	Ms. Mary J. Muttai was appointed to the New KCC Ltd. Board of Directors on 17th April 2015. She has worked in the education sector as a primary school teacher from 1977 to 1984 and thereafter as Tutor in the Teacher Advisory Center from 1984 to 1986. She also served as an Inspector of Schools between 1986 and 2004. Ms. Mutai has since 2011 served as Chairperson of Trans Nzoia County FEP Group of Companies and is a director and proprietor of Legacy Schools, a private school based in Kitale since 2001. Ms. Mutai holds a diploma in Counselling.
	M. Andrew Bundi Mbwi, HSC was appointed alternate Director to the New KCC Board of Directors on 8th December 2016 representing PS Industry, Trade and Cooperatives (State Department of Cooperatives) Mr. Mbwi has over 35 years of Audit experience in the public sector having served as Director of Co-operative Audit Services in the State Department of Co-operatives, at the Ministry of Industry, Trade and Co-operatives. Mr. Mbwi is a holder of a BSc. degree in mathematics, statistics and Econometrics from the University of Nairobi and also holds a Post-graduate Diploma in public accounting and auditing (PAA) from the Chartered Institute of Public Finance and Accounting (CIPFA), UK. Mr. Mbwi is a member of the Institute of Internal Auditors and was in 2009 awarded with a Head of State Commendation (HSC) for distinguished public service.
	Mr. Julius Kiptarus is an alternate Director of New KCC Ltd following his appointment in 2006 by the then Principal Secretary, Ministry of Livestock and Fisheries Development. He has over thirty (30) years' experience in Livestock Development, Policy Formulation, Leadership and Management. Mr. Julius Kiptarus hold a Bachelor's Degree from University of Nairobi and Master Degree from Wageningen Agricultural University, Netherlands.

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Name of the Committee	Members
Finance and General Committee	1. Dr. Christopher Ayienda 2. Mrs. Jane Wambugu 3. Mr. Andrew Mbwi
Audit Committee	1. Dr. Christopher Ayienda 2. Mrs. Jane Wambugu 3. Mr. Andrew Mbwi
Human Resource Committee	1. Mrs Mary Muttai 2. Mr. Paul Mutai 3. Mr. Julius Kiptarus 4. Mr. Andrew Mbwi
Technical Committee	1. Mr. Paul Mutai 2. Mr. Erastus Nthuraku 3. Mrs Mary Muttai 4. Mr. Julius Kiptarus
Marketing & Logistics Committee	1. Mr. Paul Mutai 2. Mr. Erastus Nthuraku 3. Mrs Mary Muttai 4. Mr. Julius Kiptarus

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III. MANAGEMENT TEAM

Name of the Staff	Responsibility
 MR. NIXON SIGEY	<u>CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR</u> Mr. Nixon Sigey born on 1st January 1970 was appointed as Managing Director of New Kenya Co-operative Creameries Ltd. on January 1st 2015 with over twenty-two (25) years working experience in Public Service, ten (10) of which have been in Senior Management. Mr. Sigey hold a Master of Business Administration (Strategic Management), Bachelor of Science degree (Animal Production) and is currently pursuing a PhD in Business Management
 MR.SAMUEL ICHURA	<u>CHIEF MANAGER FINANCE</u> Mr. Ichura born on 6th November 1977 and holds a Master of Business Administration (Corporate Management) and a Bachelors' Degree in Business Administration (Finance Option). He is a Certified Public Accountant – CPA (K) and Certified Internal Systems Auditor (CISA). Mr. Ichura has over 15 years work experience in Internal Audit and Finance.
 MR. PETER OMBATI	<u>CHIEF MANAGER LEGAL</u> Mr. Ombati was born in 1966 and holds a Bachelor of Arts degree and a Bachelor of Laws Degree. He also holds a Diploma in Law and is a Certified Public Secretary - CPS (K). Peter has over 20 years' experience as a legal officer and a company secretary. He exited the Company on 30th March 2018.
 MS.DAMARIS CHIRCHIR	<u>CHIEF MANAGER FACTORY OPERATION</u> Ms. Chirchir was born on 8th August 1962 and holds a Master of Business Management and Bachelor of Science Degree in Food Science and Technology. She is a Certified ISO Auditor with over 25 years' working experience in factory operations.

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 DR. MAGDALENE MUTHOKA	<u>CHIEF MANAGER HUMAN RESOURCE & ADMINISTRATION</u> Dr. Muthoka born on 31st December 1973 and holds a PhD. (Human Resource Management), Master of Science (Human Resource Management), Bachelor of Commerce degree (Accounting Option) and Post Graduate Diploma in Human Resource Management and has also undertaken CPA (III-5). Ms. Muthoka has over twenty (20) years' experience in Human Resource Management and Finance.
 MR. JAMES GATERU	<u>CHIEF MANAGER SALES AND MARKETING</u> Mr. Gateru holds a Master of Business Administration Degree in Strategic Management and a Bachelor of Commerce Degree (Business Administration Option). He also holds a Practitioners Diploma in Sales & Marketing and Certified Public Accountant - CPA (I). James is currently pursuing a doctorate in Strategic Management.
 MR. DOMINIC MENJO	<u>CHIEF MANAGER RAW MILK PROCUREMENT & EXTENSION SERVICES</u> Mr. Menjo born in 1967 holds a Master of Science Degree (Animal Production) and a Bachelor of Science degree in Animal Production. He also holds a Diploma in Animal Health and a Diploma in Dairy Farming, Technology and Management. Menjo has over 15 years' experience in Dairy farming and the NGO sector. Mr Menjo exited the Company on 2nd Jan 2018.
 MR. SAMUEL ONYANGO	<u>HEAD OF ICT</u> Eng. Onyango was born on 22nd June 1977 and holds a Bachelor of Science degree in Electrical & Electronic Engineering and is currently pursuing a Master of Business Administration from London School of Business. Eng. Onyango is a Qualified Enterprise Resource Planning Applications expert (Sage ACCPAC, Systems Applications Product SAP), ITIL v3 (Information Technology Infrastructure Library), CCNA (Cisco Certified Network Associate) and Certified Project Manager (Prince). Sam has over 15 years' experience in information communication and technology.
 MS. STACY TOO	<u>HEAD OF CORPORATE AFFAIRS</u> Ms. Stacy Too was born on 15th November 1970 and holds a Bachelor's Degree in Public Administration and Social Work. Ms. Too also has a Practitioner's Diploma in Marketing as well as a Diploma in Personnel Management & Industrial Relations.

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 MR. ANTHONY KINO GU	<u>HEAD OF QUALITY ASSURANCE</u> Mr. Anthony Kinogu born on 25th July 1975 was first employed by New KCC on 1st October 2004 as Quality Control Supervisor. He holds Bachelor of Food Science & Technology degree and a Master of Business Administration Degree. He has over 14 years working experience working with New KCC
 MR. MARUSOI BURGOH	<u>AG. CHIEF MANAGER INTERNAL AUDIT & RISK COMPLIANCE</u> Mr. Marusoi Burgoh was born on 11th October 1979 and holds a Bachelor of Commerce Degree (Accounting Option). He is a Certified Public Accountant with over ten (10) years of experience in Internal Audit.
 ENG. PETER KIBOI	<u>HEAD OF ENGINEERING</u> Eng. Peter Kiboi was born on 2nd August 1962 and holds a Bachelor of Science degree in Electrical Engineering as well as a Certificate in Total Maintenance Management from SIDA. Eng. Kiboi has over 30 years' experience in plant engineering and is currently pursuing a Master of Science degree in Energy Management
 MR. JAMLECK THUO MWANGI	<u>HEAD OF PROCUREMENT</u> Mr. Jamleck Mwangi was born in 1970 and holds a Bachelor of Arts degree and Master of Science degree in Procurement and Logistics. Mr. Mwangi holds a professional diploma in CIPS and has over twenty (20) years' experience in supply chain management.

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MS. YVONNE N. MASINDE

AG. CHIEF MANAGER LEGAL AFFAIRS & COMPANY SECRETARY

Ms. Yvonne N. Masinde was born on 30.9.1978. she was first employed by New KCC as Legal Affairs Manager on 1st February 2017. She holds a Bachelor of law degree; Post graduate diploma in Law and she is a Certified Public Secretary. Has 10 years work experience as legal officer.



MR. PHILIP PYEKO

HEAD OF RAW MILK & EXTENSION SERVICES

Mr. Philip Pyeko born on 9th May 1977 was first employed by New KCC on 17th October 2005 as Production Supervisor. Holds Bachelor of Science degree in Food Science & Technology. He has over 12 years work experience working with New KCC in different capacities.

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IV. CHAIRMAN'S STATEMENT

Delivering value to our dairy farmers

The Company has remained focused on delivering on its core mandate, and we are once again pleased to report that the Company remains profitable with a growing sales turnover of over **Kshs 8.7 Billion** to match.

Our ability to consistently report positive results despite the challenges, underscores the Company's resilience and drive towards sustained profitability as we strive towards becoming the premier dairy processor in the region.

Delivering Quality & Value

The 2017/2018 Financial year was marked with the almost inevitable uncertainty that came with what was, in more ways than one, an extended electioneering period. The company however, made great strides in navigating this period, taking in over **ninety-six (96) million** litres of quality raw milk that translated into over Kshs 3.2 Billion in direct milk payout to our farmers. We take note that in addition to the thousands of households that directly benefit from our consistent and competitive pricing to timely payment, our partners all along the dairy value chain also continue to indirectly reap from a vibrant dairy sector, of which we are proud to continue to play a leading and definitive role.

Cognizant of the importance of equipping our dairy farmers with modern knowledge and skills on best dairy farming practices, we have taken steps to strengthen the quality and level of support provided through our extension services platform. In addition to increasing the number of skilled field service coordinators offering direct support to farmers, the Company undertook initiatives aimed at benchmarking with best dairy practices, and which saw farmers visit model farms both within the country and without, including a select group of sixty (60) of our dairy farmers travelling to Israel and plans are underway for more educational trips in the coming year.

We are not an exception to the challenges that continue to plague the dairy industry especially with regard to what is sometimes a volatile and political environment and changing weather patterns, all of which negatively impact the quality and quantity of milk received, and we are taking the necessary steps to mitigate and overcome these challenges. The company is working on various blue prints in partnership with supporting stakeholders to develop and implement programs aimed at improving hygienic milk production, and in so doing encourage our farmers to focus on delivering quality milk, that in turn will be rewarded with a quality-based as opposed to quantity-based payment model. New KCC continues to expand our supplier base with signing of binding, long term and mutually-beneficial contractual agreements with our dairy farmers. As their partners, we will continue to engage them at all levels, so as ensure improved dairy productivity and therefore a reliable and stable milk supply to the Company.

