

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



**NYAYO TEA ZONES DEVELOPMENT CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE 2016**

**(Prepared in accordance with International Financial Reporting  
Standards)**

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

23 FEB 2017

**RECEIVED**

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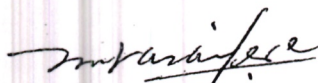
## CHAIRMAN'S STATEMENT

I am pleased to present to you the Annual Report and financial statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2016. The tea industry recorded improved performance during the period attributed to favorable weather which led to higher production volumes. However, despite slight improvement compared to the previous year tea prices remained depressed.

Production increased by 8% to 28 million kilograms compared to the previous year which was attributed to favorable weather conditions in our tea growing areas as coupled with good agronomy practices. The Corporation continued to invest in order to increase capacity through additional green leaf carriers, quality inputs and improvement of young tea bushes which increased our mature fields. We also continued to partner with communities in areas of operation to expand leaf collection centers, repair and maintenance of access roads and labour relations to ensure continued supply of workers.

We continue to be optimistic that the prices will improve in future to average of at least 3.00 US dollars. We also continue to expand our markets locally and through private buyers in the international markets. We expect our production of green leaf volumes to continue on an upward trajectory provided weather conditions allow. All other factors remaining constant we hope to record a higher profit in the next financial year.

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



Mathew Iteere  
CHAIRMAN

Date 13/02/2017

## MANAGING DIRECTOR'S STATEMENT

### General

I am delighted to present to you the Annual Report and financial statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2016.

### Financial Results

The Corporation's performance improved during the year in terms of growth in volumes, revenues and profits. The revenue per kilogram received from green leaf improved to an average of Ksh. 44 compared to Ksh. 34 in the previous year. Total revenues from sale of green leaf and processed tea from our factory rose by 14% to Ksh. 1,535 million compared to previous year. Direct costs decreased by 15% to Ksh. 596 million while indirect costs increased by 2.4% to Ksh. 607.7 million compared to the previous year. Overall net profit increased to Ksh. 365.2 million compared to Ksh. 85.6 million in the previous year.

### Operations

Green leaf production increased by 8% to 28 million kilograms compared to the previous year which was attributed to favorable weather conditions in our tea growing areas as well as good agronomical practices.

Kipchabo Tea Factory received 11,126,318 Kgs of green leaf which is a decrease of 14% compared 12,928,567 Kgs in the previous year. Out of the total green leaf received by the factory, out growers contribution was 2,570,162 Kgs which is 23% while the rest was collected from Nyayo Tea Zones in the factory catchment namely Nandi, Kakamega and Kaptarakwa Zones.

Processed tea volumes by the factory decreased by 8% to 2,606,380 Kgs compared to 2,842,849 Kgs in the previous year giving an outturn of 23% (2014/2015 – 22.6%).

**Future outlook**

The Corporation expects improvement in green leaf production due to anticipated favourable weather in tea growing regions. Tea prices in the global market are expected to improve in future and this will boost the Corporation's revenues for both green leaf and processed Tea which will generate additional revenue and cushion the Corporation against auction price fluctuations. The Corporation also expects growth in local market share for its branded teas through the commercial unit.

**Appreciation**

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



**Peter Korir**  
**MANAGING DIRECTOR**

Date..... 13/02/2017

**CORPORATE INFORMATION****Directors:**

- Mr. Mathew Iteere – Chairman – Re-appointed to the board in 2016
- Mr. Peter K. Korir - Managing Director - appointed to the board in 2012
- Ms. Angeline M. Savala – Member - appointed to the board in 2009, left Sep 2015
- Ms. Faith Boinett – Member - appointed to the board in 2009, left Sep 2015
- Mr. John N. M. Nyaga – Member - appointed to the board in 2009, left Sep 2015
- Mr. Kibiwott Ruto – Member - appointed to the board in 2012, left Sep 2015
- Mrs Naomi Wanja Kathurima – Appointed to the board in 2015
- Dr Wilson Soi – Member - appointed in April 2015
- Mr. George Kibiru – Member - appointed in Oct 2015
- Ms Hellen Nyatuka – Member - appointed in Oct 2015
- Mr. Raymond Kemei – Member - appointed in Oct 2015
- Mr. Clement Muyesu - Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries) appointed to the board in 2014
- Mr. James Aloyo – Member (Alternate to Principal Secretary Treasury)

**Registered Office and Principal place of Business:**

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








**Auditors:**

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

**Bankers:**



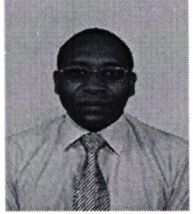

Kenya Commercial Bank Ltd  
Kipande House Branch  
P.O. Box 30012  
NAIROBI

**BOARD OF DIRECTORS**

	 <b>Mathew Iteere (MGH, CBS, OGW, DCO)</b> – Chairman	<p>Mr. Iteere is 55 years old and joined the board in February 2013. Prior to joining the board, he was the Commissioner of Police of Republic of Kenya from 2009 to 2012. Mr Iteere holds a Diploma in Education.</p>
2	 <b>Peter K. Korir – Managing Director</b>	<p>Mr. Peter Korir is 47 years and joined the board in November 2012. He holds a Bachelor of Science degree in Mathematics from Egerton University and MBA (Strategic Management) from University of Nairobi. He is also a graduate of IESE Business school in Advanced Management. He has over 20 years’ experience in management having previously worked with East African Portland Cement and Unilever Kenya in various management positions.</p>
3	 <b>Angeline M. Savala – Member</b>	<p>Ms Savala is 52 years old and joined the board in 2009. She holds a doctorate in Religion and Philosophy from Masinde Muliro University of Science and Technology. She left the board in September 2015.</p>
4	 <b>Faith Jepkemboi Boinett – Member</b>	<p>Ms Boinett is 35 years old and joined the board in 2009. She holds a Bachelor of Laws degree (LLM). She is an advocate of the High Court of Kenya based in Eldoret. She also sits in the Board of Kenya Pipeline Company. She left the board in September 2015.</p>
5	 <b>Naomi W. Kathurima – Member</b>	<p>Ms Kathurima is 51 years old and joined the board in April 2015. He holds a Masters degree in Education and is currently pursuing Phd degree in early childhood education. She is a lecturer at Kenyatta University school of Education.</p>
6	 <b>Kibiwott Ruto – Member</b>	<p>Mr. Ruto is 53 years old and joined the board in 2012. He holds a Bachelor of Science degree in Business Administration and is a Certified Public Accountant. He previously worked as an accountant in the corporation. He is in private business. He left the board in September 2015.</p>
7	 <b>John N. M. Nyaga – Member</b>	<p>Mr Nyaga is 78 years old and joined the board in 2009. He holds a Master of Science degree in Management and Organizational Development He is a former Mayor and Town Clerk of Embu Municipal Council and a retired civil servant. He is currently pursuing a doctorate degree in marketing from the University of Nairobi. He left the board in September 2015.</p>
8	<p><b>Clement Muyesu – Member (Alternate to Principal Secretary Ministry of Agriculture Livestock &amp; Fisheries)</b></p>	<p>Mr. Muyesu is 55 years and joined the board in 2014. He represents the Principal Secretary Ministry of Agriculture Livestock &amp; Fisheries in the board during the year. He holds Bsc degree in agriculture. He is currently assistant Director in the Ministry of Agriculture Livestock &amp; Fisheries, State Department of Agriculture</p>
9	<p><b>James Aloyo – Member (Alternate to Principal Secretary Treasury)</b></p>	<p>Mr. Aloyo represented the Principal Secretary, The Treasury in the board during the year</p>
10	<p><b>Hellen K. Nyatuka - Member</b></p>	<p>Ms Nyatuka is 34 years and was appointed to the Board in April 2015. She holds Bsc in Computer Science and Diploma in Project Management. She is currently a program manager with Calvary Covenant Community Centre and has over 13 years working with NGOs</p>

11	<b>Raymond K. Kemei – Member</b>	Mr. Kemei is 44 years old and joined the board in October 2015. He holds M degree in strategic management and BA degree in economics. He also has diploma in project management. He is currently a production manager with KTDA and has over 15-year experience in tea industry
12	<b>George N. Kibiru - Member</b>	Mr. Kibiru is 44 years old and joined the board in October 2015. He holds Bcom degree and is a Certified Public Accountant, CPA(K) and a Certified Public Secretary CPS(K). He is currently a consultant in finance, auditing and tax with Njagi & Associates and has over 18 years' experience in finance and auditing
13	<b>Dr. Wilson K. Soy</b>	Dr. Soy is 59 years old and joined the board in October 2015. He holds a Phd in Business Administration, MBA and BBA degrees. He is Currently a consultant with Leadstar Africa Consult Ltd as well as a part-time lecturer. He has over 30 years' experience in tea industry.

#### MANAGEMENT TEAM

1	 <p><b>Peter K. Korir – Managing Director</b></p>	Mr Peter Korir is 47 years and joined the board in November 2012. He holds a Bachelor of Science degree in Mathematics from Egerton University and MBA (Strategic Management) from University of Nairobi. He is also a graduate of IESE Business school in Advanced Management. He has over 20 years' experience in management having previously worked with East African Portland Cement and Unilever Kenya in various management positions.
2	 <p><b>Samuel Njire – Head of Finance</b></p>	Mr Samuel Njire joined the corporation in 2009 and is the Head of Finance. He holds a Bachelor of Commerce (Accounting) and MBA (Finance) degrees from University of Nairobi. He is also a certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) He is responsible for overall financial stewardship of the corporation. He has over 21 years' experience in finance in both public and private institutions
3	 <p><b>Charles Mucheke – Head of Operations</b></p>	Mr Charles Mucheke joined the Corporation in 2004 and is the Head of Operations. He holds a Bachelor of Science (Agriculture) and MBA (Operations Management) degrees from University of Nairobi. He is responsible for all agronomy operations in the Corporation. Prior to joining the Corporation, he worked with KTDA and has over 21 years' experience in the tea industry.
4	 <p><b>William Togom – Head of Human Resource and Administration</b></p>	Mr Togom joined the corporation in 1996 and is the head of human resources and administration. He holds a Bachelor of Arts degree in Anthropology. He has over 20 years' experience in human resource and administration.



David Chepkwony – Head of Commercial

Mr Chepkwony is 45 years old and joined the corporation in 2014 as head of commercial unit. He holds a Bachelor of Commerce degree in Marketing. Prior to joining the Corporation, he worked with Ketepa, Del Monte Kenya Ltd, Reckitt Benckiser EA Ltd & Unilever Kenya Ltd and has over 18 years' experience in sales and marketing.

#### STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is the manner in which the power of, and the power over a company is exercised in the stewardship of its assets and resources so as to enhance and sustain shareholders' value while at the same time satisfying the needs and interests of all its stakeholders. The Corporation recognizes that corporate governance is a shared responsibility and as such accords the shareholders opportunity to exercise their responsibility for safeguarding and propagating their interests by participating in its affairs, as appropriate, to ensure it is well governed.

The Corporation conducts its operations in accordance with recommended principles of good corporate governance as provided in Public officers and ethics Act as well as Public Financial Management Act 2015. All the board members except the Managing Director are non-executive and are appointed for a renewable term of 3 years for a maximum of 2 terms.