We are grateful for the support we received from the National Government who came through on their pledge to settle old debts owed to milk suppliers going back to 1999 and having successfully embarked on the project in the 2017/2018 FY, we expect to fully complete the exercise in the coming year. Further, we are proud to have fully modernized and upgraded our Eldoret and Nyahururu Factories,

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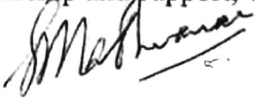
which are fully operational and are operating at full capacity, with Sotik and Dandora Factories on track to be completed in the coming financial year.

LOOKING AHEAD

The Company's continued growth and success in the years to come, calls upon us all as stakeholders to continue working together in close partnership to write the next chapter of the New KCC success story.

On behalf of the Board of Directors and Management of New KCC, I wish to acknowledge the support we continue to receive from the National Government and its relevant government ministries, and most especially our parent Ministry of Industrialization, Trade and Marketing.

Last but not least, our sincere gratitude goes out to our farmers, customers and well-wishers for their continued partnership and support, without which we may not be where we are today.



Hon. Matu Wamae, EBS
Chairman

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V. REPORT OF THE MANAGING DIRECTOR

Striving for continuous improvement, instead of perfection...Kim Collins

Background

With a re-energized outlook occasioned by the roll-out of an ambitious billion-shilling modernization and upgrade exercise, the company is aligning its business strategies to ensure our focus remains on continuous improvement in meeting and exceeding our customers' demands through competitive raw milk pricing, product innovation, strategic capital investments and provision of quality milk and dairy products to our diverse customer base.

Staying Ahead

I am pleased to announce for the 2017/2018 financial year under review, the Company registered a pre-tax profit of **Kshs 47 Million** with sales turn-over of over **Kshs 8.7 Billion**. This is in spite of what has an unpredictable operating climate occasioned by a long and protracted electioneering period, that left an impact on the business.

Top of mind, was ensuring that the ongoing modernization exercise was not interrupted and we are glad to report that we remain on track, as we undertake a complete facelift and refurbishment of all our facilities including our Head Office. With the completion of Nyahururu Factory and commissioning of our Eldoret UHT-processing factory, we also remain on track for the successful commissioning of our newly modernized and upgraded Dandora and Sotik processing facilities in the coming year. Already, we have met key milestones with the installation of new machinery that have greatly enhanced our processing capacities for fresh milk and fermented products at Dandora Factory, as well as the installation of Aseptic filling machines at our Sotik Factory for our TFA and TCA brands further boosting our long life milk production capacity for both the local and international markets.

Our commitment to maintaining the highest standards of quality and excellence remains steadfast, and we are proud to report that we have retained our certifications in ISO 22000:2005 for Food Safety Management Systems and ISO 9001:2005 for Quality Management Systems across all our facilities, following thorough and independent surveillance audits of all our processes by the relevant regulatory body. In the coming year, we have laid the ground work for the transitioning from ISO 9001:2008 to ISO 9001:2015 including sensitization awareness, capacity building and guided audits in preparation for what we expect, having met all the requirements, to be our successful transition and eventual certification on ISO 9001:2015.

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Our product innovation and marketing teams continue to work towards diversifying our product portfolio, with the introduction of the Economic Value Pack for our Gold Crown and UHT Brands, and which following a sustained and aggressive marketing strategy, have been well received in both the domestic and regional export markets. In the coming year, we hope to introduce new products that are already in the pipeline.

We cannot over-emphasize the importance of our continued good relations with our dairy farmers, whose continued support has made it possible for the company to set and realize its goals. In the 2017/2018 Financial Year over **Kshs 3.2 Billion** was paid to farmers, and we look forward to growing this figure as we in collaboration with our participating partners, roll out new and improved services to engage our farmers better. Among these initiatives, will be partnering with both the national and county governments in provision of milk coolers at the ward level to increase raw milk intake to the last litre and introduction of benefits in forms of bonuses to long-term contracted farmers. We are keen to boost small scale farmers, and will be rolling out favourable payment terms to ensure their involvement in the dairy sector is both profitable and viable. *Pamoja, tujijenge.*

As key players in the dairy industry, we look forward to engaging all stakeholders in addressing the challenges facing the industry, and seek lasting solutions to issues of milk hawking in the informal market and cheap imports in a joint and concerted effort to building a profitable industry in which all players get their fair share.

Our customer interaction supported by an active online social media presence via Facebook, Company website and twitter handle continue to enhance our customers' experience, as we endeavor to deliver quality service and products on time and at all times. The Company also engaged in various corporate social responsibility (CSR) programs to give back to the society both in cash and in-kind to worthy causes in areas of education, environmental preservation, health and sports.

Gratitude

I remain proud of the continued support from all our stakeholders, both within and without the company, whose cooperation and commitment has proved invaluable to our continued success. I am particularly grateful for the support that we have received from the National Government, whose support and confidence in the viability and continued growth and success of New KCC, and will prove a key factor in the realization of our strategic goals.

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I also wish to acknowledge support from various county governments, our parent Ministry, Board of Directors, Management and Staff of New KCC whose dedication and commitment were instrumental in the Company's positive showing.

Firm in our vision as market leaders and with a dedicated and well trained and workforce to boot, we will continue employ innovativeness and bias towards new technology in working towards greater efficiency in all our areas of operation and delivery of world class products to all.

Life's goodness everyday.

Thank you.



MR. NIXON SIGEY, MBS
MANAGING DIRECTOR

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VI. CORPORATE GOVERNANCE STATEMENT

PART A: Core Statements

Vision: To be the dairy brand of choice in Kenya and beyond.

Mission: New KCC is committed to nourish and refresh consumers with innovative, quality and affordable dairy products through continual transformation of processes and expansion of our markets.

Core Values

- Integrity
- Innovative
- Teamwork
- Efficiency
- Quality

PART B: Corporate Governance Statements

Introduction

New KCC understands the importance of good corporate governance to ensure maximum value for all its stakeholders, as well as maintaining business integrity and stakeholder confidence.

In addition, the Company strives to act in accordance with the laws of Kenya and in full appreciation of the diversity of the Kenyan people.

It has in place a Code of Conduct which is in conformity with the highest standards of integrity, honesty and ethics, in its dealings with stakeholders including government, directors, employees, customers, suppliers and the society at large. It also clearly spells out the policies and guidelines regarding employees' personal conduct.

It is expected that at all times, the Board of Directors and Employees of New KCC will act with honesty, integrity, transparency and justice.

Board Composition

The Board comprises nine members whose unique skills, knowledge and experience collectively contribute to the running of the company and corporate governance. Among them is the Chairman, who is appointed by the President and remaining directors who are appointed by the Cabinet Secretary, Ministry of Industry, Trade and Co-operatives, the Company's parent ministry.

The Board and its Role

The New KCC Board of Directors is mandated to provide clear definitions of the Company's objectives and values as a whole, ensuring that proper procedures and practices are put in place to protect the company's assets and reputation, and that at all times, their conduct is in line with their duties and responsibilities to the company.

The Board holds quarterly meetings with provisions for special board meetings whenever circumstances demand.

Board Committees

The State Corporations Act permits the Board to set up committees consisting of Board Members and Departmental Heads, who are tasked with assisting the Board in the execution of its duties and authorities, and as defined by the Board.

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These committees are:

- i) Human Resource Committee
- ii) Marketing & Logistics Committee
- iii) Audit Committee
- iv) Finance & General Purposes Committee
- v) Technical Committee

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VII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

1. Background

We hereby present a progressive report on Financial Results and Report for the twelve months' period up to 30th June 2018. Here below are summary highlights from the Financial Statements now being presented for Committee deliberations and directions for Management action.

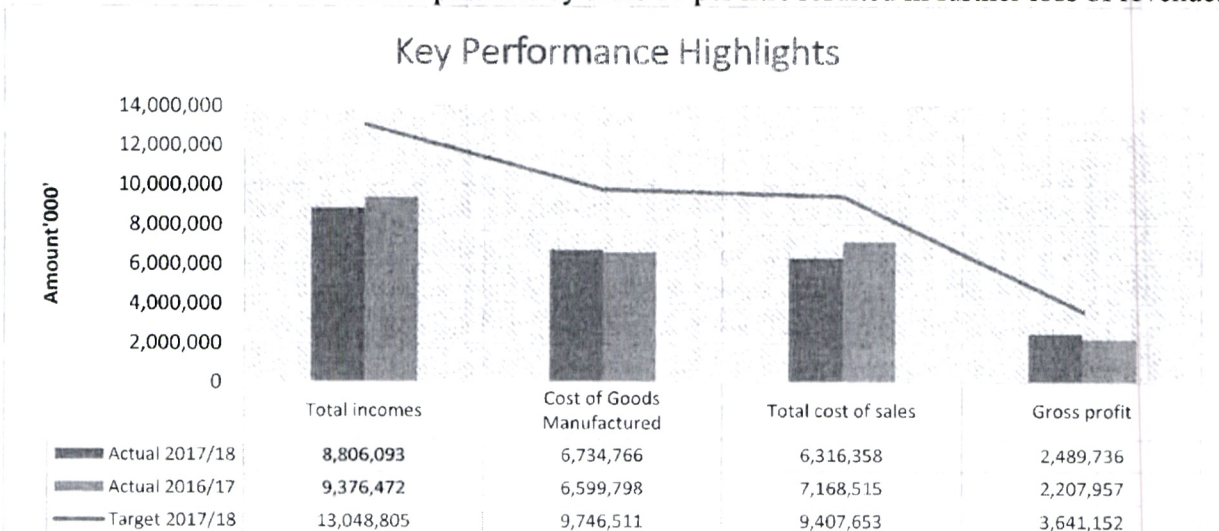
2. Trading Results

Below is a summary of the company's financial performance for the twelve months' period ended 30th June 2018. It highlights the performance of the company in comparison with the set targets and the prior year results.