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

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

#### STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

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

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

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

#### REPORT OF THE DIRECTORS

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

#### Incorporation

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

#### Principal Activity

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

**Results**

	<b>2015/2016 (Ksh)</b>	<b>2014/2015 (Ksh)</b>
Profit / (Loss) before tax	365,155,506	85,575,031
Net Profit/ (Loss) for the year	<u>365,155,506</u>	<u>85,575,031</u>

**Directors**

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

**Auditors**

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

By order of the Board



Peter Komr  
Managing Director

Date..... 13/02/2017

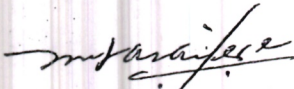
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

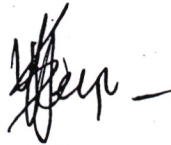
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the legal requirements.

The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



**Mathew Iteere**  
Chairman



**Peter Korir**  
Managing Director

Date 13/02/2017

Date 13/02/2017



# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NYAYO TEA ZONES DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying consolidated financial statements of Nyayo Tea Zones Development Corporation and its subsidiary set out on pages 1 to 16, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of comprehensive income, statement of changes in general fund and statement of cash flows 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 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.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material

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*Report of the Auditor-General on the Financial Statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2016*

misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1. Property, Plant and Equipment**

- (i) Land and buildings' balance of Kshs.338,830,667 as at 30 June 2016 disclosed under Note 7 to the financial statements excludes an undetermined value of one (1) parcel of land located in Elgeyo/Markwet County and measuring 66 hectares. According to available information, the land which is fully developed and with tea bushes has been illegally excised by an individual. No evidence has been provided by management showing the actions being taken to recover the land.
- (ii) Motor vehicles' net book value of Kshs.95,027,441 disclosed similarly under Note 7 includes an amount of Kshs.3,984,000 (Cost:2014/2015 – Kshs.4,980,000) in respect of a vehicle, registration No.KCA 022F, which was stolen in February 2016. The motor vehicles balance of Kshs.95,027,441 is, therefore, misstated with the value of the stolen vehicle.

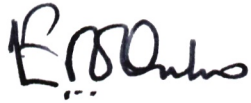
#### **2. Long Outstanding Imprests**

Trade and other receivables' net balance of Kshs.845,477,753 excludes outstanding imprests of Kshs.2,604,345 from former employees that have been outstanding since 1990's. Although management has made a full provision for these debts whose recovery remains doubtful, no evidence showing the action taken to recover the imprests has been provided for audit verification.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Nyayo Tea Zones Development Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then

ended, in accordance with International Financial Reporting Standards and comply with the Nyayo Tea Zones Development Corporation Order, 2002.



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

**Nairobi**

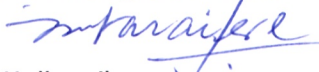
**22 March 2017**

Consolidated Statement of Profit & Loss and Other Comprehensive Income  
For the Period Ended 30th Jun 2016

	Notes	2015/2016 Kshs	2014/2015 Kshs
Turnover	2 (a)	1,535,202,642	1,350,744,810
Cost of Production	2 (b)	(596,081,842)	(702,109,502)
<b>Gross Profit</b>		<b>939,120,800</b>	<b>648,635,308</b>
Employment Expenses	3 (a)	(311,266,658)	(286,445,327)
Administrative Expenses	3 (b)	(88,857,815)	(154,323,229)
Board Expenses	3 (c)	(12,693,728)	(10,578,613)
Other Operating Expenses	4	(177,465,394)	(114,365,017)
		(279,016,937)	(565,712,187)
<b>Operating Profit Before finance Costs</b>		<b>348,837,205</b>	<b>82,923,121</b>
Finance Costs	5	(17,371,795)	(27,844,871)
<b>Profit before Exceptional Item</b>		<b>331,465,410</b>	<b>55,078,250</b>
Other income	2(c)	33,690,097	30,496,781
<b>Net profit/(loss) for theyear</b>		<b>365,155,506</b>	<b>85,575,031</b>

	Notes	2015/2016 Kshs	2014/2015 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Biological Assets	6	751,119,949	1,534,278,950
Bearer Plants	7 (a)	1,140,718,314	-
Property, Plant & Equipments	7 (b)	1,249,925,644	1,248,986,209
Survey & Mapping	8	-	249,439,200
Long Term Investments	9	63,634,670	60,995,485
		<b>3,205,398,576</b>	<b>3,093,699,844</b>
<b>Current Assets</b>			
Inventories	10	144,141,704	69,485,034
Trade & Other Receivables	11	845,477,753	621,752,248
Cash & Cash Equivalents	12	141,777,118	227,401,331
		<b>1,131,396,575</b>	<b>918,638,614</b>
		<b>4,336,795,151</b>	<b>4,012,338,458</b>
<b>GENERAL FUND &amp; LIABILITIES</b>			
<b>General Fund</b>			
Accumulated Fund/Shareholding	13	1,207,068,970	1,147,068,970
Donor Grants	13	741,760,713	741,760,713
Reserves	13	2,185,299,916	1,820,144,410
		<b>4,134,129,598</b>	<b>3,708,974,092</b>
<b>Long Term Loans</b>			
UBA Bank Kenya Loan	14	100,924,825	87,135,957
		<b>100,924,825</b>	<b>87,135,957</b>
<b>Current Liabilities</b>			
Long Term Loan due within the year	14	23,128,912	51,085,630
Trade Creditors	15	53,739,786	34,182,916
Accruals	16	24,872,031	130,959,864
		<b>101,740,728</b>	<b>216,228,410</b>
		<b>4,336,795,151</b>	<b>4,012,338,458</b>

The financial statements were approved by the Board of Directors on.....13/02/2017  
 and were signed on its behalf by:-