Key Highlights

The company registered Kshs. 47.1 Million pre-tax profit for the twelve months' period ended 30th June 2018 representing a 284% decline compared to the same period last year. Decline was mainly driven by a dip in sales revenue occasioned by unfavourable business, our two key customers Nakumatt and Uchumi stopped doing business due to financial difficulties in May and June 2017. This translated to decline in monthly orders of over Kshs 150 million. Other factors that contributed to the negative performance are as below:

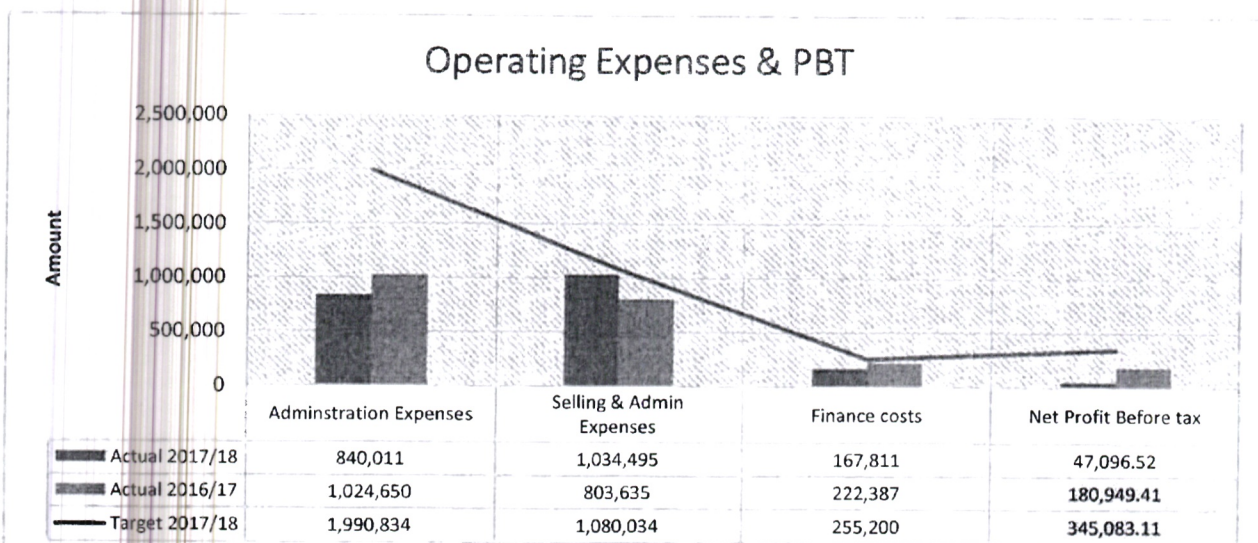
- High cost of raw milk (Average of Kshs 39.6 per litre due to scarcity of raw milk caused by draught experienced in the periods prior to the quarter under review). The average for the prior year was Kshs 38 per litre.
- Increased cost of production due to material price increase.
- Price reduction of finished products by Kshs 10 per litre resulted in further loss of revenue.



From the above, it is noted that the income of the company is below target by Kshs 4.3 billion. This is attributed to the challenging operating environment in the industry as noted above. As compared to the previous year, the performance decreased by Kshs 0.6 Billion.

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Management was also able to manage the cost of production despite the high production experienced during the year. This is evident in the low cost of goods sold in 2018 as compared to 2017.



The company's operating expenses during the financial year were below target. This is attributed to continuous monitoring of the expenditure and the budget. Cost reduction initiatives initiated also contributed to this.

As compared to the previous year, the expenses for the current year are lower except for selling and distribution expenses which are slightly higher than the prior year. The net profit before tax for the year is also lower compared to the prior year by Kshs 133.8 Million. The main reason for the huge variance between actual administration expenses and the budget for the period is low spending on marketing expenses, corporate expenses and VAT write back expenses as compared to the budget.

3. Analysis of Key Expenditures

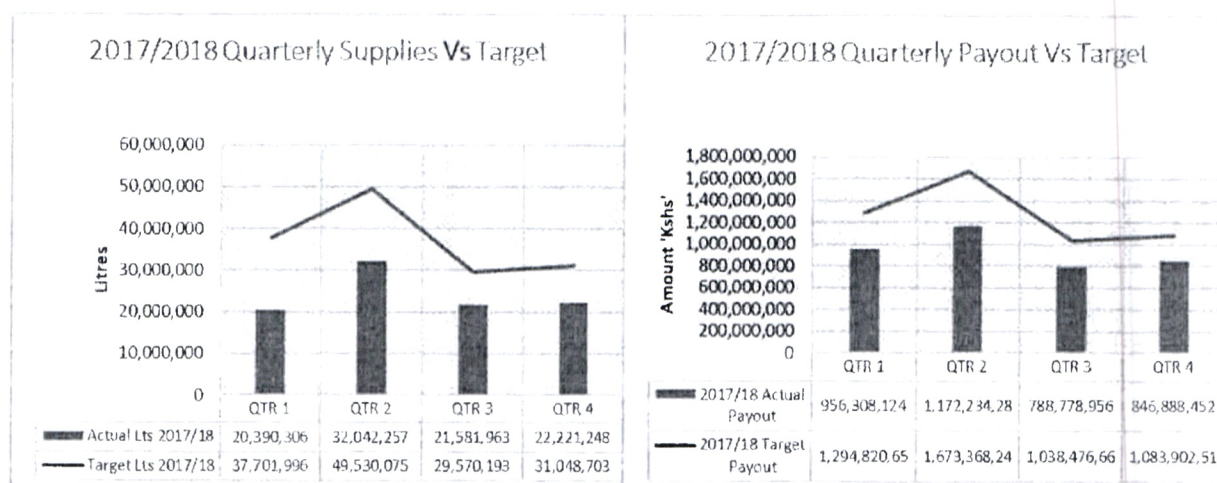
3.1 Raw Milk

This is one of the key raw materials used by the company and it is the highest cost of production for the entity.

During the period ended 30th June 2018, raw milk supplied and the amount paid was as below:

Period	Actual Lts 2017/18	Target Lts 2017/18	2017/18 Actual Payout	2017/18 Target Payout	Actual Average cost/Litre
QTR 1	20,390,306	37,701,996	956,308,124	1,294,820,656	46.9
QTR 2	32,042,257	49,530,075	1,172,234,286	1,673,368,241	36.6
QTR 3	21,581,963	29,570,193	788,778,956	1,038,476,665	36.5
QTR 4	22,221,248	31,048,703	846,888,452	1,083,902,510	38.1
Total	96,235,774	147,850,967	3,764,209,818	5,090,568,072	39.5

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The raw milk supplied and the pay-out during the period was below target. This was largely attributed to the draught experienced in the country in the year. The company managed to collect 96.2 Million litres of milk at an average cost of Kshs 39.5 per litre. The total payout for the period was Kshs 3.2 Billion.

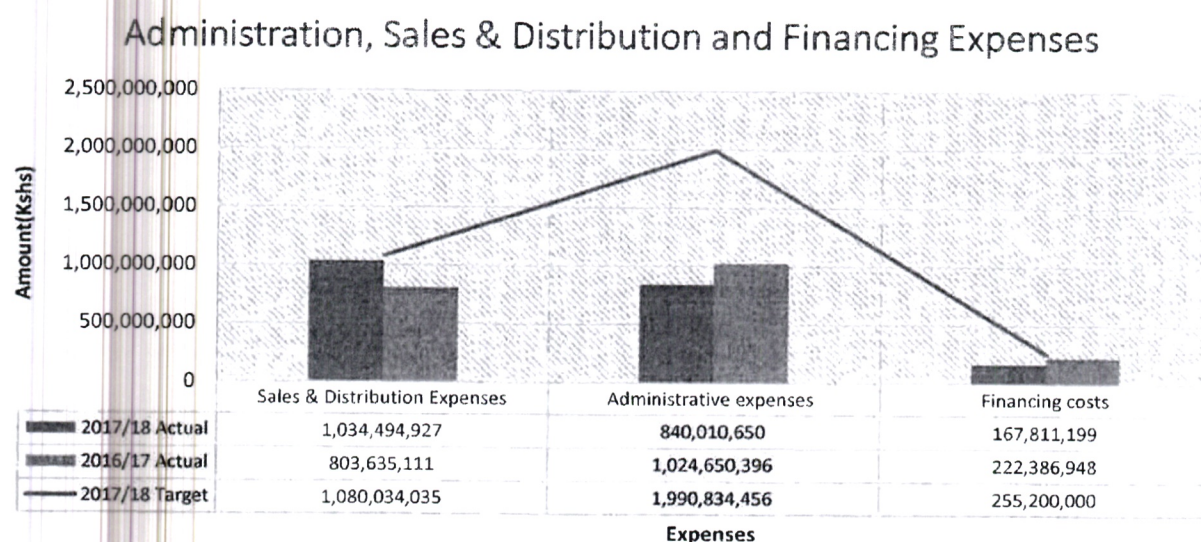
Raw Milk Supplies and Payout for FY 2016/2017

Period	Actual Lts 2016/17	Target Lts 2016/17	2016/17 Actual Payout	2016/17 Target Payout	Actual Average cost/Litre
QTR 1	26,613,401	32,893,450	957,195,957	1,200,610,903	36
QTR 2	25,720,834	43,212,963	931,200,677	1,518,580,913	36
QTR 3	16,586,851	25,798,784	642,858,774	948,105,306	39
QTR 4	14,214,752	27,088,723	623,121,688	1,008,087,479	44
Total	83,135,838	128,993,920	3,154,377,095	4,675,384,601	38

3.2 Administration, Sales & Distribution and Financing Expenses

These expenses have a great impact on the performance of the company. Cost management strategies effected ensured that these expenses were within the budget and continuous progress meant to bring the costs down are in place and the impact will have far-fetched positive results in the company's performance. Below is the analysis of these expenses for the period ended 30th June 2018:

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From the above, it is evident that the expenses for the period under review are marginally lower compared to the previous year's expenses except for selling and distribution expenses. However, all the expenses in the period are lower than the budget.

SECTION B

Entity's compliance with statutory requirements

The Organization is fully compliant of all statutory obligations and there are no major compliance issues that may expose the company

SECTION C

Key projects and investment decisions the entity is planning/implementing

1.	ELDORET FACTORY
	(a) Lagging and cladding of steam, condensate and ice water lines.
2.	DANDORA FACTORY
	(a) Supply, installation and commissioning of Gable top Milk Filling machine.
	(b) Supply, installation of Bottle filling machine.
	(c) Supply, installation and commissioning of yoghurt cup filling machine.
	(d) Supply, installation and commissioning of Fermented Milk processing.
	(e) Roof rehabilitation, Road design and rehabilitation
	SOTIK FACTORY
3.	(a) Supply, installation and commissioning of Aseptic Tetrahedron milk filling machine
4.	OTHERS
	(a) Supply, Installation and Commissioning of refrigerated farm cooling tanks.