  
**Mathew Iteere**  
 Chairman

  
**Peter Korir**  
 Managing Director

	Notes	2015/2016 Kshs	2014/2015 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Biological Assets	6	751,119,949	1,534,278,950
Bearer Plants	7 (a)	1,140,718,314	-
Property, Plant & Equipments	7 (b)	487,860,384	461,713,287
Survey & Mapping	8	-	249,439,200
Long Term Investments	9	872,906,188	870,267,003
		<b>3,252,604,835</b>	<b>3,115,698,439</b>
<b>Current Assets</b>			
Inventories	10	21,849,768	20,018,507
Trade & Other Receivables	11	872,165,756	710,769,996
Cash & Cash Equivalentents	12	132,712,767	141,084,795
		<b>1,026,728,290</b>	<b>871,873,298</b>
<b>Total Assets</b>		<b>4,279,333,125</b>	<b>3,987,571,737</b>
<b>GENERAL FUND &amp; LIABILITIES</b>			
<b>General Fund</b>			
Accumulated Fund/Shareholding	13	1,207,068,970	1,147,068,970
Donor Grants	13	741,760,713	741,760,713
Reserves	13	2,169,115,200	1,840,827,348
		<b>4,117,944,883</b>	<b>3,729,657,031</b>
<b>Long Term Loans</b>			
UBA Bank Kenya Loan	14	100,924,825	87,135,957
		<b>100,924,825</b>	<b>87,135,957</b>
<b>Current Liabilities</b>			
Long Term Loan due within the year	14	23,128,912	51,085,630
Trade Creditors	15	24,060,071	8,675,179
Accruals	16	13,274,434	111,017,942
		<b>60,463,417</b>	<b>170,778,750</b>
<b>General Fund and Liabilities</b>		<b>4,279,333,125</b>	<b>3,987,571,738</b>

	Notes	2015/2016 Kshs	2014/2015 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipments	7	762,065,260	787,272,923
		<b>762,065,260</b>	<b>787,272,923</b>
<b>Current Assets</b>			
Inventories	10	122,291,937	49,466,527
Trade & Other Receivables	11	74,452,805	70,432,405
Cash & Cash Equivalents	12	9,064,351	86,316,536
		<b>205,809,093</b>	<b>206,215,467</b>
<b>Total Assets</b>		<b>967,874,353</b>	<b>993,488,390</b>
<b>GENERAL FUND &amp; LIABILITIES</b>			
<b>General Fund</b>			
Accumulated Fund/Shareholding Reserves	13	809,271,518	809,271,518
	13	16,184,715	(20,682,939)
		<b>825,456,233</b>	<b>788,588,579</b>
<b>Current Liabilities</b>			
Trade Creditors	15	130,820,523	184,957,889
Accruals	16	11,597,597	19,941,923
		<b>142,418,120</b>	<b>204,899,812</b>
<b>General Fund and Liabilities</b>		<b>967,874,353</b>	<b>993,488,391</b>

Nyayo Tea Zones Development Corporation  
 Statement of Profit & Loss and Other Comprehensive Income  
 For the Period Ended 30th Jun 2016

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		<b>2015/2016</b>	<b>2014/2015</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
Turnover	2 (a)	1,235,015,375	863,375,619
Cost of Production	2 (b)	<u>(480,040,792)</u>	<u>(396,882,561)</u>
<b>Gross Profit</b>		<b>754,974,583</b>	<b>466,493,059</b>
Employment Expenses	3 (a)	(264,834,270)	(251,905,675)
Administrative Expenses	3 (b)	(40,553,026)	(92,245,145)
Board Expenses	3 (c)	(12,693,728)	(10,578,613)
Other Operating Expenses	4	<u>(122,207,204)</u>	<u>(61,196,505)</u>
		(175,453,958)	(415,925,938)
<b>Operating Profit Before finance Costs</b>		<b>314,686,354</b>	<b>50,567,121</b>
Finance Costs	5	<u>(17,371,795)</u>	<u>(13,619,760)</u>
<b>Profit before Exceptional Item</b>		<b>297,314,559</b>	<b>36,947,361</b>
Other income	2(c)	<u>30,973,293</u>	<u>10,631,876</u>
<b>Net profit/(loss) for theyear</b>		<b>328,287,852</b>	<b>47,579,237</b>

## Statement of Profit &amp; Loss and Other Comprehensive Income

For the Period Ended 30th Jun 2016

		2015/2016	2014/2015
	Notes	Kshs	Kshs
Turnover	2 (a)	561,149,720	619,606,886
Cost of Production	2 (b)	<u>(377,003,502)</u>	<u>(437,464,637)</u>
<b>Gross Profit</b>		<b>184,146,218</b>	<b>182,142,249</b>
Employment Expenses	3 (a)	(46,432,388)	(34,539,653)
Administrative Expenses	3 (b)	(48,304,789)	(62,078,084)
Board Expenses	3 (c)	-	
Other Operating Expenses	4	<u>(55,258,190)</u>	<u>(53,168,512)</u>
		<b>(149,995,367)</b>	<b>(149,786,249)</b>
<b>Operating Profit Before finance Costs</b>		<b>34,150,850</b>	<b>32,356,000</b>
Finance Costs	5	<u>-</u>	<u>(14,225,111)</u>
<b>Profit before Exceptional Item</b>		<b>34,150,850</b>	<b>18,130,889</b>
Other income	2(c)	<u>2,716,804</u>	<u>19,864,905</u>
<b>Net profit/(loss) for theyear</b>		<b>36,867,654</b>	<b>37,995,794</b>