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SECTION D

Major risks facing the entity

Capital Risk

The company manages its capital to ensure that it is able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the company consists of cash and cash equivalents, equity attributed to equity holders and debt.

Financial Risk

The company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the company's business and operational risks are an inevitable consequence of being in business. The company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The activities of the company expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

Credit Risk

Credit risk refers to the risk of financial loss to the company arising from a default by counterparty on its contractual obligations. The company's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by debt control unit.

Trade receivables consist of major players in the dairy industry. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee is requested.

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SECTION E

Material arrears in statutory/financial obligations

Material arrears in statutory/financial obligations/contingent liability:						
As At:		30 Sept	31 Dec	31 Mar	30 Jun	Prior Year
Loan Arrears:	Principal	595,685,396	565,605,476	521,215,517	174,117,799.69	644,049,726
	Interest	265,279,898	251,884,240	232,097,269	21,197,371.48	286,818,255
	Total	860,965,294	817,489,716	753,312,786	195,315,171.17	930,867,981
Statutory Obligations:	NSSF	814,751	935,931	783,516	799,766	683,866
	NHIF	1,593,600	1,677,200	1,884,750	1,847,600	1,603,150
	PAYE.	19,804,151	17,819,963	17,001,664	17,462,936	14,263,818
	Corporate Tax.	-	2,450,887	34,701,619	460,977	54,284,824
	Pension.	4,653,638	4,775,891	2,916,591	8,441,559.60	4,562,858

SECTION F

The entity's financial probity and serious governance issues

During the period under review, there was neither any major financial improbity reported nor was there any serious governance issues raised.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Since its registration in 2003, and in appreciation of its reach in virtually all parts of the country, New KCC has endeavored to ensure it has integrated its business operations and guiding values, whereby the interests of all its stakeholders both internal and external are continually reflected in the company's policies and actions.

In acknowledging that our responsibility to our stakeholders goes beyond the boardroom, New KCC has been an active participant in initiatives aimed at improving the livelihoods of communities wherever it operates in the areas of education, environmental preservation, health and sports. To this end, the Company has extended its support in both cash and in-kind towards medical camps, sporting events, environmental clean-up exercises and food drives in times of national emergency.



Students receive milk during a two-day event dubbed 'Mentorthon' which brought together young leaders from various sectors to mentor students pursuing their final year of secondary education

Our aim: To make life's goodness everyday', a reality for all.

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IX. REPORT OF THE DIRECTORS

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

Principal activities

The company's principal activity is buying, processing, selling and distribution of milk and milk products.

Results

The results of the New Kcc Ltd for the year ended June 30, 2018 are set out on page 1-49. Below is summary of the profit or loss made during the year.

	Kshs
Profit Before Taxation	47,099,527
Taxation Charge	(37,907,313)
Profit after Taxation	9,192,214

Dividends

Subject to the approval of the shareholders, the Directors do not recommend the payment of dividends for the year.

Directors

The members of the Board of Directors who served during the year are shown on page II.

Auditors

The Auditor General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Yvonne Masinde
Ag. Company Secretary

Nairobi

Date: 14th FEBRUARY, 2019

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X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Companies Act Chapter 486 require the Directors to prepare financial statements in respect of that company, which give a true and fair view of the state of affairs of the company at the end of the financial year/period and the operating results of the company for that year/period. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the company.

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

The Directors accept responsibility for the company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Companies Act chapter 486. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2018, and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

The Company's financial statements were approved by the Board on _____ 2018 and signed on its behalf by:



Director



Director

Director



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NEW KENYA CO-OPERATIVE CREAMERIES LIMITED FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of New Kenya Co-operative Creameries Limited set out on pages 1 to 50, which comprise the statement of financial position as at 30 June 2018, and the statement of profit and loss and 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 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the New Kenya Co-operative Creameries Limited as at 30 June 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (Accrual Basis) and comply with the Kenya Companies Act, 2015.

Basis for Qualified Opinion

1. Property, Plant and Equipment

As previously reported, property, plant and equipment balance of Kshs.4,122,379,669 as at 30 June 2018 has the following unresolved issues;

- i) Title documents for twenty-two (22) properties with a value of Kshs.853,900,000 whose title documents were not availed for audit verification.
- ii) The property, plant and equipment balance of Kshs.4,122,379,669 excludes four (4) parcels of land and buildings which have not been valued.
- iii) Twenty three (23) disputed unvalued properties were registered in the name of third parties. The company has failed to disclose in the financial statements that the Ethics and Anti-Corruption Commission had cleared two disputed properties; LR No.37/371 and LR No.37/22 situated in Upper Hill, Nairobi which had legally been transferred to third parties.

Report of the Auditor-General on the Financial Statements of New Kenya Co-operative Creameries Limited for the year ended 30 June 2018

- iv) Five (5) acres out 32.94 acres (13.33ha) LR.NO.MN/VI/2860 on which Miritini factory is located have been encroached by squatters some of whom have already put up permanent structures thereby exposing the Company to likely loss of vital property. Although New Kenya Co-operative Creameries Limited (NKCC) has a filed a case in Mombasa ELC case No.183 of 2015 (New Kenya Co-operative Creameries Limited (NKCC) vs Hassan Ali Mboga and Others) seeking the remove of squatters, and stoppage of any other developments on the land, the case is yet to be determined.

Although New Kenya Co-operative Creameries (NKCC) has initiated legal process to recover the disputed properties and has also engaged the National Land Commission and the Ministry of Lands and Housing, the processes are still ongoing.

In view of the foregoing, it has not been possible to confirm the valuation, ownership status and security of property, plant and equipment balance of Kshs.4,122,379,669 as at 30 June 2018.

2. Trade and Other Receivables

Included in trade and other receivables balance of Kshs.1,996,009,658 as at 30 June 2018 is an amount of Kshs.1,628,317,392 reflected in note 18(a) for trade receivables which in turn includes Kshs.379,914,225 relating to receivables from Nakumatt Holding Limited of Kshs.290,839,391 and Uchumi Supermarkets Limited of Kshs.89,074,834. Information available indicates that the companies are either in receivership or liquidation.

Although management has made provisions for these receivables, the value from these companies is therefore doubtful and may not be recovered.

3. Trade and Other Payables

The trade and other payables balance of Kshs.1,790,214,805 as at 30 June 2018 includes an amount of Kshs.25,680,870 which has been outstanding for more than three years. Further, an amount of Kshs.7,302,499 for Contracted Farmers Transport and bank refunds worth Kshs.7,165,926 has been outstanding since 2015. This casts doubt on the validity of the above transactions and the Company's ability to pay its suppliers as and when they fall due.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (Accrual

Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

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 sustainability of services and using the applicable basis of accounting unless the management either intend to have the Company cease operations or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the

compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

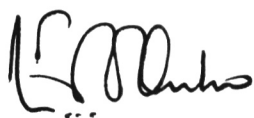
I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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.

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

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

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records;
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records; and
- (iv) In my opinion, the information given in the report of the directors is consistent with the financial statements.



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

Nairobi

29 March 2019

NEW KENYA CO-OPERATIVE CREAMERIES LTD
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For the year ended June 30, 2018

XII. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 Kshs	2017 Kshs
REVENUES			
Sales/Turnover	1	8,769,168,660	9,438,594,580
Grants from National Government		-	-
Gains on Disposal of Non-Financial Assets		-	-
In-Kind Contributions		-	-
Other Income	3	18,328,610	10,012,749
TOTAL REVENUES		8,787,497,271	9,448,607,329
Cost of Sales		6,316,332,168	6,796,495,147
OPERATING EXPENSES			
Administration Costs	4(a)	840,010,650	928,594,496
Selling and Distribution Costs	5	1,034,517,557	906,136,343
Depreciation of property, plant and equipment	12	383,493,823	425,107,626
Amortisation of Leasehold Land	15	16,828,436	16,828,436
TOTAL OPERATING EXPENSES		2,274,850,466	2,276,666,902
OPERATING PROFIT/(LOSS)		196,314,636	375,445,281
Finance Income	7	18,596,090	20,015,522
Finance Costs	8	167,811,199	214,510,914
PROFIT/(LOSS) BEFORE TAXATION		47,099,527	180,949,888
INCOME TAX EXPENSE/(CREDIT)	9	(37,907,313)	26,762,055
PROFIT/(LOSS) AFTER TAXATION		9,192,214	207,711,943
Earnings per share – basic and diluted	10	0.17	3.80
Dividend per share	11	0.07	1.52

NEW KENYA CO-OPERATIVE CREAMERIES LTD
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XIII. STATEMENT OF FINANCIAL POSITION

	Note	2018 Kshs	2017 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	4,122,379,669	2,125,360,155
Intangible assets	13	-	-
Leasehold Land	15	3,728,434,781	773,176,771
Freehold land	14	307,500,000	150,000,000
Investment property	16	6,456,475	6,456,475
Quoted investments		-	-
Staff receivables due after one year		-	-
Total Non-Current Assets		8,164,770,925	3,054,993,513
Current Assets			
Inventories	17	1,660,442,300	1,412,781,371
Trade and other receivables	18	1,996,009,658	1,762,200,310
Tax recoverable		-	-
Short-term deposits	20	6,461,170	309,912,813
Bank and cash balances	21	391,947,315	823,811,610
Total Current Assets		4,054,860,443	4,308,706,103
Total Assets		12,219,631,368	7,363,699,615
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	22	547,028,870	547,028,870
Revaluation reserve		5,653,885,384	2,033,910,448
Fair value adjustment reserve		-	-
Retained earnings		1,919,741,505	1,914,154,923
GOK Grant		957,500,000	770,000,000
Capital and Reserves		9,078,155,760	5,265,094,242
Non-Current Liabilities			
Borrowings	26	311,058,833	459,457,542
Deferred tax liability	27	(153,601,111)	(171,443,078)
Total Non-Current Liabilities		157,457,722	288,014,464
Current Liabilities			
Borrowings	26	193,826,805	184,592,184
Trade and other payables	28	1,790,215,544	1,075,905,798
Related Party Balances	33	702,995,884	2,995,884
Tax Payable	19	29,350,058	10,890,095
Bank Overdraft		201,076,491	469,859,353
Retirement benefit obligations	29	38,765,400	50,930,797
Provision for leave pay	30	27,787,704	15,416,810
Dividends payable		-	-
Total Current Liabilities		2,984,017,886	1,810,590,911
TOTAL EQUITY AND LIABILITIES		12,219,631,368	7,363,699,615