**CONSOLIDATED STATEMENT OF CHANGES IN THE GENERAL FUND**

**2015/2016**

	Accumulated Fund Kshs	Donor Grants Kshs	Revenue Reserves Kshs	Total Kshs
As at 1 July 2014	1,147,068,970	755,842,591	1,739,569,379	3,642,480,940
GOK Grant (ADB Loan) 2014/2015		(14,081,878)		(14,081,878)
Dividends paid			(5,000,000)	(5,000,000)
Net Profit for the year			85,575,031	85,575,031
<b>As at 30 June 2015</b>	<b>1,147,068,970</b>	<b>741,760,713</b>	<b>1,820,144,409</b>	<b>3,708,974,092</b>
GOK Capital Contribution	60,000,000			60,000,000
Net Profit for the year			365,155,506	365,155,506
Proposed Dividend (5% of Profits)			(18,257,775)	(18,257,775)
<b>As at 30 June 2016</b>	<b>1,207,068,970</b>	<b>741,760,713</b>	<b>2,167,042,140</b>	<b>4,132,062,005</b>

**2014/2015**

	Accumulated Fund Kshs	GOK Grant (ADB Loan) Kshs	Revenue Reserves Kshs	Total Kshs
As at 1 July 2013	1,147,068,970	763,235,323	1,703,674,016	3,613,978,309
GOK Grant (ADB Loan) 2013/2014		(7,392,733)		(7,392,733)
Net Profit for the year			35,895,363	35,895,363
<b>As at 30 June 2014</b>	<b>1,147,068,970</b>	<b>755,842,591</b>	<b>1,739,569,379</b>	<b>3,642,480,940</b>
GOK Grant (ADB Loan) 2014/2015		(14,081,878)		(14,081,878)
Dividends paid			(5,000,000)	(5,000,000)
Net Profit for the year			85,575,031	85,575,031
<b>As at 30 June 2015</b>	<b>1,147,068,970</b>	<b>741,760,713</b>	<b>1,820,144,409</b>	<b>3,708,974,092</b>

**CONSOLIDATED CASHFLOW STATEMENT**

	Note	2015/2016 Kshs	2014/2015 Kshs
<b>Cashflow from Operating Activities</b>			
Operating Profit (Loss)		365,155,506	85,575,031
Dividend income	2 (c)	(1,055,450)	(550,896)
Exchange gain/loss	2 (c)	(2,716,804)	-
Depreciation of Fixed Assets	7	102,768,731	94,400,481
Amortization of bearer plants	6	52,290,076	-
<b>Profit Before Working Capital Changes</b>		<b>516,442,059</b>	<b>179,424,616</b>
(Decrease) / Increase in Debtors & Prepayments	11	(223,725,504)	(222,417,807)
Increase / (Decrease) in Creditors & Accruals	15 & 16	(114,487,681)	79,283,793
Decrease / (Increase) in Stock	10	(1,831,261)	(891,868)
Decrease / (Increase) - Kipchabo	10	(72,825,410)	112,933,100
<b>Net Changes in working Capital</b>		<b>(412,869,856)</b>	<b>(31,092,782)</b>
<b>Net Cash Generated from Operating Activities</b>		<b>103,572,204</b>	<b>148,331,834</b>
<b>Cashflows used in Investing Activities</b>			
Dividends received	2 (c)	1,055,450	550,896
Long-Term Investment in K.T.D.A Factories	9	(2,639,184)	(1,372,488)
Direct acquisition of biological assets	6	(13,203,314)	-
Bearer plants costs	7 (a)	(147,206,875)	(64,949,762)
Purchase of Fixed Assets	7 (b)	(103,708,165)	(37,541,561)
<b>Net Cash (Used) in Investing Activities</b>		<b>(265,702,089)</b>	<b>(103,312,915)</b>
<b>Cashflows (Used) in Financing Activities</b>			
GOK Contribution		60,000,000	-
Grant	13	-	(14,081,878)
UBA Loan	5	13,788,868	(64,504,520)
Dividends Paid		-	(5,000,000)
<b>Net Cash from/(Used) in Financing Activities</b>		<b>73,788,868</b>	<b>(83,586,398)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(88,341,017)</b>	<b>(38,567,480)</b>
<b>Movement in Cash and Cash Equivalents</b>			
At 1 July 2015	12	227,401,331	265,968,811
Effect of exchange gain on cash & cash equivalent		2,716,804	-
Increase/(Decrease) in the year		(88,341,017)	(38,567,480)
<b>At 30 June 2016</b>	<b>12</b>	<b>141,777,118</b>	<b>227,401,331</b>

**Nyayo Tea Zones Development Corporation**  
**Reports and Accounts for the Year Ended 30th Jun 2016**

**NOTES TO THE ACCOUNTS**

**1. Summary of Significant Accounting Policies**

**(a) Statement of compliance and basis of preparation**

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

**(b) Revenue Recognition**

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

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

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

**(c) Property Plant & Equipment**

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

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

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

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

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

**(e) Bearer Plants**

Bearer plants are measured as property plant and equipment and amortized at 5% annually on reducing balance.

**Nyayo Tea Zones Development Corporation**  
**Reports and Accounts for the Year Ended 30th Jun 2016**

**NOTES TO THE ACCOUNTS (Continued)**

**(f) Inventories**

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

**(g) Trade and other receivables**

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

**(h) Trade Payables (Creditors) and Accruals**

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

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

**(i) Cash and Cash Equivalents**

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

**(j) Consolidation**

The financial statements for year ending 30 June 2016 have been consolidated with those of the subsidiary company (Kipchabo Tea Factory Ltd) which is wholly owned by the Corporation.

**(k) Financial risk management**

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

**(l) Related Party disclosures**

The corporation is involved in processing of Green leaf tea by its fully owned company (Kipchabo Tea Factory Ltd). As at close of the year the factory owed the Corporation Ksh. 101,140,808 for green leaf delivered.

**(m) Biological Assets**

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

**NOTES TO THE ACCOUNTS**

<b>2 (a) Turnover</b>	<b>2015/2016 Kshs</b>	<b>2014/2015 Kshs</b>
Green Leaf Sales	1,222,827,865	850,037,542
Less Intercompany (Kipchabo Factory)	(260,962,453)	(132,237,696)
Sale of Finished Tea	561,149,720	619,606,886
Transport refund	12,050,705	12,800,678
Fuelwood sales	136,805	537,400
	<u><b>1,535,202,642</b></u>	<u><b>1,350,744,810</b></u>

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

**2 (b) Cost of Production**

Plantation Labour	322,201,229	273,033,937
Farm Inputs	110,991,027	78,160,772
Transport	46,848,537	44,197,464
KTDA Charges	-	1,490,388
Kipchabo Tea factory cost of Production	377,003,502	437,464,637
Less Intercompany (Kipchabo Factory)	(260,962,453)	(132,237,696)
	<u><b>596,081,842</b></u>	<u><b>702,109,502</b></u>

**NOTES TO THE ACCOUNTS -Continued**

<b>2 ( c) Other Income</b>	<b>2015/2016 Kshs</b>	<b>2014/2015 Kshs</b>
Interest Income	29,908,897	10,000,945
Dividends from KTDA factories	1,055,450	550,896
Miscellaneous Income	8,946	80,036
Kipchabo Tea Factory Ltd Other Income/(Loss)	2,716,804	19,864,905
	<b>33,690,097</b>	<b>30,496,781</b>

This relates to income from treasury bills interest, dividends from investments in KTDA factories sale of tenders and sale of forests produce.

**3. Administrative Expenses**

**(a) Employment expenses**

Salaries and wages	115,799,185	106,437,372
House Allowance	29,743,895	22,532,477
Leave Allowance	2,766,932	3,698,424
Commuter & Other allowances	40,634,304	41,774,953
Medical Allowance	23,339,546	23,553,907
Staff Welfare	3,717,444	3,525,832
Social Security Expenses	12,248,479	14,031,500
Staff Uniforms	1,679,676	-
Staff Training	11,386,362	13,965,571
Travelling & Subsistence	23,518,446	22,385,639
Kipchabo Tea Factory Employment Expenses	46,432,388	34,539,653
	<b>311,266,658</b>	<b>286,445,328</b>

**( b) Administration expenses**

Advertising Marketing & Publicity	3,714,284	4,922,588
Donations	620,383	1,553,410
Audit fees	1,363,550	1,239,550
Printing & Stationery	3,854,560	4,158,366
Telephone & Postage	9,049,814	6,643,046
Publications & Periodicals	939,393	802,876
General Office Expenses	2,903,120	2,384,530
Transport Operating	5,205,393	4,910,829
Legal & Professional	10,283,174	63,311,592
Cleaning	875,713	731,486
Bank charges	1,743,642	1,586,871
Kipchabo Tea Factory Administration Expenses	48,304,789	62,078,084
	<b>88,857,815</b>	<b>154,323,229</b>

**(c.) Directors' Expenses**

Board Expenses	12,693,728	10,578,613
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**NOTES TO THE ACCOUNTS -Continued**

	2015/2016 Kshs	2014/2015 Kshs
<b>4. Other operating expenses</b>		
Rent & Rates	1,903,763	1,389,285
Light & Water	565,478	1,083,219
Repairs & Maintenance	5,804,814	5,603,748
Licences	787,206	16,200
Insurance	9,154,840	6,700,013
Security	1,932,104	2,416,600
Depreciation	49,768,924	43,987,440
Amortization	52,290,076	-
Kipchabo Factory Ltd Other operating expenses	55,258,190	53,168,512
<b>Total Expenses</b>	<b>177,465,394</b>	<b>114,365,017</b>
<b>5. Finance Cost</b>		
Finance Charges on EADB Loan settlement	5,688,196	13,619,760
Interest on EADB Loan-Kipchabo Factory Ltd	11,683,599	14,225,111
	<b>17,371,795</b>	<b>27,844,871</b>

**Operating Profit**

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

Depreciation	49,768,924	43,987,440
Amortization	52,290,076	-
Auditor's Remuneration	1,363,550	1,239,550
Kipchabo Factory Ltd Depreciation	52,999,807	50,413,041

**Property Plant & Equipment**

<b>6. Biological Assets</b>	<b>Tea Kshs</b>	<b>Forest Kshs</b>	<b>Total Kshs</b>
Balance as at 1st July 2015	899,554,254	634,724,696	1,534,278,950
Reclassification (transfer to Bearer Plants) / Reclassification to biological assets	(899,554,254)	103,191,939	(796,362,314)
Changes in value through direct acquisition of biological assets		13,203,314	13,203,314
<b>Balance as at 30th Jun 2016</b>	<b>-</b>	<b>751,119,949</b>	<b>751,119,949</b>
<b>30th June 2015</b>	<b>899,554,254</b>	<b>634,724,696</b>	<b>1,534,278,950</b>

\* Biological assets comprise of fuelwood plantations and are stated at fair value based on valuation as at the reporting date

**7. Property Plant & Equipment**

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

	<b>Tea Kshs</b>	<b>Work-In progress tea Kshs</b>	<b>Total Kshs</b>
Balance as at 1st July 2015	899,554,254	-	899,554,254
Reclassification / Additions	146,247,261	147,206,875	293,454,136
<b>30th June 2016</b>	<b>1,045,801,514</b>	<b>147,206,875</b>	<b>1,193,008,390</b>
<b>Depreciation</b>			
Charge for the year	52,290,076	-	52,290,076
<b>30th June 2016</b>	<b>52,290,076</b>	<b>-</b>	<b>52,290,076</b>
<b>Balance as at 30th Jun 2016</b>	<b>993,511,439</b>	<b>147,206,875</b>	<b>1,140,718,314</b>
<b>30th June 2015</b>	<b>899,554,254</b>	<b>-</b>	<b>899,554,254</b>