The financial statements were approved by the Board on 27th NOV 2018 and signed on its behalf by:

Managing Director/CEO

Name:

JOHN NIXON

Head of Finance

Name: SAMUEL ICHURA
ICPAK M/NO: 4239

(Signature)

Chairman of the Board

Name: ELIJAH MATHIAH

(Signature)

XIV. STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
At July 1, 2016	547,028,870	2,111,730,760	-	1,706,440,193	-	300,000,000	4,665,199,822
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(77,820,311)	-	-	-	-	(77,820,311)
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Prior year adjustment	-	-	-	2,787	-	-	2,787
Total comprehensive income	-	-	-	207,711,943	-	-	207,711,943
Capital/Development grants received during the year	-	-	-	-	-	470,000,000	470,000,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-
Dividends paid – 2016	-	-	-	-	(-)	(-)	(-)
Interim dividends paid – 2017	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
At June 30, 2017	547,028,870	2,033,910,449	-	1,914,154,923	-	770,000,000	5,265,094,242
At July 1, 2017	547,028,870	2,033,910,449	-	1,914,154,923	-	770,000,000	5,265,094,242
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	3,697,795,246	-	-	-	-	3,697,795,246
Transfer of excess depreciation on revaluation	-	(77,820,311)	-	-	-	-	(77,820,311)
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Prior year adjustment	-	-	-	(305,632)	-	-	(305,632)
Total comprehensive income	-	-	-	9,192,214	-	-	9,192,214
Capital/Development grants received during the year	-	-	-	-	-	187,500,000	187,500,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-

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	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
Dividends paid – 2017	-	-	-	(3,300,000)	(-)	(-)	(3,300,000)
Interim dividends paid – 2018	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
At June 30, 2018	547,028,870	5,653,885,384	-	1,919,741,505	-	957,500,0000	9,078,155,760

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XV. STATEMENT OF CASH FLOWS

	Note	2018 Kshs	2017 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	32 (a)	59,024,380	1,574,695,351
Interest received	7	18,596,090	20,015,522
Interest paid	8	(167,811,199)	(214,510,914)
Dividends paid	32 (e)	(3,300,000)	-
Taxation paid	9	(1,605,473)	(20,098,981)
Net cash generated from/(used in) operating activities		(95,096,202)	1,360,100,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(419,772,796)	(600,577,532)
Net cash generated from/(used in) investing activities		(419,772,796)	(600,577,532)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of new share capital		-	-
Proceeds(Repayment) of borrowings	32 (b)	(139,164,088)	179,725,112
GOK Grant	2	187,500,000	470,000,000
Net cash generated from/(used in) financing activities		48,335,912	649,725,111
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(466,533,086)	1,409,248,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	32 (c)	663,865,080	(745,383,477)
Effects of foreign exchanges rate fluctuations		-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	32 (c)	197,331,994	663,865,080

**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2018**

	Original budget	Adjustments	Revised budget	Actuals	Variance	Explanation/Comments
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Sale of goods	13,048,805,044	-	13,048,805,044	8,769,168,936	(4,279,639,108)	Lower sales volume and Lower Prices than budget due to increase in competition
Sale of services	-	-	-	-	-	
Transfers from the Government	-	-	-	-	-	
Donations in kind						
Finance Income	-	-	-	3,892,517	3,892,517	
Other income	30,000,000	-	30,000,000	18,328,610	(11,671,390)	Lower Rent Collection
Total income	13,078,805,044	-	13,078,805,044	8,791,390,063	(4,287,414,981)	Due to low sales Revenue
Expenses						
Compensation of employees	766,191,170	-	766,191,170	694,764,048	71,427,122	Within Budget
Use of goods and services	9,407,653,422	-	9,407,653,422	6,316,357,805	(3,091,295,617)	Lower Intake of Raw milk
Finance cost	255,200,003	-	255,200,003	167,811,199	87,388,804	
Rent paid	-	-	-	-	-	
Taxation paid	-	-	-	-	-	
Other payments	2,252,482,101	-	2,252,482,101	1,565,360,491	687,121,610	Within Budget
Grants and subsidies paid	-	-	-	-	-	
Total expenditure	12,681,526,696	-	12,681,526,696	8,744,293,543	(3,937,233,153)	
Surplus for the period	397,278,348	-	397,278,348	47,096,520	350,181,828	

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XVII. NOTES TO THE FINANCIAL STATEMENTS

A. GENERAL INFORMATION

New Kcc Ltd is established by and derives its authority and accountability from the Company's Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is buying, processing, selling and distribution of milk and milk products.

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

B. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the company.

The financial statements have been prepared in accordance with the PFM Act 2015; and Companies Act Cap 486, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

C. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard/Amendment to a standard	Effective date	Impact
IFRS 14 <i>Regulatory Deferral Accounts (issued in January 2014)</i>	1 st Jan 2016	The new standard, effective for annual accounting periods beginning on or after 1 January 2016, defines a regulatory deferral account balance and allows entities to continue to apply their existing policy for regulatory deferral account balances, but requires certain disclosures.
Amendments to IFRS 11 titled <i>Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)</i>	1 st Jan 2016	The amendments, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to apply all of the business combinations accounting principles and disclosure in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in

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Standard/Amendment to a standard	Effective date	Impact
		IFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).
Amendments to IAS 16 and IAS 38 titled <i>Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)</i>	1 st Jan 2016	The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.
Amendments to IAS 16 and IAS 41 titled <i>Agriculture: Bearer Plants (issued in June 2014)</i>	1 st Jan 2016	The amendments, define bearer plants – ie living plants which are used solely to grow produce over several periods and usually scrapped at the end of their productive lives (e.g grape vines, rubber trees, oil palms) - and include them within IAS 16's scope while the produce growing on bearer plants remains within the scope of IAS 41.
Amendments to IAS 27 titled <i>Equity Method in Separate Financial Statements (issued in August 2014)</i>	1 st Jan 2016	The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
Amendment to IAS 19 (<i>Annual Improvements to IFRSs 2012–2014 Cycle , issued in September 2014</i>)	1 st Jan 2016	The amendment, clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
Amendment to IFRS 5 (<i>Annual Improvements to</i>	1 st Jan 2016	The amendment adds specific guidance when an entity reclassifies an asset (or a disposal group)

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Standard/Amendment to a standard	Effective date	Impact
<i>IFRSs 2012–2014 Cycle , issued in September 2014)</i>		from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.
Amendment to IFRS 7 (<i>Annual Improvements to IFRSs 2012–2014 Cycle , issued in September 2014</i>)	1 st Jan 2016	The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.
Amendments to IFRS 10, IFRS 12 and IAS 28 titled <i>Investment Entities: Applying the Consolidation Exception</i> (issued in December 2014)	1 st Jan 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
Amendments to IAS 1 titled <i>Disclosure Initiative</i> (issued in December 2014)	1 st Jan 2016	The amendments, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
<i>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12</i>	1 st Jan 2017	The amendments clarify that: • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

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Standard/Amendment to a standard	Effective date	Impact
<i>Disclosure Initiative (Amendments to IAS 7: Statement of Cash flows)</i>	1 st Jan 2017	The amendments' objective is that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.
<i>Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 Disclosure of interests in other entities</i>	1 st Jan 2017	Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with <u>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</u>

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

Standard	Effective Date	Impact
IFRS 16: <i>Leases</i> (issued in January 2016)	1 Jan 2019	The new standard introduces a new lessee accounting model, and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

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

iii) Early adoption of standards

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

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the company's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the company's activities as described below.

- i) **Revenue from the sale of goods and services** is recognized in the year in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognized as Capital in the year in which the company actually receives such grants.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognized in the income statement on receipt.
- vi) **Other income** is recognized as it accrues.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

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.

c) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Buildings	5%
Motor Vehicles	25%
Industrial plant and machinery	12.5%
Office equipment	12.5%
Office Furniture & fittings	12.5%
Computers and accessories	33.3%
Loose tools	12.5%
Cans & crates	33.3%

Freehold land is not depreciated.

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount. The revaluation reserve is being amortized annually at a rate of Kshs.77,820,311 until the earlier of exhausting the amount of the revaluation reserve or another revaluation of assets is undertaken.

d) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years. Included in the figure computers & software is an amount relating to investment in Software/Intangible Asset. With effect from 1st July 2018, the company shall recognize all the related amounts under the Intangible Assets.

e) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

f) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the company, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

g) Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the company are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognized in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

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Lease of land are classified as operating leases. The costs incurred to acquire the land is included in the financial statements as long term prepayments, which is amortized in the profit and loss account on straight line basis over the lease period

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

i) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

j) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

k) Inventories

Stocks are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labor and production overheads whenever appropriate on a weighted average basis. Net realizable value is the price at which the stock can be realized in the normal course of business after allowing for the cost of realization and, where appropriate, the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow moving and defective stocks.

l) 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.

m) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

p) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the company or not, less any payments made to the suppliers.

q) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees. The scheme is administered by an external administrator(Liberty Pensions and britam) and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

r) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

s) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the company operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

t) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly in June 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XV1 of these financial statements.

u) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

E. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the New Kcc Ltd's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The New Kcc Ltd based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the New Kcc Ltd. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 6b.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 SALES/TURNOVER

	2018	2017
	Kshs	Kshs
Gross sales of goods	8,802,918,077	9,482,157,567
Gross sales of services	-	-
Less: Transport Rebates & Discounts	(33,749,416)	(43,562,986)
Total	8,769,168,660	9,438,594,580

2 GRANTS FROM NATIONAL GOVERNMENT

	2018	2017
	Kshs	Kshs
Recurrent grants received	-	-
Capital grants realized (see note below)	187,500,000	470,000,000
Total	187,500,000	470,000,000

Name of the Entity awarding the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	2016-2017 KShs
Ministry of Trade, Industry & Co-operatives	-	-	187,500,000	187,500,000	470,000,000
Total	-	-	187,500,000	187,500,000	470,000,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER INCOME

	2018	2017
	Kshs	Kshs
Sale of tender documents	2,586	170,531
Rent Income	13,071,468	8,840,259
Other miscellaneous receipts	5,254,556	1,001,959
Total	18,328,610	10,012,749

4 (a) ADMINISTRATION COSTS

	2018	2017
	Kshs	Kshs
Staff costs (note 4(b))	366,973,837	322,034,464
Directors' emoluments	12,041,218	13,086,872
Electricity and water	4,496,897	3,454,784
Communication services and supplies	12,224,253	11,231,997
Transportation, travelling and subsistence	105,286,431	97,392,921
Advertising, printing, stationery and photocopying	28,001,276	18,541,786
Rent expenses	5,205,280	2,117,443
Staff training expenses	10,350,079	10,009,535
Hospitality supplies and services	8,005,831	6,967,234
Insurance costs	35,403,713	45,618,809
Bank charges and commissions	20,885,262	15,969,796
Office and general supplies and services	1,892,164	1,019,544
Auditors' remuneration	1,800,000	1,800,000
Legal fees	25,432,601	13,015,504
Consultancy fees	3,931,500	(47,500)
Repairs and maintenance	3,441,258	9,944,543
Provision for bad and doubtful debts	88,390,993	63,807,520
Other operating expenses	106,248,056	292,629,244
Total	840,010,650	928,594,496

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 (b) STAFF COSTS

Salaries and allowances of permanent employees	216,700,532	197,968,832
Wages of temporary employees	14,170,297	7,766,816
Compulsory national health insurance schemes	58,966,639	54,696,014
Compulsory national social security schemes	747,127	382,000
Other pension contributions	8,470,188	7,103,511
Leave pay and gratuity provisions	32,480,842	28,555,262
Staff welfare	35,438,212	25,562,029
Total	366,973,837	322,034,464
The average number of employees at the end of the year was:		
Permanent employees – Management	264	241
Permanent employees – Unionisable	744	708
Temporary and contract employees	904	701
Total	1,912	1,650

5 SELLING AND DISTRIBUTION COSTS

	2018 Kshs	2017 Kshs
Salaries and wages of sales personnel	327,790,211	273,088,435
Marketing and promotional expenses	124,947,245	59,807,778
Sales commissions	-	-
Sales discounts and rebates	-	-
Other selling and distribution costs	581,780,102	573,240,130
Total	1,034,517,558	906,136,343

6 OPERATING PROFIT/(LOSS)

	2018 Kshs	2017 Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs (note 4(b))	366,973,837	322,508,775
Depreciation of property, plant and equipment	400,322,259	441,936,062
Amortization of intangible assets	-	-
Provision for bad and doubtful debts	75,799,239	63,807,520
Directors' emoluments – fees	12,041,218	13,086,872
Auditors' remuneration - current year fees	1,800,000	1,800,000
- prior year under-provision	-	-
Net foreign exchange loss	-	6,637,278
Total	(-)	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 FINANCE INCOME

	2018	2017
	Kshs	Kshs
Exchange gains on foreign current denominated loans	-	-
Exchange gains on short-term bank deposits	-	-
Exchange gains on cash and bank balances	11,692,460	6,386,744
Interest income on government securities	-	-
Interest income on short-term bank deposits	6,903,630	13,628,778
Total	18,596,090	20,015,522

8 FINANCE COSTS

	2018	2017
	Kshs	Kshs
Mpesa Charges	48,205,877	48,229,726
Interest expense on loans	76,444,963	81,858,089
Interest expense on bank overdrafts	43,160,359	84,423,100
Total	167,811,199	214,510,914

9 INCOME TAX (EXPENSE)/CREDIT

Current taxation

	2018	2017
	Kshs	Kshs
Current taxation based on the adjusted profit for the year	(30,377,973)	-
Current tax: prior year under/(over) provision	10,312,627	-
Current year deferred tax charge	(17,841,967)	26,762,055
Prior year under-provision for deferred tax	-	-
Total	(37,907,313)	26,762,055

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after tax of Kshs.9,192,214 (2017: Kshs.207,711,943) by the average number of ordinary shares in issue during the year of 54,702,887 (2017:54,702,887). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

11 DIVIDEND PER SHARE

The Dividend per share of Ksh 0.07 is calculated by dividing 40% of the profit after tax of Kshs.3,676,886 (2017: Kshs.83,084,777) by the average number of ordinary shares in issue during the year of 54,702,887 (2017:54,702,887). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

The board of Directors do not recommend dividends for the year ended 30/06/2018.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 PROPERTY, PLANT AND EQUIPMENT

COST OR VALUATION	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including motor cycles	Computers & related equipment	Furniture & Fittings	Crates & Cans	Equipment & Loose Tools	Capital work in progress	Total
At July 1, 2017	150,000,000	2,538,107,979	2,741,633,902	560,891,333	384,614,041	29,223,899	158,223,864	80,630,579	192,576,200	6,835,901,797
Additions	-	19,093,360	25,408,367	1,753,138	8,520,803	8,364,955	10,856,734	14,851,576	330,923,863	419,772,796
Transfers	-	-	153,024,847		227,620,185	-	-		(380,645,032)	
Disposals	-	-	-	-	-	-	-	-	-	
Revaluation	157,500,000	2,037,795,951								2,195,295,951
At June 30, 2018	307,500,000	4,594,997,290	2,920,067,116	562,644,471	620,755,029	37,588,854	169,080,598	95,482,155	142,855,030	9,450,970,544
DEPRECIATION										
At July 1, 2017	-	1,639,766,110	1,845,128,454	509,153,373	383,392,375	14,374,501	128,224,005	40,502,682	-	4,560,541,500
Charge for the year	-	127,093,273	271,808,138	34,672,947	3,245,482	3,624,980	15,475,536	4,629,016	-	460,549,372
Impairment loss	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-	-	-
At June 30, 2018	-	1,766,859,383	2,116,936,592	543,826,320	386,637,857	17,999,481	143,699,541	45,131,698	-	5,021,090,872
NBV										
At June 30, 2018	307,500,000	2,828,137,907	803,130,525	18,818,151	234,117,172	19,589,373	25,381,057	50,350,457	142,855,030	4,429,879,673

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
12 PROPERTY, PLANT AND EQUIPMENT (Continued)

2017	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including motor cycles	Computers & related equipment	Furniture & Fittings	Crates & Cans	Equipment & Loose Tools	Capital work in progress	Total
COST OR VALUATION										
At July 1, 2016	150,000,000	2,532,173,743	2,348,115,274	563,878,871	*383,363,867	21,546,447	140,564,864	*65,251,119	30,430,080	6,235,324,124
Additions	-	1,654,355	22,961,116	-	1,250,174	7,677,452	17,659,000	12,580,060	539,782,912	603,565,069
Transfers	-	4,279,881	370,557,512	-	-	-	-	2,799,400	(377,636,792)	-
Disposals	-	-	-	(2,987,538)-	-	-	-	-	-	(2,987,538)-
At June 30, 2017	150,000,000	2,538,107,979	2,741,633,902	560,891,333	384,614,041	29,223,899	158,223,864	80,630,579	192,576,200	6,835,901,797
DEPRECIATION										
At July 1, 2016	-	1,513,122,756	1,554,717,276	464,668,152	368,754,748	11,515,558	113,772,350	33,178,782	-	4,059,729,622
Charge for the year	-	126,643,354	290,411,178	44,485,221	14,637,626	2,858,943	14,451,654	7,323,900	-	500,811,877
Impairment loss	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-	-	-
At June 30, 2017	-	1,639,766,110	1,845,128,454	509,153,373	383,392,375	14,374,501	128,224,005	40,502,682		4,560,541,499
NBV										
At June 30, 2017	150,000,000	898,341,869	896,505,448	51,737,960	1,221,667	14,849,398	29,999,859	40,127,897	192,576,200	2,275,360,298

1)Included in property, plant and equipment are 23(Twenty three) properties that were acquired from Kenya Co-operative Creameries (2000) Limited whose ownership is in dispute and are in possession of third parties. The company has initiated legal process on the disputed properties. The directors are of the opinion that the company holds good title to the assets and therefore, no provision has been made in the financial statements to cater for any loss that might arise.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 INTANGIBLE ASSETS

	2018	2017
	Kshs	Kshs
COST		
At July 1	-	-
Additions	-	-
Disposals	(-)	(-)
At June 30 th 2018	-	-
AMORTISATION		
At July 1	-	-
Charge for the year	-	-
Disposals	(-)	(-)
Impairment loss	(-)	(-)
At June 30 th	-	-
NET BOOK VALUE		
At June 30 th	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 FREEHOLD LAND

	2018	2017
Opening valuation	150,000,000	150,000,000
Movements during the year		
Additions	-	-
Transfer from operating lease rentals (note 18)	-	-
Disposals	(-)	(-)
Fair value gains/(losses)	157,500,000	-
Closing valuation	307,500,000	150,000,000
	=====	=====
AMORTISATION		
At July 1	-	-
Charge for the year	-	-
Disposals	(-)	(-)
Impairment loss	(-)	(-)
At June 30	-	-
NET BOOK VALUE		
At June 30 th	307,500,000	150,000,000
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 LEASEHOLD LAND

	2018 Kshs	2017 Kshs
COST		
At July 1	911,089,220	911,089,220
Additions	-	-
Fair value gains/(losses)	2,972,086,000	-
Disposals	(-)	(-)
At June 30	3,883,175,220	911,089,220
AMORTISATION		
At July 1	(137,912,449)	(121,084,013)
Charge for the year	(16,828,436)	(16,828,436)
Transfer to investment property (note 19)	-	-
Disposals	(-)	(-)
At June 30	(154,740,885)	(137,912,449)
NET BOOK VALUE		
At June 30	3,728,434,781	773,176,771

16 INVESTMENT PROPERTY

	2018 Kshs	2017 Kshs
Opening valuation	6,456,475	6,456,475
Movements during the year		
Additions	-	-
Disposals	(-)	(-)
Fair value gains/(losses)	-	-
Closing valuation	6,456,475	6,456,475

Name of entity where investment is held	No of shares			Nominal value of shares/purchase price	Fair value of shares Current year	Fair value of shares Prior year
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Shs	Shs
Uchumi Supermarket	100	0	100	8.41	6,456,475	6,456,475
	100	0	100	8.41	6,456,475	6,456,475

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17 INVENTORIES

	2018	2017
	Kshs	Kshs
Finished Product	688,847,507	650,426,591
Work in Progress	1,426,838	4,516,582
Production Materials	422,209,393	273,949,947
Engineering Stores	497,129,561	438,751,278
Fuel, Oil and Lubricants	20,154,517	14,837,954
Motor vehicle spare parts	17,666,038	20,601,730
Goods in transit	-	-
Stationery and general stores	13,008,445	9,697,290
	1,660,442,300	1,412,781,371