\* Bearer plant comprise tea plantations and are valued at cost in accordance with IAS 16

Note 7 (b). Property, Plant & Equipment

<u>2015/2016</u>	Land & Buildings Kshs	Work in Progress * Kshs	Factory Buildings Kshs	Factory Machinery Kshs	Furniture & Fixtures Kshs	Office Equipment Kshs	Computers & Assessories Kshs	Tractors & Traillers Kshs	Motor Vehicles Kshs	Farm Tools & Implements Kshs	Total Kshs
<b>Cost</b>											
1 July 2015	347,705,553	54,918,321	452,542,378	475,161,930	47,241,186	5,075,006	68,245,198	24,721,598	290,917,269	8,909,541	1,775,437,980
Movement											
Restatement											
Additions		34,665,432	-	2,810,344	89,790	237,880	770,720	-	65,134,000	-	103,708,165
Reclassification											
<b>30 June 2016</b>	<b>347,705,553</b>	<b>89,583,753</b>	<b>452,542,378</b>	<b>477,972,274</b>	<b>47,330,976</b>	<b>5,312,885</b>	<b>69,015,918</b>	<b>24,721,598</b>	<b>356,051,269</b>	<b>8,909,541</b>	<b>1,879,146,145</b>
<b>Depreciation</b>											
1 July 2015	6,737,513	-	42,500,076	124,469,894	39,621,539	4,803,876	62,081,533	24,721,597	212,776,208	8,739,540	526,451,770
Charge for the year	7,137,363		9,050,848	31,785,156	3,290,001	151,181	3,106,562	-	48,247,619	-	102,768,731
Restatement											
<b>30 June 2016</b>	<b>13,874,876</b>	<b>-</b>	<b>51,550,923</b>	<b>156,255,050</b>	<b>42,911,540</b>	<b>4,955,058</b>	<b>65,188,095</b>	<b>24,721,597</b>	<b>261,023,827</b>	<b>8,739,540</b>	<b>629,220,501</b>
<b>Net Book Value</b>											
<b>30 June 2016</b>	<b>333,830,677</b>	<b>89,583,753</b>	<b>400,991,455</b>	<b>321,717,224</b>	<b>4,419,435</b>	<b>357,828</b>	<b>3,827,823</b>	<b>-</b>	<b>95,027,441</b>	<b>170,001</b>	<b>1,249,925,644</b>
<b>30 June 2015</b>	<b>340,968,040</b>	<b>54,918,321</b>	<b>410,042,303</b>	<b>350,692,036</b>	<b>7,619,647</b>	<b>271,129</b>	<b>6,163,665</b>	<b>-</b>	<b>78,141,061</b>	<b>170,001</b>	<b>1,248,986,209</b>

\* Work-In-Progress comprises buildings for which construction is ongoing. Once they are completed they will be reclassified under building:

<u>2014/2015</u>	Land & Buildings Kshs	Work in Progress * Kshs	Factory Buildings Kshs	Factory Machinery Kshs	Furniture & Fixtures Kshs	Office Equipment Kshs	Computers & Assessories Kshs	Tractors & Traillers Kshs	Motor Vehicles Kshs	Farm Tools & Implements Kshs	Total Kshs
<b>Cost</b>											
1 July 2014	373,310,842	162,453,571	452,542,378	339,752,360	45,137,133	5,075,006	60,145,249	24,721,598	265,848,741	8,909,541	1,737,896,419
Movement		(22,353,885)		22,353,885							
Additions	204,800		-	2,064,231	2,104,053	-	8,099,949	-	25,068,528	-	37,541,561
Reclassification	(25,810,089)	(85,181,365)		110,991,454							
<b>30 June 2015</b>	<b>347,705,553</b>	<b>54,918,321</b>	<b>452,542,378</b>	<b>475,161,930</b>	<b>47,241,186</b>	<b>5,075,006</b>	<b>68,245,198</b>	<b>24,721,598</b>	<b>305,089,006</b>	<b>8,909,541</b>	<b>1,775,437,980</b>
<b>Depreciation</b>											
1 July 2014	3,368,757	-	33,449,228	92,871,626	35,763,942	4,267,570	58,895,657	23,387,981	171,583,243	8,463,290	432,051,289
Charge for the year	3,368,757		9,050,848	31,598,268	3,857,596	536,306	3,185,875	1,333,616	41,192,965	276,250	94,400,481
Restatement											
<b>30 June 2015</b>	<b>6,737,513</b>	<b>-</b>	<b>42,500,076</b>	<b>124,469,894</b>	<b>39,621,539</b>	<b>4,803,876</b>	<b>62,081,533</b>	<b>24,721,597</b>	<b>226,947,946</b>	<b>8,739,540</b>	<b>526,451,770</b>
<b>Net Book Value</b>											
<b>30 June 2015</b>	<b>340,968,040</b>	<b>54,918,321</b>	<b>410,042,303</b>	<b>350,692,036</b>	<b>7,619,647</b>	<b>271,129</b>	<b>6,163,665</b>	<b>1</b>	<b>78,141,061</b>	<b>170,001</b>	<b>1,248,986,209</b>
<b>30 June 2014</b>	<b>532,395,657</b>	<b>-</b>	<b>419,093,150</b>	<b>246,880,735</b>	<b>9,373,191</b>	<b>807,435</b>	<b>1,249,592</b>	<b>1,333,617</b>	<b>94,265,498</b>	<b>446,251</b>	<b>1,305,845,130</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. Survey & Mapping**

This is an amount for Kshs 249,439,200 used in demarcation through boundary marking of the Corporation's land from the gazetted forests. For 2015/2016 the amount is split into two where Ksh.146,247,261 relating to tea is treated as bearer plant in accordance with IAS 41 while Ksh.103,191,939 relating to fuelwood is treated as biological assets.

**9. Long-term Investments**

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

**10. Inventories**

	2015/2016 Kshs	2014/2015 Kshs
Farm Inputs & Nursery Materials	21,849,768	20,018,507
Kipchabo Tea Factory Inventories	122,291,937	49,466,527
	<b>144,141,704</b>	<b>69,485,034</b>

**11. Trade & Other Receivables**

**Trade Debtors**

KTDA- Green leaf sales	640,546,971	452,731,184
KTDA- Transport refund	6,476,668	7,656,132
Elgon Tea & Coffee Ltd	2,211,280	-
Kiptagich Tea Factory	70,950,325	52,701,337
Kaisugu Tea Factory	9,892,505	4,438,771
Accrued Interest	1,862,197	1,208,486
Kipchabo Factory Debtors	74,452,805	70,432,405
	<b>806,392,752</b>	<b>589,168,315</b>

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

**Prepayments**

Other Deposits	28,110,448	22,839,045
	<b>28,110,448</b>	<b>22,839,045</b>

**Imprests, Advances and Loans**

Temporary Imprest	7,956,760	3,642,609
Provision Doubtful debts	(3,300,782)	(3,300,782)
Standing Imprests	10,573	10,341
Wages Imprests	4,209,120	7,398,038
Staff loans	2,098,882	1,994,681
	<b>10,974,552</b>	<b>9,744,887</b>
	<b>845,477,753</b>	<b>621,752,247</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2015/2016 Kshs	2014/2015 Kshs
<b>12. Cash &amp; Cash Equivalents</b>		
Zone Accounts Cash balances	4,592,777	-
Savings Account	554,280	6,804
Current Account	16,607,524	11,327,290
Fixed Deposits	105,400,000	129,086,819
UBA Bank Account	4,876,646	-
Current Account- Project	531,749	536,039
Cash in Hand	149,791	127,843
Kipchabo Factory Cash & Cash Equivalents	9,064,351	86,316,536
	<b>141,777,118</b>	<b>227,401,331</b>
<b>13. General Fund</b>		
Accumulated Fund	1,207,068,970	1,147,068,970
ADF Grant	741,760,713	741,760,713
Reserves	2,185,299,916	1,820,144,409
	<b>4,134,129,598</b>	<b>3,708,974,092</b>
Accumulated Fund relates to the corporations core capita		
ADF Grant relates to African Development Bank Green Zone project phase I		
<b>14. UBA Loan</b>		
Kipchabo Factory Loan	124,053,737	138,221,586
Less due within the year	(23,128,912)	(51,085,630)
	<b>100,924,825</b>	<b>87,135,957</b>
Relates to UBA Bank Kenya loan to finance machinery for Kipchabo and Gatitu Tea Factories		
<b>15. Creditors</b>		
Trade Creditors	19,467,294	5,035,711
Other Creditors	4,592,777	3,639,468
Kipchabo Factory Creditors	29,679,715	25,507,737
	<b>53,739,786</b>	<b>34,182,916</b>
<b>16. Accruals</b>		
Provision for Gratuity	2,094,874	8,085,929
Accruals	11,179,560	102,932,013
Kipchabo Factory Accruals	11,597,597	19,941,923
	<b>24,872,031</b>	<b>130,959,864</b>
<b>17. Registration</b>		
The Corporation is registered in Kenya through a Gazette notice LN265/1986 as a parastatal and is resident in Kenya.		
<b>18. Comparatives</b>		
Where necessary, comparative figures have been adjusted to conform with change in presentation in the current year.		

The financial statements are presented in Kenya Shillings (Kshs)

**SCHEDULE OF LONG-TERM INVESTMENTS**

<b>TEA FACTORIES</b>	<b>2015/2016 Kshs</b>	<b>Additions</b>	<b>2014/2015 Kshs</b>
Chinga	53,805		53,805
Chebut	4,565,081		4,565,081
Gacharage	586,265		586,265
Gachege	104,085		104,085
Gathuthi	3,695,973		3,695,973
Gatunguru	248,720		248,720
Githambo	35,370		35,370
Githongo	1,691,950		1,691,950
Gitugi	628,055		628,055
Gituri	-		-
Ikumbi	12,665		12,665
Imenti	482,452		482,452
Iriani	129,795		129,795
Kagwe	1,058,117		1,058,117
Kambaa	266,605		266,605
Kangaita	174,108		174,108
Kapkoros	4,192,369		4,192,369
Kapsara	4,132,845		4,132,845
kapset	5,946,820	2,184,206	3,762,614
Kathangariri	4,341,130		4,341,130
Kenenyaini	38,665		38,665
Kiegoi	911,240		911,240
Kiru	555,730		555,730
Kimunye	553,785		553,785
Kinoro	1,917,535		1,917,535
Kionyo	779,500		779,500
Kuri	534,475		534,475
Makomboki	210,075		210,075
Mataara	7,345		7,345
Michimikuru	117,290		117,290
Mogogosiek	601,128	295,901	305,227
Mundete	587,663		587,663
Mungania	982,320		982,320
Mununga	76,670		76,670
Ndimu	277,630		277,630
Ngere	245,735		245,735
NJunu	56,485		56,485
Ragati	1,085,565		1,085,565
Rukuriri	431,250		431,250
Tergat	17,065		17,065
Thananga	759,488	159,077	600,410
Theta	176,445		176,445
Thumaita	1,902,638		1,902,638
Tirgaga	14,296,694		14,296,694
Weru	4,166,045		4,166,045
<b>Total</b>	<b>63,634,670</b>	<b>2,639,185</b>	<b>60,995,485</b>