18 (a) TRADE AND OTHER RECEIVABLES

	2018	2017
	Kshs	Kshs
Trade receivables	1,628,317,392	1,558,606,802
Deposits and prepayments	61,893,279	49,413,667
VAT recoverable	567,046,207	350,132,927
Staff receivables	23,224,315	21,006,910
Other receivables	34,752,369	32,645,313
Gross trade and other receivables	-	-
Other: Provision for bad and doubtful receivable	(319,223,904)	(249,605,310)
Net trade and other receivables	1,996,009,658	1,762,200,310

18 (b) TRADE RECEIVABLES

	2018	2017
	Kshs	Kshs
Gross trade receivables	1,628,317,392	1,558,606,802
Provision for doubtful receivables	(319,223,904)	(249,605,310)
	1,309,093,488	1,309,001,492
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	293,857,197	367,219,420
Between 30 and 60 days	119,834,777	306,588,065
Between 61 and 90 days	43,356,752	195,237,475
Between 91 and 120 days	37,625,070	46,222,046
Over 120 days	814,419,693	393,734,486
	1,309,093,488	1,309,001,492

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 (c) STAFF RECEIVABLES

	2018	2017
	Kshs	Kshs
Gross staff loans and advances	23,224,315	21,006,910
Provision for impairment loss	(17,819,769)	(17,428,776)
	5,404,546	3,578,134
Less: Amounts due within one year	(5,404,546)	(3,578,134)
Amounts due after one year	-	-

19 TAX RECOVERABLE

	2018	2017
	Kshs	Kshs
At beginning of the year	(10,890,095)	(30,989,076)
Income tax charge for the year	(30,377,973)	-
Under/(over) provision in prior year/s	10,312,627	-
Income tax paid during the year	1,605,383	20,098,989
At end of the year	(29,350,058)	(10,890,095)

20 SHORT TERM DEPOSITS

	2018	2017
	Kshs	Kshs
Cooperative Bank of Kenya	6,461,170	9,912,813
Kenya Commercial Bank	-	300,000,000
	6,461,170	309,912,813

Example: The average effective interest rate on the short term deposits as at June 30, 2018 was 7.5% (2016: 8.6%).

21 BANK AND CASH BALANCES

	2018	2017
	Kshs	Kshs
Cash at bank	389,140,828	821,275,563
Cash in hand	2,806,487	2,536,047
	391,947,315	823,811,610

The bulk of the cash at bank was held at Cooperative Bank of Kenya and Kenya Commercial Bank, the company's main bankers.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 BANK AND CASH BALANCES (Continued)

The make – up of bank balances and short term deposits is as follows:

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2017-2018	2016-2017
		Kshs	Kshs
a) Current account			
Cooperative Bank		-	-
Kenya Commercial bank		358,384,502	809,354,599
Equity Bank		8,771,635	2,582,201
Standard Chartered Bank		84,714	19,909
Stanbic Bank		813,392	451,764
Cooperative Bank USD A/c		1,918	641
Sub- total		368,056,161	812,409,114
b) Others(specify)		-	-
cash in hand		2,806,487	2,536,048
M pesa		21,084,667	8,866,448
Sub- total		23,891,154	11,402,496
Grand total		391,947,315	823,811,610

22 ORDINARY SHARE CAPITAL

	2018	2017
	Kshs	Kshs
Authorised:		
200,000,000 ordinary shares of Kshs.10 par value each	2,000,000,000	2,000,000,000
Issued and fully paid:		
54,702,887 ordinary shares of Kshs.10 par value each	547,028,870	547,028,870

This is the amount paid by the Government of Kenya to New Kcc 2000 Ltd, now for allotment for ksh 10 per share for 54,702,887 shares

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 REVALUATION RESERVE

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

24 FAIR VALUE ADJUSTMENT RESERVE

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

25 RETAINED EARNINGS

The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

26 (a)BORROWINGS

	2018 Kshs	2017 Kshs
Balance at beginning of the year	644,049,726	464,324,614
External borrowings during the year	-	-
Domestic borrowings during the year	-	300,000,000
Repayments of external borrowings during the year	-	-
Repayments of domestics borrowings during the year	(139,164,088)	(120,274,888)
Balance at end of the year	504,885,638	644,049,726
Less: Amounts due with one year (current portion)	193,826,805	184,592,184
Amounts due after one year (non-current portion)	311,058,833	459,457,542

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 (b)BORROWINGS (Continued)

The analyses of both external and domestic borrowings are as follows:

	2018	2017
	Kshs	Kshs
Domestic Borrowings		
Long Term Loan (co-op Bank)	85,140,000	116,100,000
Loan - Stanbic Asset finance facility	7,382,748	39,019,208
Loan - Co-operative Bank Asset Finance	197,362,890	213,930,518
Long Term Loan (co-op Bank)-Restructured	215,000,000	275,000,000
	504,885,638	644,049,726
Total balance at end of year	504,885,638	644,049,726

27 DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 DEFERRED TAX LIABILITY (Continued)

	2018	2017
	Kshs	Kshs
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	(171,443,078)	(144,681,023)
Credit to revaluation reserve		0
Under provision in prior year	-	-
Income statement charge/(credit)	17,841,967	(26,762,055)
Balance at end of the year	(153,601,111)	(171,443,078)

28 TRADE AND OTHER PAYABLES

	2018	2017
	Kshs	Kshs
Trade payables	1,411,958,801	795,643,503
Accrued expenses	161,838,450	156,874,363
Other payables	216,418,293	123,387,932
	1,790,215,544	1,075,905,798

An amount of Ksh 2,995,884 for the year 2017 has been reclassified as a related party balance and disclosed separately under related party balance (Note 33)

29 RETIREMENT BENEFIT OBLIGATIONS

The entity operates a defined benefit scheme for all full-time employees which is administered externally by Liberty pensions and Britam. The company also operates a gratuity for its senior management who are on contract. The liability at the end of the year is as follows:

	2018	2017
	Kshs	Kshs
Gratuity for senior management	38,765,400	50,930,797

The report from the administrator for the defined benefits scheme as at 31st Dec 2017 is as follows:

	2018	2017
	Kshs	Kshs
Valuation at the beginning of the year	515,442,605	503,163,580
Changes in valuation during the year	57,751,398	12,279,025
Valuation at end of the year	573,195,003	515,442,605

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

Apart from the gratuity liability for senior management, the company has remitted the total contribution to the statutory pension schemes for all the employees.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 PROVISION FOR LEAVE PAY

	2018 Kshs	2017 Kshs
Balance at beginning of the year	15,416,810	15,450,295
Additional provision at end of year	19,265,835	1,797,975
Leave paid out or utilized during the year	(6,894,941)	(1,831,460)
Balance at end of the year	27,787,704	15,416,810

Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year.

31 DIVIDENDS PAYABLE

The balance of dividends payable relates to unclaimed dividends, payable to different ordinary shareholders. The balances are analyzed in annual amount below.

	2018 Kshs	2017 Kshs
Year 2017	-	-
Year 2016	-	-
Year 2015	-	-
Year 2014	-	-
Balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 NOTES TO THE STATEMENT OF CASH FLOWS

	2018	2017
	Ksh	Ksh
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
Operating profit/(loss)	196,314,636	375,445,281
Depreciation	400,322,259	441,936,062
Amortisation	-	-
(Gain)/loss on revaluation	(1,469,586,926)	-
Operating profit/(loss) before working capital changes	(872,956,323)	817,381,343
(Increase)/decrease in inventories	(247,660,929)	746,089,213
(Increase)/decrease in trade and other receivables	(233,809,348)	(279,680,045)
Increase/(decrease) in trade and other payables	1,413,239,191	306,723,894
Increase/(decrease) in retirement benefit obligations	(12,165,398)	(13,705,673)
Increase/(decrease) in provision for staff leave pay	12,370,894	-
Cash generated from/(used in) operations	59,024,380	1,576,808
(b) Analysis of changes in loans		
Balance at beginning of the year	644,049,726	464,324,614
Receipts during the year	-	300,000,000
Repayments during the year	(139,164,088)	(120,274,888)
Repayments of previous year's accrued interest	(-)	-
Foreign exchange (gains)/losses	-	-
Accrued interest	-	-
Balance at end of the year	504,885,638	644,049,726
(c) Analysis of cash and cash equivalents		
Short term deposits	6,461,170	309,912,813
Cash at bank	389,140,828	821,275,562
Cash in hand	2,806,488	2,536,047
Bank Overdraft	(201,076,491)	(469,859,343)
Balance at end of the year	197,331,994	663,865,07

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2018	2017
	Kshs	Kshs
(d) Analysis of interest paid		
Interest on loans (note 10)	75,529,807	81,858,089
Interest on bank overdraft (note 10)	43,160,359	84,423,100
	118,690,166	166,281,189
Interest on loans capitalised	75,529,807	81,858,089
Balance at beginning of the year	644,049,726	464,324,614
Balance at end of the year (note 36(b))	504,885,638	644,049,726
Interest paid	75,529,807	81,858,089
	=====	=====
(e) Analysis of dividend paid		
Balance at beginning of the year	-	-
2015 dividends paid	-	-
2016 dividends paid	3,300,000	-
2017 interim dividends paid	-	-
Balance at end of the year	(-)	(-)
Dividend paid	3,300,000	-
	=====	=====

33 RELATED PARTY DISCLOSURES

(a) Government of Kenya

The Government of Kenya is the principal shareholder of the company, holding 100% of the company's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:
Amount Due to related parties

	2018	2017
	Kshs	Kshs
GOK (Formerly Ministry of special programs)	2,995,884	2,995,884
Strategic Food Reserve Authority	700,000,000	-
Total	702,995,884	2,995,884

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties

	2018	2017
	Kshs	Kshs
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
	=====	=====
b) Grants from the Government		
Grants from National Govt	187,500,000	470,000,000
Grants from County Government	-	-
Donations in kind	-	-
Total	187,500,000	470,000,000
	=====	=====
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
	=====	=====
d) Key management compensation		
Directors' emoluments	12,041,218	13,087,347
Compensation to the CEO	9,345,520	8,880,000
Compensation to key management	65,288,211	49,539,840
Total	86,674,949	71,507,187

34 CAPITAL COMMITMENTS

	2018	2017
	Kshs	Kshs
Amounts authorised and contracted for	460,398,638	553,519,847
Less: Amounts incurred and included in work-in-progress	(142,855,030)	(117,687,295)
	317,543,608	435,832,552
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 CONTINGENT LIABILITIES

	2018	2017
	Kshs	Kshs
Bank guarantees	16,400,000	9,912,813
Legal claims against the entity	97,351,980	92,490,112
	113,751,980	102,402,925

The company is a defendant in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

36 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Receivables from exchange transactions	1,298,279,957	610,197,026	31,332,616	656,750,315
Receivables from non-exchange transactions	698,666,068	698,666,068	-	-
Bank balances	391,941,022	391,941,022	-	-
Total	2,388,887,047	1,700,804,116	31,332,616	656,750,315
At 30 June 2017				
Receivables from exchange transactions	1,298,433,326	663,239,319	241,459,521	393,734,486
Receivables from non-exchange transactions	455,070,442	455,070,442	-	-
Bank balances	1,131,188,365	1,131,188,365	-	-
Total	2,884,692,133	2,249,498,126	241,459,521	393,734,486

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from trade creditors (exchange transactions).

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1- 3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2018				
Trade payables	359,817,999	441,594,431	72,876,436	874,288,866
Current portion of borrowings	-	-	706,002,129	706,002,129
Provisions	-	-	88,390,993	88,390,993
Deferred income	-	-	-	-
Employee benefit obligation	-	-	38,765,400	38,765,400
Total	359,817,999	441,594,431	906,034,958	1,707,447,388
At 30 June 2017				
Trade payables	87,947,214	411,937,383	592,814,277	1,092,698,874
Current portion of borrowings	-	-	1,113,909,069	1,113,909,069
Provisions	-	-	63,807,520	63,807,520
Deferred income	-	-	-	-
Employee benefit obligation	-	-	50,930,797	50,930,797
Total	87,947,214	411,937,383	1,821,461,663	2,321,346,260

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2018			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2017			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
2018			
Euro	10%	-	-
USD	10%	-	-
2017			
Euro	10%	-	-
USD	10%	-	-

c) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs nil (2017: Kshs nil). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs nil (2017 – Kshs nil)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

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

At 30 June 2018				
	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	6,456,475	-	-	6,456,475
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	6,456,475	-	-	6,456,475
	=====	=====	=====	=====
At 30 June 2017				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial assets and liabilities (Continued)

a) Financial instruments measured at fair value (Continued)

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2018				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Property, plant and equipment	-	-	-	-
At 30 June 2017				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year.

b) Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2017-2018	2016-2017
	Kshs	Kshs
Revaluation reserve	5,653,885,384	2,033,910,449
Retained earnings	1,930,885,360	1,887,392,868
Capital reserve	547,028,870	547,028,870
Capital Grant	957,500,000	770,000,000
Total funds	9,089,294,815	5,238,332,187
Total borrowings	705,962,129	1,113,909,069
Less: cash and bank balances	(398,405,478)	(1,133,724,423)
Net debt/(excess cash and cash equivalents)	307,556,651	(19,815,354)
Gearing	3.4%	0.4%

38 INCORPORATION

The entity is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

39 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

40 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

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XVIII.PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and 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.

Reference No. on the external audit Report	Issue/Observations from Auditor (2016/17 audit certificate issues)	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
1(i)	Property, plant and equipment balance of Ksh 2,125,360,155 as at 30th June 2017 includes an amount of Ksh 1,906,927,500 representing the value of forty nine(49) properties whose title documents were not availed for audit verification	The 49 properties relate to the properties that were vested to New Kenya Co-operative Creameries Limited when the Government purchased the same from the previous owners. The said properties had no titles when the same were vested. Some of said properties were only evidenced by letters of allotment or correspondence. NKCC has engaged lawyers to follow on the properties to obtain titles for them. The lawyers have engaged the National Land Commission on this exercise.	Company Secretary	In progress	On going
1(ii)	Property, plant and equipment balance of Ksh 2,125,360,155 as at 30th June 2017 excludes fifteen(15) parcels of land and buildings which were not valued.	The fifteen (15) parcels are listed as disputed properties on account of the properties being transferred to third parties under unclear circumstances. The properties are not in the physical possession of NKCC but are being pursued through the legal process.	Company Secretary	In Progress	On going
1(iii)	Property, plant and equipment balance of Ksh 2,125,360,155 as at 30th June 2017 includes sixteen (16) disputed properties with a value of Ksh 222,500,000 and registered in the name of third parties. However, the valuation report gives a value of Ksh 750,000,000 for the disputed properties.	The book value of Ksh 225,000,000 were indicated around 1999 by a report by Watts Enterprises who had given the Authority to sell the properties on behalf of KCC limited (in Liquidation). The value of Ksh 750,000,000 was arrived at by Regent Land Valuers Limited estimates during the Valuation exercise prepared pursuant to a due diligence exercise undertaken for NKCC.	Company Secretary	In Progress	30.06.2018

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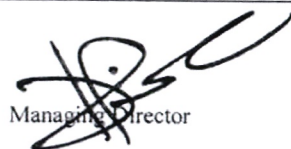
		NKCC is in the process of undertaking a valuation of its properties which is to be done in the financial year 2017/2018			
(iv)	The company failed to disclose in the financial statements that the Ethics and Anti-corruption Commission had cleared two disputed properties LR/NO 37/371 and LR/NO 37/22 situated in Upper hill –Nairobi which had legally been transferred to third parties.	The two properties are part of the disputed properties. Due to circumstances surrounding the transfer NKCC has instructed Advocates to file cases in respect to their transfer for the court to look at the evidence and determine if the transfer was legitimate	Company Secretary	In Progress	On going
(v)	Five(5) acres out of 13.33 ha (32.94 acres) of land L.R No MN/VI/2860 where Miritini Factory is located , has been encroached by squatters some of whom have already put up permanent structures thereby exposing the company to likely loss of vital property .	The company has sued for eviction of the squatters. The case has not been determined by the court	Company Secretary	In Progress	On going
(i)	The balance of Trade receivables and pre-payments includes bounced cheques amounting to ksh 32,645,313 which has remained outstanding for over one year.	The amount of bounced cheques that are long outstanding are being pursued by our debt collectors, in the meantime we reviewed credit policy requirements and included punitive clauses such as need for credit referencing to deter such practices. All cases of bounced cheques are followed up immediately to ensure the company is not exposed going forward.	Company secretary /Chief Manager Finance/Chief Manager Sales & Marketing.	In Progress	On Going
(ii)	The balance of Trade receivables and prepayments includes staff debts amounting to Ksh 21,006,909 out of which an amount of 9,355,033 relates to staff who left the company without payment or recovery.	The company has already instituted legal action against two of former senior staff to recover the amount owed by them. In addition, we wish to clarify further that apart from the cases in court, a number of ex-staff cases have since been referred to debt collectors	Company secretary	In Progress	On going

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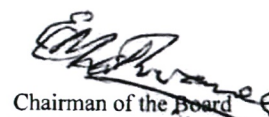
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2(iii)	Included in the balance is an unreconciled and unexplained credit balance amounting to Ksh 28,663,393.	These balances mostly relate to un-reconciled payments from the older customer debts with the debits (invoices) in separate accounts. We embarked on an exercise to reconcile the old milk agent's balances to ensure matching of the payment receipts and invoices .	Chief Manager Finance	In Progress	On going
3	Trade payables and accruals balance of Ksh 1,078,901,682 as at 30 th June 2017 includes an amount of Kshs 26,663,393 which has remained outstanding for more than one year.	The bulk of these cases relate to supplier balances with pending and ongoing court cases. The rest are balances owed to suppliers who failed to provide proper invoices (Non ETR Invoices) and other with partially supplied LPOS. Nkcc has an internal control measure in payables where payments are only processed -only where supplies attain a threshold of 90% of the local Purchase Order. Such payments have since been settled after all the required documents and the order fully supplied.	Chief Manager Finance	Resolved	30 th June 2017


Managing Director

Date.....


Chairman of the Board

Date.....

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X1X. APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY

	Project	Total Project Cost	Completion % end of June	Remarks
1	Supply, installation of Bottle filling machine - Dandora Factory NKCC/066/2016-17	KES. 49,601,600	50%	Ongoing. Expected on site in November 2018
2	Supply, installation and commissioning of yoghurt cup filling machine - Dandora Factory NKCC/067/2016-17	KES. 34,637,600	50%	Ongoing. Expected on site in November 2018
3	Supply, installation and commissioning of Fermented Milk processing line - Dandora Factory NKCC/068/2016-17	KES. 76,823,884	50%	Machines expected at the Factory on 13/07/2018
4	Supply, installation and commissioning of Aseptic Tetrahedron milk filling machine (TCA) - Sotik Factory NKCC/070/2016-17	Euros. 661,215 (KES. 72,932,000)	100%	Completed Installed and Commissioned
6	Supply, Installation and Commissioning of refrigerated farm cooling tanks - Countrywide NKCC/064/2010-11	USD. 615,940	99%	17 out of 20 Sites Completed <u>Pending sites:</u> Sosiot , Londiani Tinderet. Londiani to be commissioned by August 2018
7	Roof rehabilitation Road design and rehabilitation – Dandora Factory NKCC/078/2016-17	KES. 72,002,767	75%	➤ Roof works 90% complete ➤ Road works 60% complete
8	Construction of a Customer Care Center – Kenyatta National Hospital NKCC/052/2014-15	KES. 4,685,280	99%	awaiting handing over
9	Supply, installation and commissioning of Refrigeration compressor - Dandora Factory NKCC/056/2016-17	KES. 17,479,757	75%	Delivered to site and installation in progress

XX1. APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/Expended					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Trade, Industry & Cooperatives	09/05/2017	Development	235,000,000	-	235,000,000	-	-	-	235,000,000
Ministry of Trade, Industry & Cooperatives	22/11/2016	Development	160,000,000	-	160,000,000	-	-	-	160,000,000
Ministry of Trade, Industry & Cooperatives	22/11/2016	Development	75,000,000	-	75,000,000	-	-	-	75,000,000
Ministry of Trade, Industry & Cooperatives	13/10/2017	Development	62,500,000	-	62,500,000	-	-	-	62,500,000
Ministry of Trade, Industry & Cooperatives	23/11/2017	Development	62,500,000	-	62,500,000	-	-	-	62,500,000
Ministry of Trade, Industry & Cooperatives	18/05/2018	Development	62,500,000	-	62,500,000	-	-	-	62,500,000
Total			957,500,000	-	957,500,000	-	-	-	957,500,000